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*U.S. Dept. of State*

# Foreign Relations of the United States

Diplomatic Papers

1939

(In Five Volumes)

Volume II

General

The British Commonwealth  
and Europe



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RESERVATION OF RIGHTS OF THE UNITED STATES  
WITH RESPECT TO CLAIMS OF OTHER NATIONS TO  
SOVEREIGNTY IN THE ANTARCTIC<sup>1</sup>

741.5127/3: Telegram

*The Acting Secretary of State to the Chargé in the United Kingdom  
(Johnson)*<sup>2</sup>

WASHINGTON, January 6, 1939—6 p. m.

13. Your unnumbered despatch of December 21, transmitting copies of Anglo-French exchange of notes regarding aerial navigation in the Antarctic.<sup>3</sup>

You are accordingly requested to communicate the following note to the Foreign Office:

“I have the honor to refer to the recently published exchange of notes, dated October 25, 1938, between His Majesty's Governments in the United Kingdom, the Commonwealth of Australia, and New Zealand, and the French Government, through which an agreement has been reached between the Governments mentioned regarding aerial navigation in the Antarctic.

I have now been instructed by my Government to inform you that the United States reserves all rights which it or its citizens may have with respect to the question of aerial navigation in the Antarctic as well as to those questions of territorial sovereignty implicit therein.”

Similar instructions, *mutatis mutandis*, have been sent to the Embassy at Paris.

WELLES

<sup>1</sup> For previous correspondence regarding the Antarctic, see *Foreign Relations*, 1938, vol. 1, pp. 972 ff. See also Green H. Hackworth, *Digest of International Law* (Washington, Government Printing Office, 1940), vol. 1, pp. 449-465.

<sup>2</sup> A similar telegram was sent to the Ambassador in France as telegram No. 15, January 6, 5 p. m.

<sup>3</sup> Despatch not printed; for text of exchange of notes, see British Cmd. 5900, Treaty Series No. 73 (1938): *Exchange of Notes between His Majesty's Governments in the United Kingdom, the Commonwealth of Australia and New Zealand and the French Government regarding Aerial Navigation in the Antarctic, Paris, October 25, 1938.*



741.5127/3a : Telegram

*The Acting Secretary of State to the Chargé in the United Kingdom  
(Johnson)*

WASHINGTON, January 9, 1939—7 p. m.

24. Department's 13, January 6, 6 p. m., Antarctic. In a supplementary note please request the appropriate authorities to be good enough to convey the contents of your first note to His Majesty's Governments in Australia and New Zealand.

WELLES

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800.014 Antarctic/132

*The Norwegian Minister (Morgenstierne) to the Secretary of State*

[Translation]

WASHINGTON, January 14, 1939.

MR. SECRETARY OF STATE: Pursuant to orders from my Government, I have the honor to bring the following to Your Excellency's knowledge:

By a Royal Decree of January 14 of this year there was placed under the sovereignty of Norway the part of the coast of the Antarctic continent which stretches from the boundary of the "Falklands Island Dependencies" on the west (boundary of "Coats Land") to the boundary of "Australian Antarctic Dependency" on the east (45 Degrees East Longitude) with the territory situated within the said coast and with the adjacent waters.

The Ministry of Justice has been authorized to take the necessary steps concerning the exercise of the police authority in this region.  
Please accept [etc.]

W. MORGENSTIERNE

---

800.014 Antarctic/132

*The Secretary of State to the Norwegian Minister (Morgenstierne)*

WASHINGTON, January 16, 1939.

SIR: I have the honor to acknowledge the receipt of your note of January 14, 1939, informing me of a Royal Decree of the same date relating to a claim of Norwegian sovereignty over that part of the coast of the Antarctic continent which extends from 20° West Longitude eastwards to 45° East Longitude, together with the hinterland and waters adjacent thereto.

Without at this time desiring to enter into a discussion of the various territorial and other questions suggested by the contents of the Royal Decree to which you have drawn my attention, I wish to

inform you that the United States reserves all rights which it or its citizens may have in the area mentioned.

I should be grateful if you would bring the foregoing to the attention of your Government.

Accept [etc.]

For the Secretary of State:  
R. WALTON MOORE

741.5127/7

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

No. 3896

PARIS, February 24, 1939.  
[Received March 9.]

SIR: I have the honor to refer to the Department's telegram No. 15 of January 6, 5 P. M.,<sup>4</sup> adverting to an exchange of notes between the British and French Governments regarding aerial navigation in the Antarctic and communicating the text of a note to be addressed by the Embassy to the Foreign Office reserving the rights of the United States or its citizens with respect to the question of aerial navigation in the Antarctic as well as to those questions of territorial sovereignty implicit therein.

As directed by the Department, a note was addressed by the Chargé d'Affaires ad interim to the Minister of Foreign Affairs on January 7, 1939, and the Embassy has now received a note in response (dated February 21, 1939), copies and a translation of which are attached, in which, it will be observed, the claim of the French Government to Adélie Land is set forth.

With respect to the reference in the third paragraph of Page 2 of the enclosed copy of note to information as to the French claim communicated to Mr. Sheldon Whitehouse (at that time Chargé d'Affaires a. i.) on December 9, 1924, the Embassy has the honor to invite attention to the Department's instruction No. 1209 of November 15, 1924, and the Embassy's answering despatch of December 19, 1924, copies of which (together with a copy of an informal, undated memorandum from the Foreign Office, also appearing in the 1924 files) are likewise attached to the present despatch.<sup>5</sup>

Respectfully yours,

For the Ambassador:  
EDWIN C. WILSON  
*Counselor of Embassy*

<sup>4</sup> See footnote 2, p. 1.

<sup>5</sup> Enclosures under reference not printed.

[Enclosure—Translation]

*The French Minister for Foreign Affairs (Bonnet) to the American Ambassador (Bullitt)*

PARIS, February 21, 1939.

MR. AMBASSADOR: By a letter No. 1486 dated January 7, 1939, referring to the arrangement concluded on October 25, 1938, in the form of an exchange of notes, between the French Government and the United Kingdom and Australian Governments relating to aerial navigation in the Antarctic, your Embassy was so kind as to inform me that the United States Government meant to reserve its rights or those of its citizens as regards the question of aerial navigation in the Antarctic as well as the questions of territorial sovereignty raised implicitly on this occasion.

The terms of this letter are of a nature to lead my Department to fear that a misunderstanding exists in the mind of the American authorities, as to the unquestionable sovereign rights which France has acquired over Adélie Land.

The territory in question was discovered during the course of an expedition made in the direction of the South Pole during the years 1837 to 1840, on the corvettes *L'Astrolabe* and *La Zélée* by Dumont d'Urville; this navigator solemnly took possession of this land in the name of the King of France on January 21, 1840, as appears from the official report drawn up by him at Hobart, on board the *L'Astrolabe* on February 19, 1840.

The discovery and the acquisition were, in conformity with the procedure usual at that time, the object of notices published in the *Moniteur* and *Annales Maritimes* as well as in the *Sydney Herald* (insertion of March 13, 1840).

All necessary details were, it must be added, furnished on December 9, 1924, to Mr. Whitehouse, then Counselor of the Embassy of the United States at Paris, who had called on my Department on the 5th of the same month to inquire as to the claims of France over Adélie Land, without the question being the object of any reservation on the part of your Government.

The decrees of March 27, 1924, November 21, 1924, and April 1, 1938, relative, respectively, to the exercise by the French of mining, fishing and hunting rights on Adélie Land, to the administration of this territory and the determination of its exact limits, as well as the Franco-British arrangement of October 25, 1938, are therefore only manifestations, on the part of France, of a sovereignty which results explicitly from the original taking into possession of the land.

Under these circumstances, I take pleasure in thinking that the reserves formulated by the United States Government do not concern Adélie Land, over which the rights of the French Government have, for nearly a century, been regularly established and have never given rise to contestation.

Believe me [etc.]

GEORGES BONNET

741.5127/7

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

No. 1487

WASHINGTON, May 16, 1939.

SIR: With reference to the Embassy's despatch no. 3896 of February 24, 1939, regarding the French claim to sovereignty over the Antarctic area known as Adélie Land, you are requested to transmit to the Minister of Foreign Affairs a note couched in the following terms:

"Excellency: I have the honor to refer to Your Excellency's note of February 21, 1939, regarding the legal status of the Antarctic area known as Adélie Land, the contents of which I did not fail to bring to the attention of my Government.

"My Government understands that France bases its claims to the territory in question on the discovery of the coast of that region by the distinguished French explorer, Admiral Dumont d'Urville, in 1840; on the subsequent publication of the facts of his discovery and the action taken by him in connection therewith; and on the decrees of March 27, 1924, November 21, 1924, and April 1, 1938. So far as my Government is aware, Admiral Dumont d'Urville did not even land on the coast claimed for France by him, nor has any French citizen visited the area south of the 60th parallel south latitude and between the 136th and 142nd meridian east longitude since then.

"While my Government believes that it is unnecessary at this time to enter into any detailed discussion of the subject, nevertheless, in order to avoid misapprehension, I am instructed to inform Your Excellency that in the light of established principles of international law the United States Government cannot admit that sovereignty accrues from mere discovery."

You are requested to transmit to the Department a copy of the text of your note to the Foreign Office,\* together with a copy of any further communication on this subject which may be received by the Embassy.

Very truly yours,

For the Secretary of State:

R. WALTON MOORE

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\* Despatch No. 4424, May 26, from the Ambassador in France, not printed.

741.5127/12

*The British Secretary of State for Foreign Affairs (Halifax) to the American Ambassador in the United Kingdom (Kennedy)*<sup>1</sup>

No. W 7607/431/50

LONDON, 26 May, 1939.

YOUR EXCELLENCY: I have the honour to refer to Mr. Johnson's note No. 644 of the 7th January<sup>2</sup> relating to the exchange of notes, dated the 25th October, 1938, between His Majesty's Governments in the United Kingdom, the Commonwealth of Australia and New Zealand, and the French Government regarding aerial navigation in the Antarctic, and to the reservations formulated by the United States Government in connexion therewith, and to state that note has been taken of the contents of this communication which are being conveyed to His Majesty's Governments in the Commonwealth of Australia and New Zealand.

I have [etc.]

(For the Secretary of State)

WALTER ROBERTS

---

<sup>1</sup> Transmitted to the Department by the Ambassador in the United Kingdom in despatch No. 2770, May 31; received June 9.

<sup>2</sup> See telegram No. 13, January 6, 6 p. m., to the Chargé in the United Kingdom, p. 1.

ESTABLISHMENT OF THE UNITED STATES ANTARCTIC  
SERVICE FOR EXPLORATION AND SCIENTIFIC  
STUDIES

800.014 Antarctic/191

*President Roosevelt to the Secretary of State*

WASHINGTON, July 13, 1939.

MY DEAR MR. SECRETARY: I have this date designated Rear Admiral Richard E. Byrd, U. S. N., Ret., to serve as Commanding Officer of the expedition which is to make an investigation and survey of the natural resources of the land and sea areas of the Antarctic Regions, for which there is provided an appropriation of \$340,000 in the Urgent Deficiency and Supplemental Appropriation Act, approved June 30, 1939.<sup>1</sup>

I have also requested the Secretaries of State, Treasury, Navy and Interior each to designate a representative to form a committee for the purpose of organizing, directing and coordinating the conduct of this investigation and survey, and am advised that the following have been designated to serve on this committee: Hugh S. Cumming, Jr., Department of State, Rear Admiral Russell R. Waesche, U. S. C. G., Treasury Department, Captain Charles C. Hartigan, U. S. N., Navy Department, and Dr. Ernest H. Gruening, Department of the Interior.

It is my desire that all departments, establishments and agencies of the government that may be concerned with the work of this Antarctic expedition cooperate with and assist the committee and Admiral Byrd in their work in every practicable way.

Very sincerely yours,

FRANKLIN D. ROOSEVELT

800.014 Antarctic/198

*Memorandum by Mr. Hugh S. Cumming, Jr., of the Division of  
European Affairs*

[WASHINGTON,] July 18, 1939.

Dr. Gruening telephoned me today and said that he had received a memorandum from the President directing that American activi-

<sup>1</sup> 53 Stat. 980, 986.

ties in the Antarctic be known as "The United States Antarctic Service".

The President preferred not to use the word "Expedition" since that contemplated a more or less temporary rather than permanent interest on the part of the United States in the Antarctic.

---

800.014 Antarctic/202a

*The Secretary of State to the Argentine Ambassador (Espil)*

WASHINGTON, July 25, 1939.

EXCELLENCY: I have the honor to refer to Your Excellency's recent conversation with an officer of the Division of European Affairs<sup>2</sup> regarding the expedition which The United States Antarctic Service proposes to despatch to the Antarctic in October of this year.

It is understood that the Argentine Government has for some time maintained a meteorological station at Laurie Island in the South Orkneys for the purpose of making long range weather forecasts, based on continuous observations of sub-Antarctic weather conditions.

It would be deeply appreciated if there could be made available to the United States Government such estimate of the weather and ice conditions which might be expected in Antarctic regions during the forthcoming season of 1939-1940 as the scientists attached to the Laurie Island Station might find it possible to make on the basis of their experience at what, so far as is known, is the nearest meteorological station in the world to the Antarctic Continent.

I may add that the appropriate officials of this Government would be glad to discuss the practicability of frequent, possibly daily, radio interchange of meteorological data between the Laurie Island Station and the United States bases to be established in the Antarctic.

Accept [etc.]

For the Secretary of State:  
SUMNER WELLES

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800.014 Antarctic/215

*The Acting Secretary of State to the Argentine Ambassador (Espil)*

WASHINGTON, August 7, 1939.

EXCELLENCY: On July 25, 1939, I had the honor to address a note to Your Excellency suggesting the possibility of an interchange of meteorological data between the Argentine Weather Station at Laurie Island and the United States bases to be established in Antarctica.

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<sup>2</sup>Telephone conversation, July 21.

I am now pleased to be able to inform you that, in response to a letter which it has received from Dr. Alfredo G. Galmarini, Director of the Meteorological, Geophysical and Hydrographic Service of Argentina, the United States Weather Bureau proposes to enter into communication with Dr. Galmarini with a view to formulating specific plans along the lines suggested in my above-mentioned note.

I should be grateful if you would convey to Your Government an expression of the appreciation of the United States Government of Dr. Galmarini's fine offer to cooperate in the important scientific work to be undertaken by the United States Antarctic Service.

Accept [etc.]

SUMNER WELLES

---

800.014 Antarctic/217

*The Acting Secretary of State to Diplomatic Officers in the  
American Republics*

WASHINGTON, August 8, 1939.

SIRS: As the plans of The United States Antarctic Service for the despatch of an expedition to Antarctica during the autumn of 1939 near completion, this Government desires that the Governments of the other American Republics be fully informed of the scope and objectives of the Expedition.

You are accordingly instructed to deliver to the Foreign Office of the Government to which you are accredited a confidential memorandum embodying the following statements:

On the recommendation of the President of the United States the Congress has made funds available for an investigation and survey of the natural resources of the land and sea areas of the Antarctic regions. This investigation is to be conducted by an expedition of The United States Antarctic Service commanded by Rear Admiral Richard E. Byrd, U. S. N., Retired, which will be conveyed to the Antarctic Continent by the United States Coast Guard cutter *Northland*, the Department of the Interior vessel *North Star*, and the barkentine *The Bear*.

The Expedition will establish one base at or near Little America (164° west longitude-78° 35 minutes south latitude), and another a thousand miles or more to the eastward of Little America at some yet to be determined point on the Antarctic coast east of the 90th meridian of west longitude. It is proposed to carry out an extensive program of scientific research at these bases, which will also serve as points of departure for further explorations by airplane, sledge and tractor parties.

During the past 30 years or more the Antarctic regions have been the scene of increasing activity on the part of many non-American nations. Sovereignty claims on the Antarctic Continent have been made by Great Britain, Australia, New Zealand, France and Nor-



way. In the past few months Germany has been actively concerned with the possible resources of the Antarctic, and has already sent one expedition to that region. Japanese interest has also been manifested.

The Government of the United States has in the past asserted no claim of its own to sovereignty over areas in the Antarctic regions, although the activities and explorations of its citizens date back considerably more than a century. On the other hand, the United States Government has not recognized the Antarctic sovereignty claims of any other nation and has made formal reservation of such rights as it or its citizens may possess in that region.

It will be the mission of the forthcoming United States Expedition to add to the existing scientific data concerning the Antarctic and to determine and make recommendations regarding the practicability of making permanent or semi-permanent establishments in Antarctica. The action of the United States in this connection is not intended to prejudice in any way the rights or interests which any American Republic may have in the Antarctic regions.

In leaving with the Minister for Foreign Affairs a memorandum on the foregoing lines, you should take the opportunity to state orally that this Government has entire confidence that any question of sovereignty claims in the Antarctic arising between members of the American family of nations will be solved along mutually satisfactory lines, in keeping with the spirit of trust and friendship which characterizes the relations prevailing between the twenty-one American Republics. The Government of the United States will of course continue to keep the Governments of the other American Republics informed of developments in the plans of The United States Antarctic Service.

Very truly yours,

SUMNER WELLES

800.014 Antarctic/301

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

No. 501

WASHINGTON, November 17, 1939.

SIR: At the instance of His Majesty's Government in New Zealand, and under instructions from His Majesty's Principal Secretary of State for Foreign Affairs, I have the honour to inform you, with reference to the expedition which Admiral Richard E. Byrd is about to lead to the Antarctic, that His Majesty's Government in New Zealand will be pleased to afford Admiral Byrd's expedition facilities to establish a base in the Ross Dependency, if this should be desired.<sup>3</sup>

2. I should be grateful if this information could be conveyed to Admiral Byrd.

I have [etc.]

LOTHIAN

<sup>3</sup> A similar note, No. 541, dated December 5, relative to the Falkland Islands Dependency, was received from the British Ambassador and acknowledged by the Department on December 26.

800.014 Antarctic/303a

*President Roosevelt to the Commanding Officer of the United States Antarctic Service (Byrd)*

WASHINGTON, November 25, 1939.

MY DEAR ADMIRAL BYRD:

1. By the Second Deficiency Appropriation Act, Fiscal Year 1939, approved May 2, 1939,<sup>4</sup> and the Urgent Deficiency and Supplemental Appropriation Act, Fiscal Years 1939 and 1940, approved June 30, 1939,<sup>5</sup> the Congress has made available to the Department of the Interior, under the heading "Expenses, Division of Territories and Island Possessions", a total of \$350,000 for an "investigation and survey of natural resources of the land and sea areas of the Antarctic regions".

2. I have designated the organization of the Government activities in the Antarctic undertaken in pursuance of the foregoing Congressional authorization as The United States Antarctic Service.

3. By letters dated July 7, 1939,<sup>6</sup> I requested the Secretaries of State, the Treasury, the Navy, and the Interior each to designate a representative to form a Committee for the purpose of organizing, directing, and coordinating the conduct of the investigation authorized by the Congress. This Committee is designated the Executive Committee of The United States Antarctic Service. It shall have authority to appoint an Executive Secretary, who shall perform such duties as may be assigned to him by the Committee.

4. Because of your experience and brilliant achievements in polar exploration and because of the confidence which the people of the United States have in you and in your qualities of leadership, I have designated you Commanding Officer of The United States Antarctic Service and an ex-officio member of the Executive Committee.

5. (a) I have directed all Departments and Agencies of the Government to cooperate with you as far as practicable in furthering the purposes of the investigation authorized by Congress. In pursuance of this request the Secretary of the Interior has made available the U. S. M. S. *North Star*.

(b) Under the authority given him by the Third Deficiency Act, Fiscal Year 1939, approved August 9, 1939,<sup>7</sup> the Secretary of the Navy has chartered and placed in commission the U. S. S. *Bear*.

(c) The Executive Committee has authorized, under certain conditions, the operation and control by the Service of a privately constructed snow cruiser.

<sup>4</sup> 53 Stat. 626, 634.

<sup>5</sup> 53 Stat. 980, 986.

<sup>6</sup> Not printed.

<sup>7</sup> 53 Stat. 1301, 1321.

(d) The foregoing vessels, and the snow cruiser, together with the personnel which has been made available by the several Government Departments and Agencies are hereby placed under your command as Commanding Officer of The United States Antarctic Service. The performance of your duties will involve flying.

6. When in all respects ready for sea, you will proceed to the Antarctic by routes chosen by you and there establish two continental bases, to be known as (a) East Base, and (b) West Base.

(a) It is desired that the East Base be established in the vicinity of Charoot Island or Alexander I Land; in the event that a suitable site in those areas cannot be reached by ship or by ship based parties, alternative sites on the shores of Marguerite Bay should be investigated.

(b) It is desired that the West Base be established on the East shore of the Ross Sea in the vicinity of King Edward VII Land; in the event that this area cannot be reached by ship, or a base established without undue hazard, an alternative site in the Bay of Whales at or near Little America should be investigated.

(c) The principal objective in the field is the delineation of the continental coast line between the meridians  $72^{\circ}$  W., and  $148^{\circ}$  W., and the consolidation of the geographical features of Hearst Land, James W. Ellsworth Land, and Marie Byrd Land. It is desired that long range aerial flights, equipped with mapping cameras, consolidate these areas; if practicable, supply caches to extend the cruising range of the planes should be established. Flights in this area should be made from the U. S. S. *Bear*, if practicable, and such flights so far as possible should be planned to supplement previous flights which have been made along the 75th, 101st, 116th, 134th, 150th, and 152nd meridians of West Longitude.

(d) Secondary geographical objectives are the delineation of the unknown west coast of the Weddell Sea between Cape Eielson and Luitpold Coast, and the determination of the eastern extremity of the Queen Maud Range and the William Horlick Mountains and their relationship to the Sentinel Range.

It is desired that you investigate by air the area in the vicinity of the South Magnetic Pole and the unknown areas between the Weddell Sea and the South Pole.

(e) The scientific program outlined by the National Research Council of the National Academy of Sciences shall form the basis for the scientific efforts at the bases. It is desired that the Antarctic Service cooperate fully with the Argentine Meteorological Station at Laurie Island and the Chilean Government Meteorological Service in the exchange of meteorological and similar data. It is desired that one of the vessels determine the extent of Pactolus Bank, located in Latitude  $56^{\circ}28'$  S., Longitude  $74^{\circ}20'$  W.

(f) The United States has never recognized any claims to sovereignty over territory in the Antarctic regions asserted by any foreign state. No member of The United States Antarctic Service shall take any action or make any statements tending to compromise this position.

Members of the Service may take any appropriate steps such as dropping written claims from airplanes, depositing such writings in cairns, et cetera, which might assist in supporting a sovereignty claim by the United States Government. Careful record shall be kept of the circumstances surrounding each such act. No public announcement of such act shall, however, be made without specific authority in each case from the Secretary of State.

(g) In the prosecution of the foregoing objectives you will necessarily face situations which cannot be anticipated, and which may require independent action. In such emergencies your own judgment and discretion should be freely exercised to meet any situation so as to further the mission of the Antarctic Service.

(h) Upon the completion of your duties in the Antarctic during the spring of 1940 you will return to the United States, as your presence in this country at that time is essential for other duties in connection with the administration of The United States Antarctic Service.

7. The Commanding Officer shall be responsible for the correlation of the field operations and the performance of the Base Leaders. He shall require that the Executive Committee be kept informed of all field operations and the progress being made in accomplishing the objectives of the Service. In this connection any plans for operations beyond the limits defined above, shall be referred to the Executive Committee for approval.

8. (a) The communication system of the Antarctic Service is an integral part of the Naval Communication System, as outlined in separate correspondence by the Chief of Naval Operations, and is governed by the U. S. Navy Communication Instructions. In this connection, those circuits authorized by the Interdepartment Radio Advisory Committee, the U. S. Army, and the Federal Communication Commission are restricted to the specific use intended and by their respective governing regulations.

(b) All official radio traffic to the United States will, therefore, be over Navy channels and shall be cleared through the Executive Committee. All releases, such as press, photographs, and motion pictures, shall be made through the Executive Committee, which shall also pass upon all radio broadcasting arrangements.

9. (a) You will direct Base Leaders and members of the Scientific Staff of the Service to maintain journals of the progress of the Service, and enter thereon events, observations, and remarks.

(b) You will prohibit all those under your command from furnishing any person not belonging to the Antarctic Service with copies of any journal, diary, chart, plan, memorandum, specimen, drawing, painting, photograph, film, plate, or information of any kind, which has reference to the object, progress, or proceedings of the Antarctic Service.

(c) As it is highly important that no journal or narrative of the enterprise, either partial or complete, should be published, without the authority and under the supervision of the Government of the United States, at whose expense this Service is undertaken, you will, before they reach the first port north of the Antarctic regions, require from every person under your command the surrender of all journals, diaries, memoranda, remarks, writings, charts, drawings, sketches, paintings, photographs, films, plates, as well as all specimens of every kind, collected or prepared during their absence from the United States.

(d) Such articles may be returned to the person concerned, or not, at the option of the Executive Committee; but each writer, in the published records, shall receive credit for such part or parts of his material as may be used in said records.

(e) After causing correct inventories of these to be made and signed by two responsible Service representatives and by the parties by whom they were collected or prepared, you will cause them to be carefully sealed by the said Service representatives and reserved for such disposition as the Executive Committee may direct.

(f) You will transmit your own journals and records, together with those enumerated above for such disposition as may be directed. The History of the Service will be prepared by yourself, from all journals and records of the Service, under the supervision of the Executive Committee. The records of the scientific results will be prepared, supervised, and edited under arrangements to be made by the Executive Committee with the National Academy of Sciences.

10. You will work out, with the Executive Committee, all necessary plans for the relief of the continental bases next season, or for the evacuation of those parties in the event that the Service is not a continuing project.

11. This undertaking is one which necessarily attracts the attention of the world, and I am sure that you leave the shores of the United States with the heartfelt wishes of our people for the success of the enterprise, and the safe return of yourself and your companions.

12. You will bring these instructions to the attention of every person under your command, but will give them no other publicity until authorized to do so by the Executive Committee.

Very sincerely yours,

FRANKLIN D. ROOSEVELT

800.014 Antarctic/307: Telegram

*The Ambassador in Argentina (Armour) to the Secretary of State*

BUENOS AIRES, December 4, 1939—6 p. m.

[Received December 4—5: 12 p. m.]

251. Embassy has received a note from the Ministry for Foreign Affairs requesting on behalf of the Ministry of Marine whether it would be possible to have two Argentine naval officers attached to Admiral Byrd's Polar expedition. The Under Secretary for Foreign Affairs who first took up this matter orally with me, explained that the Argentine Government has been interested in developing its meteorological service and that such an opportunity would be of considerable value to them in this connection.

I said to the Under Secretary that our information indicated that Admiral Byrd had already sailed from Panama, but he replied that he understood the expedition would touch in Chile on the way south and if this request were favorably acted upon, the officers could join the ship at some Chilean or South American port.

ARMOUR

800.014 Antarctic/301

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

WASHINGTON, December 7, 1939.

EXCELLENCY: I have the honor to acknowledge the receipt of your note no. 501 dated November 17, 1939, in which, on behalf of His Majesty's Government in New Zealand, you refer to the forthcoming visit of Rear Admiral Richard E. Byrd, U. S. N., to the Antarctic.

I take this opportunity to inform you that the President has appointed Admiral Byrd Commanding Officer of The United States Antarctic Service, which, pursuant to Congressional authorization, is about to engage in an investigation and survey of the land and sea areas of the Antarctic regions. In connection with these duties Admiral Byrd, together with other personnel of the Service, will shortly visit Dunedin on board the U. S. M. S. *North Star*, which may be accompanied by the U. S. S. *Bear*.

The interest shown by His Majesty's Government in New Zealand in this undertaking is appreciated, but it is not anticipated that Admiral Byrd will have need to call upon the New Zealand authorities for any special facilities beyond those incidental to his visit to Dunedin. Should it become necessary for Admiral Byrd to request facilities which, in the view of the United States Government, neces-

sitate action by the New Zealand or the British authorities, I shall address a further communication to you.

Accept [etc.]

For the Secretary of State:  
SUMNER WELLES

800.014 Antarctic/307: Telegram

*The Secretary of State to the Ambassador in Argentina (Armour)*

WASHINGTON, December 9, 1939—2 p. m.

244. Your 251, December 4, 6 p. m. Please inform the Ministry of Foreign Affairs that as arrangements for housing and victualing the members of the United States Antarctic Service who are to remain on the ice through the Southern winter have been calculated to such a fine point we greatly regret that it would not now be practicable to make the necessary adjustments for the inclusion of additional personnel in the ice parties.

We would be very glad, however, to arrange for two Argentine naval officers to join either the U. S. S. *Bear* or the U. S. M. S. *North Star* at Valparaiso about the middle of February for the voyage to East Base and return as guests of this Government.

This would give the officers an excellent opportunity to collaborate with the meteorological staff of the Service in working out details for the exchange of data by radio between East Base and the Argentine station at Laurie Island.

If this suggestion is agreeable to the Argentine Government please inform us of the names and rank of the naval officers selected.

HULL

800.014 Antarctic/321

*The Secretary of State to the Ambassador in Chile (Bowers)*

No. 66

WASHINGTON, December 21, 1939.

SIR: Reference is made to your despatch no. 189 of December 4, 1939<sup>3</sup> transmitting the text and a translation of a letter addressed to you on November 28 by Professor Humberto Barrera Valdebenito of the University of Chile, in which he requests that consideration be given to permitting him to accompany the party of the United States Antarctic Service now en route to conduct certain investigations and surveys in the Antarctic regions.

<sup>3</sup> Not printed.

Before replying to Professor Barrera, you are requested to inform appropriate officials of the Chilean Government orally and informally for their confidential information, as follows:

This Government recently received a request from the Argentine Government that two Argentine naval officers be attached to the present party of The United States Antarctic Service, with a view to the development of the Argentine meteorological service. The Argentine Minister of Foreign Affairs was informed that as arrangements for housing and victualing the members of The United States Antarctic Service who are to remain on the ice through the Southern winter have been calculated to such a fine point, it would not now be practicable to make the necessary adjustments for the inclusion of additional personnel in the ice parties, much to the regret of this Government. It was stated, however, that this Government would be very glad to arrange for two Argentine naval officers to join either the U. S. S. *Bear* or the U. S. M. S. *North Star* at Valparaiso about the middle of February for the voyage to East Base and return as guests of this Government. The Argentine Government was requested, in the event this suggestion was agreeable to it, to inform this Government of the names and rank of the naval officers selected. No reply has as yet been received from the Argentine Government.

You should inform the Chilean officials that this Government would be pleased to make similar arrangements for one or two representatives of the Chilean Government, in the event the Chilean Government is interested in sending them on either of the two ships mentioned.

You may mention to the Chilean officials concerned that you have received the mentioned communication from Professor Barrera and that you propose to inform him that the investigations and surveys to be undertaken in the Antarctic regions under the command of Admiral Byrd are now under the authority and responsibility of an agency of this Government, known as The United States Antarctic Service, so that participation by a Chilean citizen in the investigations and surveys would be subject to arrangements between the Government of Chile and this Government. You may then suggest that, if the Chilean officials perceive no objection, you could inform Professor Barrera that it has been necessary to restrict the ice parties for the reasons mentioned but that you have discussed the matter of possible Chilean representation on the voyages of the U. S. S. *Bear* and the U. S. M. S. *North Star* to East Base and return and that he might take up this matter with such official as may be indicated to you.

Very truly yours,

For the Secretary of State:

SUMNER WELLES



800.014 Antarctic/333

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

WASHINGTON, December 27, 1939.

[Received January 2, 1940.]

MY DEAR MR. SECRETARY: In my letter of the 19th December<sup>9</sup> I had the pleasure of expressing to you my personal appreciation of Admiral Byrd's humane action in relieving the distress which he and the United States Antarctic Expedition found among the inhabitants of Pitcairn Island.<sup>10</sup>

I duly reported the matter to the Foreign Office and I have now been instructed to convey to you the grateful thanks of His Majesty's Government for the kindness of Admiral Byrd and the United States Antarctic Expedition.

Believe me [etc.]

LOTHIAN

800.014 Antarctic/332a

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

WASHINGTON, December 28, 1939.

MY DEAR MR. AMBASSADOR: I have been very glad to repeat to Admiral Byrd the substance of your letter of December 19, 1939,<sup>9</sup> expressing your appreciation of the services which Admiral Byrd and The United States Antarctic Service were fortunately in a position to give to the inhabitants of Pitcairn Island.

A further despatch has now been received from Admiral Byrd stating that the Chief Magistrate of Pitcairn Island, Mr. Richard Edgar Christian, desired that the appropriate British authorities be informed of the present situation on the Island. In this connection Admiral Byrd reports that the Islanders were found to be in no danger of starvation, but were badly in need of certain food and medical supplies and medical and dental attention. The necessary medical and dental attention was given by the medical officers of the Antarctic Service. Admiral Byrd left with the Islanders 4,000 pounds of flour, 3,700 pounds of sugar, 1,700 pounds of potatoes, 10 gross of matches, 80 pounds of lard, 55 gallons of gasoline for the Island's radio power plant, and five gallons of lubricating oil. These supplies are in part to be replaced in New Zealand with funds turned over to Admiral Byrd by the Chief Magistrate of the Island. Such supplies as could not be paid for were donated by The United States Antarctic Service.

<sup>9</sup> Not printed.<sup>10</sup> The *North Star* had visited Pitcairn Island on December 14 with the permission of the British Government to take on water.

Assistance was also given in overhauling the Island's radio receiver and in repairing a disabled generator. The radio transmitter is understood to be undergoing repairs at Panama.

Admiral Byrd is taking with him to New Zealand as guests of this Government Mr. Arthur Christianson, former Chief Magistrate, who has serious eye trouble, and whose wife died of an unknown disease of the stomach four days before Admiral Byrd's arrival, together with Mr. Christianson's three year old son.

I am [etc.]

CORDELL HULL

MEETING OF REPRESENTATIVES OF CHIEF COTTON  
EXPORTING COUNTRIES TO DISCUSS INTERNATIONAL  
REGULATION OF PRODUCTION AND MARKETING,  
WASHINGTON, SEPTEMBER 5-9, 1939

561.321D1/103

*The Under Secretary of State (Welles) to the Brazilian Minister for  
Foreign Affairs (Aranha)*<sup>1</sup>

WASHINGTON, February 27, 1939.

MY DEAR DR. ARANHA: You will recall that in a conversation with you on February 16, the Secretary of Agriculture<sup>2</sup> mentioned that this Government was considering inviting other governments to participate in a cotton conference. In this regard, inquiries are now being addressed by this Government to the governments of the principal cotton-producing countries of the world to ascertain whether they would be disposed to accept an invitation to send a qualified representative, or qualified representatives, to Washington to join with representatives of the other principal cotton exporting countries to discuss the possibility of international regulation of the supply and marketing of cotton.

It would be appreciated, accordingly, if an indication could be obtained from your Government as to whether it would be disposed to accept such an invitation. If favorable replies are received from your Government and from the other governments addressed, it is the intention of this Government to issue invitations for a meeting in Washington at as early a date as practicable, preferably in April.

As mentioned by the Secretary of Agriculture in his conversation with you, the existence of excessively large world supplies of cotton in relation to world consumption suggests the desirability of exploring the feasibility of cooperation by the leading cotton exporting countries with respect to international regulation of this trade. The purpose of the proposed meeting, however, would be entirely exploratory and participation in these discussions would in no sense commit governments to any definite scheme or even to the principle of international regulation of the cotton trade. This Government for its part would

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<sup>1</sup> Addressed to the Brazilian Foreign Minister at the Brazilian Embassy. Dr. Aranha was in the United States on an official visit, February 9-March 10; see vol. v, under Brazil, section entitled "Arrangements for a General Program of Economic Cooperation Between the United States and Brazil".

<sup>2</sup> Henry A. Wallace.

consider it desirable to have an exchange of opinion of experts in this field before further consideration is given to any initiative directed toward holding an international conference, including both exporting and importing countries, for the purpose of drafting an international agreement on cotton.

As of probable interest to you in the foregoing connection, I am enclosing a brief memorandum concerning the present world cotton situation.<sup>3</sup>

Sincerely yours,

SUMNER WELLES

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[Instructions in the sense of the Under Secretary's letter to Dr. Aranha, *supra*, were sent to the Embassy in Brazil (No. 294) on February 27, and to the Embassies in Argentina (No. 884), France (No. 1339) for the French cotton exporting colonies, Mexico (No. 2388), Peru (No. 233), the United Kingdom (No. 530) and to the Legation in Egypt (No. 369) on February 28.

Favorable responses were received from each Government addressed except the Argentine (despatch No. 2543, May 5, from the Chargé in Argentina) : Telegrams No. 172, May 24, 2 p. m., from the Ambassador in Brazil, No. 40, April 20, 10 a. m., from the Minister in Egypt, No. 739, April 14, 7 p. m., from the Ambassador in France, No. 120, April 25, 11 a. m., from the Chargé in Mexico, No. 26, March 28, noon, from the Ambassador in Peru, and No. 713, May 19, 6 p. m., from the Ambassador in the United Kingdom; none printed.

Telegrams instructing the respective American diplomatic missions to extend invitations on behalf of the Secretary of Agriculture to the countries to which they were accredited to be represented at a meeting in Washington, September 5, "for the purpose of discussing the possibility of working out a world cotton agreement", were sent on May 29, 7 p. m., to the Embassy in Argentina (No. 92) "in view of the fact that the other cotton-producing countries have signified their willingness to take part", to the Embassies in Brazil (No. 99), France (No. 384), Mexico (No. 110), Peru (No. 36), the Soviet Union (No. 55), the United Kingdom (No. 397) and to the Legation in Egypt (No. 32). The British Government was requested to transmit the invitation to the Government of India and the Sudan Government; the Egyptian Government was likewise requested to transmit the invitation to the Sudan Government.

Similar invitations were later extended to certain other cotton producing countries through the respective American diplomatic missions; viz., Belgium for the Belgian Congo, August 5, 3 p. m. (telegram No. 48), Iran (No. 34), Iraq (No. 22) and Turkey (No. 34),

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<sup>3</sup> Not printed.

August 9, 8 p. m. None of these four countries was able to be represented at the meeting.

The Argentine Government declined the invitation, "by reason of the small proportion which the Argentine production of cotton represents in the world total" (despatch No. 40, July 11, from the Ambassador in Argentina). Acceptances were transmitted by telegram from the other invited countries through the respective American diplomatic missions as follows: Brazil (telegram No. 235, August 2, 1 p. m.), Egypt (No. 88, August 16, 11 a. m.), France (Nos. 1286, July 11, 6 p. m. and 1552, August 23, 5 p. m.), Peru (No. 46, June 17, 10 a. m.), Soviet Union (No. 374, July 8, 11 a. m.) and the United Kingdom (No. 1119, August 4, 5 p. m.), none printed.]

561.321D1/202

*Memorandum of Conversation, by the Under Secretary  
of State (Welles)*

[WASHINGTON,] July 28, 1939.

The Brazilian Ambassador<sup>4</sup> called to see me this morning at his request. The Ambassador commenced the conversation by saying that he was leaving next week for a short vacation in Brazil and that he expected to be back in the United States in September when he would be accompanied by the newly-married daughter of President Vargas and her husband.

He then went on to state with great seriousness that he had received instructions by cable from his Government to inform this Government that although the Brazilian Government had appointed its full list of delegates to the cotton conference to be held in Washington in September and to which Brazil had been invited, the Brazilian Government now felt it impossible to be represented at this conference because of the policy which the United States was pursuing with regard to the exportation of American cotton to the world market under a system of export subsidies. The Ambassador said that when the question of the cotton conference was first brought up and fully discussed with Dr. Aranha during the time of the visit of the latter to the United States,<sup>5</sup> Dr. Aranha had received the definite impression from Secretary Wallace that the Government of the United States would not subsidize cotton exports, and, in any event, that no such policy would be pursued which would prove detrimental to the cotton interests in Brazil until after the conference on cotton had been held in Washington and an opportunity afforded all of the participating governments

<sup>4</sup> Carlos Martins.

<sup>5</sup> See letter of February 27 from the Under Secretary of State to the Brazilian Minister for Foreign Affairs, p. 20.

to present their points of view as to the means of finding a solution of the problems with which cotton growers were faced and as a means of affording each producing country the chance to present its arguments and to show the way in which a policy of export subsidies by the United States would prejudice its interests. The Ambassador then went on to say with increasing gravity that Dr. Aranha, as a result of his conversations with Secretary Wallace, had assured his Government upon his return to Rio that this Government would not undertake a policy of export subsidies without prior notification to Brazil and without affording Brazil an opportunity of talking over her situation with the Government of the United States. The Ambassador stated that now, as a result of the fact that it was public knowledge that the Government of the United States intended to embark immediately upon a policy of export subsidies, Aranha was being attacked, particularly by the cotton interests in the State of São Paulo where German interests were very strong and where the latter could most effectively use as a means of attacking the argument that Aranha had deliberately deceived his Government and was under the complete control of the United States Government. As a result of this situation the Ambassador said he thought it inevitable that Aranha would be forced out of office, and the Ambassador said that he knew I realized better than anyone else what this would mean in the way of interrupting or perhaps blocking the very friendly and close relationship which both Governments had been striving to build up within the past few years.

I said to the Ambassador that what he had said to me of course gave me great concern and was the occasion of great regret on my part. I said, however, that I wished to lay certain considerations before him. The Ambassador had said that the policy adopted by this Government was a serious threat and an effective blow to the very great cotton interests which existed in Brazil. I said that of course I recognized that these interests were very important and represented a material feature in the national economy of Brazil, but that Brazil had only recently brought its cotton production up to any considerable figure and I said that the Ambassador would realize without my emphasizing the point that Brazilian cotton had increased in importance in the world market as United States cotton had decreased in importance in the world market. I said that as a result of this fact the United States Government had a surplus of approximately eleven million bales of American cotton on which Government money had been advanced in the nature of loans and that it seemed to me clear that the Brazilian Government could not question the valid and legitimate right of the Government of the United States in diminishing in considerable part the burden upon it which this extraordinary surplus represented. I said that I was not

bringing this question forward as an argument but merely as a point which merited the consideration of the Brazilian authorities. With regard to the determination of the Brazilian Government not to attend the cotton conference to be held in Washington in September, I said that I regretted this information particularly because it seemed to me a very sterile gesture on the part of Brazil and that it was not an action which was in any sense constructive or helpful. If Dr. Aranha had received any assurances from Secretary Wallace in the sense indicated, I remarked that I was confident that those assurances would be scrupulously maintained because of my personal friendship for Secretary Wallace and my realization that he was incapable of offering assurances that would not be carried out. I added that it seemed to me that the constructive thing for Brazil to do would be to send her delegates to the conference in order that the Brazilian position might be fully explained and the prejudice to Brazilian interests which the Brazilian Government feared as a result of the policy which this Government had undertaken be fully ventilated with the thought that if the point of view of Brazil as so set forth was convincing remedial measures could be undertaken. I called the attention of the Ambassador to the great success which had resulted from the international conference on sugar held in London last year<sup>6</sup> and the success which we hoped for from the international conference on wheat which was now going on in London,<sup>7</sup> and I said it seemed very clear that there was a very admirable opportunity afforded at the cotton conference in September for all of the cotton producing countries to set forth their positions and by common accord reach an agreement which would provide for a solution of the problem with which they are in a greater or lesser degree confronted.

With regard to the possible resignation of Dr. Aranha from the Brazilian Cabinet, I said to the Ambassador that he well knew that no one would deplore such a possibility more profoundly than I. I had not only the greatest admiration for Dr. Aranha but I considered him as a close personal friend in whom I had the greatest confidence and whose policy of close cooperation with this country had already been productive I thought of very concrete and material benefits to both of our peoples. I said that I hoped his resignation would not take place and that it certainly would not take place as a result of any misunderstanding which might arise with regard to the policy of this country in connection with the exportation of American cotton.

In conclusion I stated that as a result of our conversation I would talk the whole subject over with the Secretary of Agriculture and pos-

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<sup>6</sup> The conference was held April 5-May 6, 1937; see *Foreign Relations*, 1937, vol. I, pp. 931 ff.

<sup>7</sup> See p. 27.

sibly with the President if the President so desired and that I would then hope to have the opportunity of talking further with the Ambassador early next week.<sup>8</sup>

S[UMNER] W[ELLES]

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561.321D1 Advisory Committee/6

*The Secretary of State to the Ambassador in Brazil (Caffery)*<sup>9</sup>

No. 494

WASHINGTON, November 13, 1939.

SIR: The following resolution was adopted unanimously at the close of the International Cotton Meeting which was in session in Washington September 5 to 9, 1939:

"We, the representatives of the Governments of India, Egypt, Brazil, the British Colonies exporting cotton, the French Colonies exporting cotton, the Union of Soviet Socialist Republics, Peru, Mexico, The Anglo-Egyptian Sudan, and the United States, have considered the world cotton situation and we agree that the regulation of the world cotton supplies in relation to demand would help materially in improving the existing unbalanced condition.

"Normally we would have recommended steps to achieve international agreement for this purpose, but we realize that, under existing international conditions, such a course is impracticable. As an interim measure, therefore, we agree to make the following recommendation to our respective Governments:

"1. That an advisory committee be set up in Washington representing the countries participating in the present conference, and including in addition representatives of other important cotton growing and exporting nations; such committee to undertake the following functions:

"(a) To observe and keep in close touch with developments in the world cotton situation.

"(b) To suggest, as and when advisable, to the Governments represented any measures the committee considers suitable and practicable for the achievement of ultimate international collaboration."

The Department of Agriculture states that no word has yet been received as to the designation of representatives of the participating countries on the proposed advisory committee. You are requested therefore to bring to the attention of the appropriate authorities of

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<sup>8</sup> In view of the decision of Brazil on August 2 to attend the forthcoming conference, no further communication on the subject appears to have been made to the Brazilian Ambassador.

<sup>9</sup> Similar instructions, *mutatis mutandis*, were sent on the same date to the Embassies in Argentina (No. 102), Belgium (No. 147), Colombia (No. 126), France (No. 1817), Mexico (No. 2725), Peru (No. 347), Soviet Union (No. 30), Turkey (No. 427) and the United Kingdom (No. 1062), and to the Legations in Egypt (No. 427), Iran (No. 479), and Iraq (No. 399).



the Brazilian Government the resolution quoted above stating that this Government would appreciate information as to when the Brazilian Government will be prepared to name a representative on the proposed advisory committee.

In approaching the Brazilian Government, you may state that the same inquiry is being made of all the governments who were represented at the Washington Meeting and that, in accordance with the resolution adopted at that meeting, invitations to appoint representatives to the advisory committee are being extended also to all other important cotton growing and exporting countries.<sup>10</sup>

For your information, it was the general thought at the Washington Meeting that governments would wish to appoint as their representatives on the committee officers of those governments assigned to posts in the United States, perhaps most appropriately agricultural or commercial attachés.

Very truly yours,

For the Secretary of State:  
HENRY F. GRADY

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<sup>10</sup> The invitation to appoint representatives to the advisory committee was accepted, in addition to the United States, by Brazil, the British colonies, Egypt, the French colonies, India, Mexico, Peru, Turkey, and the Soviet Union.

## PARTICIPATION OF THE UNITED STATES IN PRELIMINARY NEGOTIATIONS FOR A CONFERENCE TO CONCLUDE AN INTERNATIONAL WHEAT AGREEMENT

[The tenth session of the Wheat Advisory Committee established under article 7 of the Final Act of the Conference of Wheat Exporting and Importing Countries, London, August 25, 1933 (see *Foreign Relations*, 1933, volume I, pages 787 ff.), was held in London, January 10-13, 1939, under the chairmanship of the senior member of the United States delegation, Mr. Ray Atherton, American Minister to Bulgaria. A Preparatory Wheat Advisory Committee, appointed at this session to prepare agenda for a proposed conference to conclude an international wheat agreement, held meetings in London, January 31-February 17, and April 13-May 17, 1939, with Mr. Atherton as chairman; see Department of State publication 1453 (Conference Series 45): *American Delegations to International Conferences . . .* 1939 (Washington, Government Printing Office, 1940), pages 56, 61, 69, and 128.

The Preparatory Wheat Advisory Committee reconvened in London for a third meeting July 7, 1939. The Committee continued its sessions until August 25, when it was decided, in view of the international situation, to postpone further meetings subject to recall by the chairman; telegram No. 1246, August 25, 1939, 4 p. m., from the Ambassador in the United Kingdom (561.311F1 Advisory Committee/-945).]

PARTICIPATION OF THE UNITED STATES IN THE INTERNATIONAL CONFERENCE TO EXEMPT LIQUID FUEL AND LUBRICANTS USED IN CIVIL AVIATION FROM TAXATION, LONDON, FEBRUARY 21-MARCH 1, 1939<sup>1</sup>

579.6AE1/35

*The Secretary of State to President Roosevelt*

WASHINGTON, January 18, 1939.

MY DEAR MR. PRESIDENT: This Government has received an invitation from the British Government<sup>2</sup> to be represented at a conference to convene at London on February 21, 1939 for the purpose of considering a draft convention for the exemption from taxation of liquid fuel and lubricants used in air traffic. In view of this Government's profound and increasing interest in international air traffic it seems essential that it should have a voice in the drafting of a convention designed to augment the facilities for such traffic and to afford, on a basis of reciprocity, certain advantages to aircraft engaged in international flying.

I have received recommendations from the Secretary of the Treasury and the Chairman of the Civil Aeronautics Authority that the invitation be accepted, and I suggest that the following-named persons be appointed delegates on the part of the United States to attend the conference:

David Williamson, Second Secretary, American Embassy, London;  
Sidney J. Kennedy, United States Treasury Attaché, London.

The attendance of Mr. Williamson and Mr. Kennedy at the conference would involve no additional expense to the Government.

I should appreciate your informing me whether the designation of the above-named persons would meet with your approval.

If you approve these designations, I shall request that Ambassador Kennedy, as well as the two delegates, be granted full powers to sign the convention on the part of the United States.<sup>3</sup>

Faithfully yours,

CORDELL HULL

<sup>1</sup> The minutes, documents and official instruments of the Conference are printed in *Proceedings of the International Conference for the Exemption from Taxation for Liquid Fuel and Lubricants used in Air Traffic, London, 21st February to 1st March 1939* (London, 1939).

<sup>2</sup> Note No. 290, August 20, 1938, from the British Ambassador, not printed.

<sup>3</sup> Marginal notation: "C. H. OK F. D. R."

579.6AE1/37 : Telegram

*The Secretary of State to the Chargé in the United Kingdom  
(Johnson)*

WASHINGTON, January 21, 1939—1 p. m.

56. The present agenda concerning exemptions from customs and other duties for aircraft, to be considered at the conference to be convened in London on February 21, deals only with exemptions for fuel and lubricants on arrival and departure. It is believed that the assembling of this conference will afford an opportunity to deal with:

(a) An extension of the contemplated exemptions to fuel and lubricants consumed between arrival and departure.

(b) Exemption from customs and other duties on merchandise for use as supplies and replacements, including spare parts and equipment, upon or in the maintenance or repair of aircraft.

(c) Exemption from customs and other duties of ground equipment necessary for the establishment and maintenance of air bases and scheduled services of air carriers and experimental flights in connection therewith. For example, ground radio equipment, beaching gear, meteorological and other aids to air navigation.

(d) Relief from double income taxation on profits derived from the operation of aircraft.

Please telegraph, as soon as possible, whether British Government is willing to add these additional items to agenda.

HULL

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579.6AE1/42

*The Secretary of State to the Delegates to the Conference on Tax Exemptions of Liquid Fuel and Lubricants Used by Civil Aircraft  
(Williamson and Kennedy)*

[Extract]

WASHINGTON, January 27, 1939.

SIRS: The following instructions are furnished for your guidance in connection with your appointment as delegates to the international conference to be convened in London on February 21, 1939, for the purpose of concluding a convention exempting from customs and other duties liquid fuel and lubricants used by civil aircraft in international operations.

It is realized that occasions will arise at the London conference calling for prompt decision on the part of the American Delegation, and while there is no intention of unduly restricting the Delegation in the development of the American proposals, the following observations are made for your guidance in the efforts which you will

make to have the drafts as finally adopted at London conform as nearly as may be feasible to the viewpoint of the Government of the United States.

For your convenience, there is attached as Enclosure No. 1 a copy of the draft of convention<sup>4</sup> which was distributed by the British Government to serve as a working basis for the discussions of the conference. Your attention is invited to the following comment on Articles 1 to 3 inclusive of this draft, which are as follows:

#### Article 1

(1) Each High Contracting Party will, in the circumstances specified in paragraph (2) of this article, accord in any of his territories, to which the present convention applies, the treatment specified in Article 2 to any civil aircraft (whether private or State-owned) registered in any territory to which the present convention applies, of any other High Contracting Party whether the aircraft is engaged on an individual flight or in the operation of a regular air service and whether it is flying for commercial purposes or otherwise.

(2) The treatment specified in Article 2 shall be granted—

(a) when the aircraft makes a lawful landing in a territory to which the present Convention applies coming direct without a previous landing from another territory, whether such other territory is a territory of the same High Contracting Party or of another High Contracting Party or of a Power not a party to this convention;

(b) when the aircraft makes a lawful departure from a customs aerodrome in a territory to which the present Convention applies for another territory whether such other territory is a territory of the same High Contracting Party or of another High Contracting Party or of a Power not a party to this convention.

#### Article 2

(1) (a) On arrival of an aircraft, the fuel and lubricants which are contained in the ordinary tanks of the aircraft shall not be liable to customs or other duties. No quantity, however, may be unloaded free of duties.

(b) On departure, fuel and lubricants intended for the refuelling or lubrication of the aircraft shall be exempt from customs or other duties, or alternatively a refund of such duties if already levied shall be paid.

(2) Nevertheless, payment of the duties in respect of which exemption was given under (b) of paragraph (1) of this article or a proportionate part thereof may be claimed if the aircraft in fact before landing in another territory lands in the territory in which it has obtained its supply.

(3) The expression "customs and other duties" includes import duties, export duties, excise duties and internal duties of all kinds.

<sup>4</sup> *Proceedings of the International Conference for the Exemption from Taxation for Liquid Fuel and Lubricants used in Air Traffic, London, 21st February to 1st March 1939, p. 88.*

## Article 3

The present convention does not prejudice the operation of any arrangements which may be in force at any time providing for more favourable treatment.

## PROPOSED MODIFICATIONS OF THE BRITISH DRAFT

*Article 1 (2) (a)*

In the present text, the word "lawful" might be too harsh in certain cases. An aircraft may possibly violate local regulations which could conceivably make the landing technically unlawful, and possibly subject the aircraft to certain penalties, but it is believed that this should not necessarily deny the aircraft the right to the exemptions provided for in this convention. It should be provided that the aircraft on landing shall comply with customs requirements. Furthermore, it is believed that the words "coming direct" in line 3 of subparagraph (a) of paragraph (2) of Article 1 would be clarified if the words "after proceeding directly" should be substituted.

The word "same" in line 5 of subparagraph (a), as referring to a High Contracting Party, is not entirely clear, and it is suggested that a formula might be adopted which would avoid the use of this word.

Having in mind the above suggestions, it is believed that subparagraph (a) of paragraph (2) of Article 1 would be improved if amended to read as follows:

(a) when an aircraft authorized to enter makes a landing and complies with customs requirements in a territory to which the present convention applies, after proceeding directly from another territory, whether such territory belongs to any one of the High Contracting Parties or to a Power not a party to this convention;

*Article 1 (2) (b)*

It is suggested that the words "proceeding directly without intermediate landing" be inserted after the word "applies" in line 3 of this subparagraph. This proposed amendment is suggested with a view to making it clear that the exemption to be accorded shall be made only at the last port of departure before leaving the country.

It seems desirable also to make several other changes of a drafting nature, to conform to suggestions made above with regard to subparagraph (a). With all these changes pertaining to subparagraph (b) in mind, it is suggested that the subparagraph might be revised to read as follows:

(b) when the aircraft makes an authorized departure from a customs aerodrome in a territory to which the present convention applies, proceeding directly without intermediate landing to another territory, whether such other territory belongs to any one of the High Contracting Parties or to a power not a party to this convention.

*Article 2 (1) (a)*

The term "on arrival" is not clear without a reference to the arrival contemplated by Article 1 (2) (a), and also presents the inference that fuel and lubricants may be taxed subsequent to arrival. It is believed that it would be sufficient in this connection to refer to a landing and to omit the words "on arrival". The words "ordinary tanks" as applied to all aircraft, involve difficulties of interpretation, and possibly might not exempt fuel and lubricants carried in special tanks for long distance flights. The word "liable" in line 3 of subparagraph (a) of paragraph (1) of Article 2 appears to be improperly used, as the reference should be to an exemption, in harmony with the corresponding language of subparagraph (b) of Article 2 (1). The reference to exemptions not being accorded for fuel and lubricants unloaded, if taken literally, is not believed to be sufficiently liberal in the British draft. It is believed that the matter can be taken care of by the omission of the sentence reading: "No quantity, however, may be unloaded free of duties" in the British draft. It appears evident that there may be conditions under which there could be an unloading of fuel and lubricants without losing the right to an exemption from customs or other duties. As one illustration, if there should be a temporary unloading, as when repairs are necessary, it is assumed that the exemption would apply. It is believed that the omission of the quoted sentence permits each High Contracting Party to prohibit by regulation such fuel and lubricants from entering the commerce of the country without payment of duty.

Having the above observations in mind, it is suggested that subparagraph (a) of paragraph (1) of Article 2 might be revised to read:

(1) (a) Fuel and lubricants on board the aircraft on landing, as contemplated in Article 1 (2) (a), for use in the operation of such aircraft, shall be exempt from customs and other duties.

*Article 2 (1) (b)*

This subparagraph requires clarification in the light of the suggested revision of Article 2 (1) (a) and a reference to Article 1 (2) (b). It is suggested, therefore, that Article 2 (1) (b) be revised to read:

(1) (b) On its departure as contemplated in Article 1 (2) (b), fuel and lubricants for use in the operation of the aircraft shall be exempt from customs and other duties, or, alternatively, a refund of such duties, if already levied, shall be paid.

*Article 2 (2)*

It is the view of the Government of the United States that it is important that an effort be made to provide in this paragraph that

the duties will not be imposed in the case of an emergency or forced landing. The paragraph in the British text makes it optional whether the duties may be imposed, which is objectionable in that it may result in a lack of uniformity of requirements in the event of emergency or forced landings. It is suggested that provision should be made for the denial of refunds in the event of a landing after departure but before arrival in another territory. With these observations in mind, it is suggested that paragraph (2) of Article 2 might be revised to read as follows:

(2) Nevertheless, payment of the duties in respect of which exemption was given under (b) of paragraph (1) of this article or a proportionate part of such duties may be claimed, or the refund, or a proportionate part of the refund, provided for in subparagraph (b) of paragraph (1) of this article, may be denied, except in the case of emergency or forced landings, if the aircraft in fact before landing in another territory lands in the territory in which it has obtained its supply.

#### *Article 2 (3)*

It is believed that paragraph (3) should include a reference to taxes as well as duties, and that it should be otherwise clarified. It is suggested, therefore, that paragraph (3) might be revised to read:

(3) The expression "customs and other duties" as used in this convention, includes import, export, excise and internal duties and taxes of all kinds, imposed in territories to which this convention applies.

It is difficult to determine in advance the effect of the words "customs and other duties", because of the meaning of the term in different countries. For example, the use of the words "excise duties" in Article 2 (3) of the British draft would probably be construed to include the United States excise tax, but from the point of view of this Government, the draft would be clarified if taxes were specifically referred to as suggested above.

It is also difficult to determine in advance the extent to which indirect taxes should be included in the convention, but considering that this type of tax is probably employed abroad as it is in the United States, and probably at higher rates abroad, and considering further that the laws of the United States, either through reciprocal provisions or provisions covering exports which include drawbacks, substantially grant relief from indirect taxes in the respects apparently contemplated by this convention, the Delegation should favor a definition which would include indirect taxes. It is believed that such definition would be in the interest of furthering the development of international aviation.



*Article 3*

It is believed that there would be an advantage in adding the words "or laws" in Article 3 after the word "arrangements" so as to make it clear that the convention would not prejudice the right of any contracting party to accord under its laws more favorable treatment than that contemplated by the proposed convention.

## SUGGESTED EXPANSION OF THE SCOPE OF THE CONVENTION

[Here follow in greater detail points (a), (b), (c), and (d) listed in the Department's telegram No. 56, January 21, 1 p. m., to the Ambassador in the United Kingdom, for expansion of the scope of the proposed convention.]

## DECLARATION TO BE MADE BY THE DELEGATION ON SIGNING THE PROPOSED CONVENTION

The Delegation is instructed to make the following declaration, in accordance with Article 11 (1) of the British draft, at the time of signing the convention:

The present convention does not apply to any outlying territories or possessions of the United States of America over which it exercises sovereignty, jurisdiction or authority.

For your information. It has been decided to have this declaration made at the time of signature so as to permit the authorities of this Government to decide what territories or possessions should be included later in the ratification of this Government, in the event that the convention is ratified on behalf of the United States.

Very truly yours,

For the Secretary of State:  
R. WALTON MOORE

579.6AE1/38 : Telegram

*The Chargé in the United Kingdom (Johnson) to the Secretary of State*

LONDON, January 28, 1939—noon.

[Received January 28—8:20 a. m.]

116. Department's 56, January 21, 1 p. m. Foreign Office note advises that

"it will be open to the United States delegation to raise the subjects in question for the consideration of the conference, and for the conference to decide with regard to each proposal whether it is sufficiently close to the matters covered by the draft convention which is the basis of the conference's work to be considered on its merits and either adopted or rejected."

JOHNSON

579.6AE1/39 : Telegram

*The Secretary of State to the Chargé in the United Kingdom  
(Johnson)*

WASHINGTON, January 30, 1939—6 p. m.

78. Your 116, January 28, noon. As most of the additional items suggested by this Government do not have a close relationship to the specific agenda covered by the British Draft Convention, it is believed that unless other governments are notified promptly in advance of the contemplated proposals of the American Delegation so that they will have time to study them and instruct their delegations, the conference will probably decline to consider the additional items. Please ascertain therefore whether the British Government is willing to notify interested governments at once of the additional items on which the American Delegation will submit proposals.

If the British Government declines to take the action suggested, the Embassy may transmit copies of the additional items in Department's 56, January 21, 1 p. m., to American diplomatic representatives in European countries to be brought by them to attention of governments to which they are [ac]credited, provided such procedure is agreeable to the British authorities.

HULL

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579.6AE1/40 : Telegram

*The Chargé in the United Kingdom (Johnson) to the Secretary  
of State*

LONDON, February 1, 1939—5 p. m.  
[Received February 1—1:11 p. m.]

137. Department's 78, January 30, 6 p. m. Foreign Office advises orally that it will notify interested governments at once of the additional items which the United States wishes to add to the agenda.

JOHNSON

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579.6AE1/60 : Telegram

*The Ambassador in the United Kingdom (Kennedy) to the Secretary  
of State*

LONDON, March 2, 1939—11 a. m.  
[Received March 2—7:25 a. m.]

287. From Williamson and Kennedy. Embassy's 283, March 1, 1 p. m.<sup>5</sup> Convention concerning exemptions for aircraft fuel was

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<sup>5</sup> Not printed.

signed *ad referendum* last evening by the representatives of principal powers including Germany and Italy, Japan not being represented. The Ambassador signed in behalf of the United States. The French text alone is authentic.

Because of last minute amendments to article 4, made necessary by the adoption of a single authentic text, there will be some delay in forwarding definitive text of the convention.<sup>6</sup> Copies of the uncorrected text will be sent by *Queen Mary* sailing March 3.

Practically all the amendments proposed by the United States, in accordance with the Department's instruction dated January 27, 1939, were accepted by the conference in one form or another. The proposed extensions outlined in the Department's 56 of January 21, 1 p. m., are incorporated in the form of recommendations. [Williamson and Kennedy.]

KENNEDY

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<sup>6</sup> The text of this convention is published as British Cmd. 6001, Misc. No. 7 (1939): *International Conference for the Exemption from Taxation for Liquid Fuel and Lubricants Used in Air Traffic, Final Act and Convention, London, March 1, 1939*. This convention was not submitted by the President to the Senate of the United States for advice and consent to ratification; it was not ratified by any of the other signatory powers, and therefore did not enter into effect.

PARTICIPATION OF THE UNITED STATES IN AN INFORMAL CONFERENCE TO CONSIDER REGULATION OF WHALING, LONDON, JULY 17-20, 1939<sup>1</sup>

562.8F3/260

*The Secretary of State to President Roosevelt*

WASHINGTON, June 29, 1939.

MY DEAR MR. PRESIDENT: The British Government has called an International Conference for the Regulation of Whaling to meet at London on July 17, 1939, for the purpose of discussing the results of the whaling seasons of 1938 and 1939 and the desirability of extending for a further year or two the prohibition on the killing of the humpbacked whale contained in Article I of the Protocol of 1938<sup>2</sup> which modified the International Agreement for the Regulation of Whaling signed at London on June 8, 1937.<sup>3</sup> The British Government will convene at the same time a meeting of inspectors appointed to enforce the provisions of the International Agreement. This meeting will consider the practice of the inspectors appointed by the various signatory governments and make recommendations with a view to securing uniformity.

The Secretary of the Treasury and the Secretary of the Smithsonian Institution have recommended that the invitation be accepted and the Secretary of the Treasury has recommended the appointment of two officers of the United States Coast Guard. Mr. Herschel V. Johnson, Counselor of the American Embassy at London, attended the International Conference for the Regulation of Whaling held at London in June 1938, at which the Protocol referred to above was signed, and I believe that he should attend the forthcoming meeting. I therefore recommend that the following named persons be designated as delegates of the United States at the proposed Conference:

Mr. Herschel V. Johnson, Counselor of Embassy, American Embassy, London, Chairman;  
Lieutenant Commander A. C. Richmond, United States Coast Guard, Treasury Department;  
Lieutenant Q. R. Walsh, United States Coast Guard, Treasury Department.

<sup>1</sup> For previous correspondence, see *Foreign Relations*, 1938, vol. I, pp. 947 ff.

<sup>2</sup> Signed June 24, 1938; Department of State Treaty Series No. 944, or 53 Stat. 1794.

<sup>3</sup> Department of State Treaty Series No. 933, or 52 Stat. 1460; see *Foreign Relations*, 1937, vol. I, pp. 920 ff.

Lieutenant Walsh is an inspector appointed by this Government to enforce the provisions of the International Agreement and as such will represent the United States at the meeting of inspectors.

In the event of their appointment, Mr. Johnson's attendance at the meeting would involve no additional expense to the Department of State and the expenses of the Coast Guard officers would be defrayed by the Treasury Department.

I shall appreciate your informing me whether the designation of the above-named persons, in the capacities indicated, would meet with your approval.<sup>5</sup>

Faithfully yours,

CORDELL HULL

562.8F3/267

*The Secretary of State to the Delegates to the Conference on the Regulation of Whaling (Johnson, Richmond, Walsh)*

WASHINGTON, July 7, 1939.

SIRS: With reference to your appointment as delegates on the part of the United States of America to the International Whaling Conference to be held at London beginning July 17, 1939, you will be guided by the following observations and instructions.

The conference to which you have been appointed as delegates will consist of (1) a general meeting at which there will be considered a number of points including the following agenda: (a) results of the 1938-39 whaling season; (b) the desirability of extending for a further year or two the prohibition on the killing of the humpback whale contained in Article 1 of the Protocol of 1938; and (c) the possibility of securing greater uniformity in the duties and practices of the inspectors; and (2) a meeting of the inspectors who will discuss the practical application of the whaling agreement and protocol and consider points in which the duties and practices of inspectors appointed by the various interested governments varies with a view to making recommendations looking toward uniformity in whaling regulations adopted by the several governments.

The Government of the United States has been informed by the British Government that it will not be the object of the proposed discussions to make any alteration in the existing agreement or protocol; that any recommendations made by the conference should not form the subject of any formal act but should be communicated to all the governments concerned; and that if they are accepted, such acceptance would be notified by a diplomatic note in each case.

The primary object of the United States in participating in the international whaling conferences and agreements is to further the

<sup>5</sup> Marginal notation: "C. H. OK F. D. R."

cause of conservation. However, there exists doubt whether the international whaling agreements have resulted thus far in conservation. The conservation efforts have not resulted in a decrease in the number of whales taken and the number of barrels of whale oil produced during the period these agreements have been in force. On the other hand, it is not to be overlooked that the number of whales taken during the past few years would probably have been higher in view of increased world demand for whale oil had there been no international regulation of whaling. The absence of any international restriction on the taking of whales for whale oil would, in view of present world requirements, undoubtedly result within a short time in the depletion of the stock of whales to a point where the whaling industry would collapse; or would probably result in extinction of certain commercial types of whales. Although the past and present conservation efforts may not have been in vain, it is apparent that unless the results of the past season's catch are encouraging from the standpoint of conservation and indicate that a more actual conservation is being effected, consideration must be given to the adoption of measures for further reduction of the number of whales taken to permit replenishment of the stock of whales.

It may be stated, if it should appear to you advisable to do so, that if the present stock of whales continues to be depleted at a rapid rate and no effective measures are agreed upon and enforced by all governments concerned, the Government of the United States will find it necessary to consider whether it will continue to participate in international whaling conferences or conventions.

Your attention is invited to the following points which may arise in the discussions at the general meeting, and the proposals which are likely to be advanced for effecting the purposes of the Agreement of 1937 and the Protocol of 1938.

#### I. EFFECT ON WHALE STOCK OF PAST SEASON'S CATCH

Should the results of the past season's catch indicate that further efforts toward conservation are essential to protect the stock of whales, consideration should be given to what steps are necessary to increase conservation under the present Agreement and Protocol, and what modifications should be made with respect to the provisions of those two acts to further their purposes.

#### II. AGREEMENT BY THE UNITED STATES TO THE EXTENSION OF FULL PROTECTION TO HUMPBACK WHALES IN THE ANTARCTIC UNTIL SEPTEMBER 1940 OR 1941

The extension of full protection to all humpback whales in Antarctic waters until September 30, 1940 or 1941 is desirable and should

be recommended. In this relation you should point out that this Government would desire to submit to the Senate for its approval any agreement for the extension of the time beyond that stipulated in Article 1 of the Protocol of 1938.

### III. FUTURE OF WHALING

The immediate future of the whaling stock depends upon adequate enforcement of the agreement and protocol now in force. Any new convention or protocol modifying or replacing the present agreements would probably not enter into force until at least six months or a year after it is signed. Accordingly, every effort should be made to increase the effectiveness of the provisions of the agreements now in force. In increasing the effectiveness of the Agreement of 1937 and the Protocol of 1938 the following are regarded as essential:

(a) *Rigid enforcement by all interested Governments of the provisions of the Agreement and Protocol.* It is recognized that some consideration must be given to the likelihood of the killing of protected whales through inadvertence. Nevertheless, every infraction of the whaling agreement should be punished by a penalty measured by the character of the infraction. Such penalties should be as uniform as practicable in the different countries and should be severe enough to encourage an earnest effort to comply with the terms of the Agreement and Protocol.

(b) *Uniformity, as nearly as practicable, in the procedure of the interested Governments in the labeling of cargoes.* Since oil and other products of whales taken during the season are transported in part at least by tanker vessels in advance of the arrival of the factory ship at the home port, a uniform procedure for enforcing the confiscation of the products of illegally taken whales is desirable.

(c) *Uniformity in regulations.* It is presumed that the results of the deliberations of the inspectors' meeting will be considered in the general meeting. Uniformity of regulations is regarded as essential to effective international enforcement of the Agreement of 1937 and the Protocol of 1938. Detailed consideration of the inspectors' meeting appears below.<sup>6</sup>

(d) *Adherence by all countries engaged in the whaling industry to the Agreement of 1937.* This point is discussed under V below.

### IV. MODIFICATION OF PRESENT AGREEMENTS; CONSIDERATION OF NEW TREATY OR AGREEMENT

In order that some measure of stability might be given to the whaling industry and at the same time bring about more effective conser-

<sup>6</sup> Points 1 through 7, pp. 44-46.

vation of whales, the present whaling agreement and protocol should be allowed to remain as they are, so far as may be practicable. In this relation, however, this Government considers that an agreement for the extension of the time stipulated in Article 1 of the Protocol in relation to the prohibition of the taking of humpback whales in the area defined, and the necessary measures to bring Japan into the Agreement are desirable.

If there is proposed any amendment to the existing whaling agreement or a new whaling agreement is proposed, you may take part in the discussions thereof, keeping the Department informed of the matter by cable.

As to new proposals which may be advanced for modifying and extending the London Agreement and Protocol, it is suggested that the methods utilized by the International Fisheries Commission appointed under the Convention between the United States and Canada for the preservation of the halibut fishery of the Northern Pacific Ocean and Bering Sea<sup>7</sup> might be given consideration. These measures have proven successful in regulating a deep sea fishery. It is thought that by establishing closed areas which are recognized as breeding areas and providing a maximum catch of whales determined annually by an administrative body, that might be taken from the latter areas, more efficient regulation of whaling might be effected.

An administrative body might be set up by empowering the International Bureau of Whaling Statistics to perform certain functions. It could doubtless check on the activities of whaling vessels in the various sectors which might be open to whaling until the limitations provided for in those sectors are reached, whereupon whaling should be prohibited to all countries which had joined the convention. A proposal along these lines was presented by the American Delegation to the London Whaling Conference of 1938.

As of possible use in considering the working of the system of control and regulations for the preservation of the above-mentioned halibut fishery there are attached hereto copies of the Convention between the United States of America and Canada for the Preservation of the Halibut Fishery of the Northern Pacific Ocean and Bering Sea, signed at Ottawa on January 29, 1937, and copies of the present regulations adopted pursuant to the provisions of that convention.

In relation to the limitation of whaling activities by means of a limitation of the amount of whale oil to be taken in any one season your attention is invited to the following resolution adopted by the Whaling Committee of the International Council for the Exploration of the Sea at a meeting held in Copenhagen on May 23, 1938:

<sup>7</sup> Signed January 29, 1937, Department of State Treaty Series No. 917, or 50 Stat. 1351.



"The Committee viewing with alarm the evident decline of the stock of Blue Whales, is of the opinion that nothing less than a limitation of the total amount of whale oil which may be taken in any whaling season can be effective in preserving the stock of Blue Whales from being reduced to the level at which it can no longer be the object of economic exploitation."

This resolution is printed in the paper designated ICW/1938/4, pertaining to the London Whaling Conference of 1938.

In the Final Act of the Conference held in 1938, there are mentioned in paragraph 7, as having been considered by the Conference, a number of measures of general application which might be expected to limit the destruction of whales. Measure (c) is as follows:

"An overhead limitation of output during the Antarctic Whaling season, by which is meant that a limit of output should be fixed, after which all whaling should cease, though the limit might be reached before the end of the open season."

In paragraph 10 of the Final Act, it is stated in relation to (c) of paragraph 7 that "the Conference did not feel able at the present time to recommend its adoption." However, if you consider it advisable in the light of the discussions which take place, you may again advocate the establishment of a limitation on the total amount of whale oil which may be taken in one season.

The limitation of the number of catchers which might be used in connection with each expedition, mentioned in (b) of paragraph 7 of the Final Act may be discussed in connection with a proposal for the establishment of a limitation on the total amount of whale oil that may be taken in one season.

Careful attention should be given to all of the contents of the Final Act of the 1938 Conference.

#### V. ADHERENCE BY JAPAN TO THE WHALING AGREEMENT OF 1937 AND PROTOCOL OF 1938

It is desirable, in the international efforts toward conservation of whales that all countries which produce considerable amounts of whale oil take part in that conservation. In all probability the matter of Japan's adherence to the agreement and protocol will be brought up at the Conference by several countries, particularly Norway. The Japanese Delegation to the International Whaling Conference held in London in 1938 informed the Conference, as recorded in the Final Act of the Conference, which is signed by the Japanese Delegate, that their Government was prepared to take the necessary legislative and other measures to enable them to adhere to the 1937 London Agree-

ment and the 1938 Protocol after an interval of one year, subject to a reservation in respect of the first paragraph of Article 3 of the Protocol, and that their Government was prepared to observe the principles of the Agreement of 1937 as nearly as possible until that time.

Informal inquiries made at the Japanese Foreign Office by this Government in May 1939 revealed that Japan has not changed its attitude expressed at the 1938 whaling conference of adhering to the international whaling agreement; that the matter was still under consideration.

The first paragraph of Article 3 of the Protocol is as follows:

"(1) No factory ship which has been used for the purpose of treating baleen whales south of 40° South Latitude shall be used for that purpose elsewhere within a period of twelve months from the end of the open season prescribed in Article 7 of the Principal Agreement."

Japan insists upon reserving the right to use its factory ships and catchers which have been fishing south of 40° South Latitude, during the open season there, for fishing at other times in the waters between 66° North Latitude and 72° North Latitude from 150° East Longitude eastwards as far as 140° West Longitude. This Government is desirous of seeing Japan become a party to the agreement and protocol and would be disposed to accept a Japanese reservation in the sense of the foregoing as regards the first paragraph of Article 3 of the Protocol; provided that the exception embodied in the reservation is made applicable to the whaling vessels of all countries parties to the Protocol when all of those countries have formally given notification of their acceptance of the reservation. It may be advisable to suggest that the life of the reservation be limited to a period of not more than three years. In relation to acceptance by the United States of the reservation you will at the appropriate time state that any agreement to a modification of the provisions of the Agreement of 1937 or the Protocol of 1938 requires the approval of the Senate of the United States and the ratification of the President to be made binding on the United States.

Consideration may be given to the proposition that Japan immediately notify her adherence to the Agreement and Protocol and that formal acceptance of the reservation by all countries concerned be given as soon as possible. Even though the Agreement and Protocol would not be technically in force between Japan and the other parties to them until they notified their acceptance of the reservation, the participation by Japan in the Agreement and Protocol would further strengthen the regulation provided in the two acts and would measurably advance the cause of conservation.

In relation to uniform regulations for the whaling industry the following points are considered especially important.

1. *Number of whaling inspectors on each ship and at each shore station.*

No satisfactory compliance with the existing agreements can be hoped for until adequate inspection is provided by the Government of each country engaged in the whaling industry. As all factory ships operate on a twenty-four hour basis it is impossible for one inspector to check all whales that are hauled on board. The assignment of at least two inspectors to each factory ship should be mandatory. The present policy of the Government of the United States is to assign two whaling inspectors to each factory ship.

The assignment of at least one inspector to each shore station to which the whaling agreements relate should be mandatory to insure compliance with the provisions of those agreements. Two inspectors should be assigned to a shore station when it is operated on a twenty-four hour basis.

2. *Measuring whales.*

So far as the preservation of the whale stock is concerned one of the most important provisions of the Agreement of 1937 is the definition of "length" in Article 18. To insure compliance with this article some effective punitive provision for failure to accurately measure and record each whale taken should be incorporated in the regulations of the respective governments concerned. The stepping off of the length of the whale on the flensing deck or the estimating of the whale's length by the deck foreman must be prohibited. Reports from our own whaling inspectors indicate that the measurements taken by the inspector and those entered in the book by the deck foreman do not always agree. It is desirable to have the inspector certify that the measurements reported are correct.

3. *Responsibility for accurate recording of the catch—tally board.*

The person responsible for the accurate recording of the kind, length, sex, whether lactating or not, and other pertinent data with respect to all whales taken should be clearly set forth in the regulations of the interested governments. These data should be recorded at the time the whale is hauled on the flensing deck. Instances have been reported where the deck foreman relied on his memory to make such entries at the end of his shift.

Consideration may be given to a requirement in all regulations that a tally board be placed on the flensing deck of each factory ship on which board there shall be recorded the required data concerning each whale taken. Such a tally board is essential in order to insure an accurate record of all whales taken.

#### 4. *Lactating or milk-filled whales.*

Article 6 of the London Whaling Agreement of 1937 prohibits the taking or killing of "calves, or suckling whales or female whales which are accompanied by calves or suckling whales". These female whales which are accompanied by calves or suckling whales are known as "lactating whales" and in the Norwegian gunner contracts such whales are referred to as "milk-filled whales". A memorandum submitted by a whaling committee to the Norwegian Whaling Control supports the proposal that a fine be imposed on those gunners whose catch of undersized or milk-filled whales exceeds a certain fixed number. The Committee recommends that this fine should be made progressive according to some predetermined scale. Furthermore, gunners who in two successive seasons have an illegal catch that exceeds the stipulated number should be refused consent to accept position as gunners during the following season. Regulations for the enforcement of the existing agreements should contain a definition of lactating whales.

As of possible interest in this relation your attention is invited to certain provisions of a bill entitled "An Act To give effect to the International Agreement for the Regulation of Whaling, signed at London, June 8, 1937, and for other purposes"<sup>9</sup> which has been passed by the Senate of the United States and is now pending before the House of Representatives. Section 2 (*r*) of the bill contains the following:

"'Lactating whale' means a female whale with milk in the sinuses of the mammary glands and with everted teats."

Section 3 (*b*) of the bill reads as follows:

"For the purposes of this section, the taking or killing of a lactating whale shall be prima-facie evidence that such whale was accompanied by a calf at the time it was taken or killed."

All such lactating whales should be entered in the logbook of the factory ship and appropriate penalties provided for failure to make such entries should be put in force. Uniform penalties for the taking of such whales are highly desirable.

Norwegian gunner's contracts stipulate that no bonus is to be paid for milk-filled whales. Nevertheless, American whaling inspectors have noted that the deck foreman and company officials do not always record on the official W-1 forms such lactating or milk-filled whales when they are hauled on the flensing deck of the factory ship. Since no record is made, the gunner is not deprived of his bonus. Thus the provisions of the gunner's contract and of the agreement are evaded.

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<sup>9</sup> Senate bill No. 1045, *Congressional Record*, vol. 84, pt. 3, p. 2450.

5. *Withholding of pay from gunners and crews of whaling vessels.*

Most of the countries parties to the Agreement of 1937, not including the United States, have promulgated regulations that prohibit the gunner and crews of catcher boats from receiving pay for all undersized and milk-filled whales that are taken. In the acts of most of these countries there are provisions under which the illegal taking of whales is also punishable by fine, imprisonment, and seizure of equivalent value. However, these provisions do not seem to have been applied in any instance. According to the United States Whaling Treaty Act of 1936,<sup>10</sup> penalties can be levied against the operating companies for such violations.

6. *Fender whales.*

The Norwegians are reported as having advocated the confiscation of the value of all fender whales caught in the closed season. It has been the practice of most whaling companies to take fender whales in advance of the open season in order to facilitate the refueling and the transferring of supplies from the factory ship to the whale catcher boats. Article 8 of the Protocol of 1938 provides that "The taking of whales for delivery to a factory ship shall be so regulated or restricted by the master or person in charge of the factory ship that no whale carcass shall remain in the sea for a longer period than 33 hours from the time of killing to the time when it is taken up on the deck of the factory ship for treatment". This provision should be rigidly enforced even in the case of fender whales. Appropriate penalties for failure to observe this article are necessary to insure compliance.

7. *Conference on uniform regulations.*

More satisfactory results can be expected if one of the countries having a larger interest in whaling than the United States sponsors a conference on uniform whaling regulations. The attitude of Great Britain on such a proposal is of prime importance for in the past their delegates have expressed the opinion that the writing of uniform regulations into any agreement is in effect passing some sort of international legislation. It is believed to be advisable to have one of the leading whaling countries take the lead in proposing uniform regulations. You may, however, take such part in the proposal and discussion of uniform regulations as you may consider advisable to further the conservation of whales. At the same time you will avoid and oppose any measure which would have the effect of placing the whaling industry of the United States at a disadvantage as compared with the whaling industries of other countries.

<sup>10</sup> Approved May 1, 1936; 49 Stat. 1246.

## GENERAL

In general, you will be guided by the understanding that the primary object of the United States is to further the cause of conservation, as stated on page 2 above. You are authorized to make such recommendations and to discuss and support such proposals as will further the cause of conservation.

Should you be called upon to express an opinion with respect to matters about which you are uncertain as to the views of this Government, you should communicate with the Department by telegraph before stating your position.

At the conclusion of the work of the Conference you should submit a full report on the matter, setting forth in particular the position taken by you, and transmitting any pertinent documents or draft regulations and conventions that may be drawn up by the Conference.

Very truly yours,

CORDELL HULL

562.8F3/273 : Telegram

*The Ambassador in the United Kingdom (Kennedy) to the Secretary of State*

LONDON, July 20, 1939—11 p. m.

[Received July 20—7 p. m.]

1038. From the Delegates to the Whaling Conference. The informal Whaling Conference adjourned this morning after signature by the heads only of the delegations of Germany, Japan, Norway, the United Kingdom and the United States, of a paper setting forth in Part I the general report and in Part II the resolutions adopted by informal conference.

The resolutions, briefly summarized except as indicated by quotation marks, are as follows:

*First.* "Article III (1) of the Protocol of 1938.

The Conference resolved to recommend that Article III (1) of the Protocol of 1938 should not apply to the following areas:

(a) The sea area between 40 degrees north latitude and 52 degrees 30 minutes north latitude from 159 degrees east longitude eastwards to 140 degrees west:

(b) The sea area between 52 degrees 30 minutes north latitude and 72 degrees north latitude from 150 degrees east longitude eastwards to 140 degrees west longitude:

(c) The Okhotsk Sea northward of 52 degrees 30 minutes north latitude."

*Second.* "Article I of the Protocol of 1938.

The Conference resolved to recommend:

That the provisions of Article I of the Protocol of 1938 should be extended for a further year from 1st October, 1939 to 30th September, 1940."

*Third. Legal.*

In light of report presented by subcommittee appointed to examine various difficulties that have arisen in interpretation and enforcement of whaling legislation and regulations in various countries, the Conference recommended,

"That the question of offenses against whaling legislation and regulations and the appropriate penalties to be exacted should be referred to a special committee, representative of all the principal whaling countries, who should meet in advance of any future conference and draw up a report for that conference."

*Fourth. Whale Marking.*

Recommended marking of whales from whale catchers; marking programme being arranged in cooperation with "Discovery" Committee and in accordance with scheme outlined in the report of the Conference.

*Fifth. Regulations. Uniformity. Enforcement.*

(1) Recommendation regarding infringements of Article VII of the agreement.

(2) New regulations:

(a) Whale measurement.

(b) Catcher boats to report by radio to factory ships at time when each whale is caught to assist inspector in connection with enforcement Article VIII of the Protocol of 1938.

(c) Deals with protection of milk filled or lactating whales; recommends *inter alia* prohibition of payment of bonus or other remuneration to gunners and crews of whale catchers for any milk filled or lactating whales; appointment of two inspectors on every factory ship, the second if possible to be a biologist; individual inspectors not to be continuously appointed to same factory ship but should be interchanged.

*Sixth.* Regarding a conference for 1940, following recommendation was adopted: "That the consideration of the proposal to hold conference in 1940 should be deferred for the present."

*Seventh.* "General. With regard to the procedure to be adopted to give effect to the foregoing resolutions, the Conference recommends as follows:

(a) That all resolutions shall be notified as soon as possible to the various governments by the Government of the United Kingdom and that those governments shall be urged to bring them into effect.

(b) That Resolution I shall take effect as soon as notifications of acceptance have been received by the Government of the United Kingdom from the Governments of the United States of America, Denmark, Germany, Norway and the United Kingdom, and the receipt of these notifications has been communicated to the five governments mentioned. And furthermore that this resolution shall be embodied later in a formal protocol to be signed by duly authorized representatives of the governments concerned and shall be deemed to be one with the agreement of 1937 and the Protocol of 1938.

(c) That Resolution II shall take effect as soon as notifications of acceptance have been received by the Government of the United Kingdom from the Governments of Germany, Norway and the United States, and the receipt of these notifications has been communicated to all the governments concerned, provided that if the Governments of the United States of America and Japan or either of them fails to accept or notifies inability to accept this resolution, the governments which have notified their acceptance shall be at liberty if they so desire to regard this resolution as null and void."

This final document of course is not to be made public.

The first resolution is designed to meet the Japanese reservation in regard to accession. The Japanese Delegate stated in full meeting on July 17 that his government had authorized him to confirm the declaration made last year that it will take as soon as possible the necessary legislative and other measures to accede to both the agreement and the protocol subject to the reservation regarding first paragraph Article III of the Protocol. The Japanese Delegate further stated he was informed that all necessary internal regulations are expected to be completed by commencement of coming operating season in the Antarctic. He was unable to indicate more precisely when Japanese notification of accession can be expected.

A short press notice was given out this afternoon, to be published in tomorrow morning's papers. [Delegates to Whaling Conference.]

KENNEDY

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562.8F3/274

*The American Delegates to the Conference on the Regulation of Whaling (Johnson, Richmond, Walsh) to the Secretary of State*

[Extract]

LONDON, July 24, 1939.

[Received August 1.]

SIR: The Informal International Whaling Conference convened on July 17, 1939 in London under the chairmanship of Mr. A. T. A. Dobson, Fisheries Secretary, British Ministry of Agriculture and Fisheries.

Considerable difficulty was encountered in reaching an agreement on a method of giving effect to the various resolutions. Since Resolution I involves an amendment to the Protocol of 1938, it was decided that the resolution would only be effective after its acceptance by all nations now signatory to the Protocol of 1938. This presented the difficulty that if any other nation accedes to the Protocol of 1938 prior to the coming into effect of this resolution, such a nation would not be bound by the resolution unless it voluntarily accepted the terms of



the resolution at the time of accession to the Protocol of 1938. No formula could be worked out to obviate this difficulty and it was decided to attempt to handle the matter either by delaying the accession of other countries until this amendment comes into force, or by obtaining accession subject to the terms of the amendment.

It was felt that Resolution II does not involve any amendment to the Protocol of 1938, since the protection of the humpback whale provided thereunder lapses on September 30, 1939. This being so, the resolution does not, in effect, change the tenor of the Protocol of 1938, but stands virtually as a new agreement between the Governments signatory to the Report and Resolutions. For this reason it was thought desirable in the interest of expediency to recommend that it should come into effect upon receipt of notifications of acceptance by Germany, Norway, and the United Kingdom, and not make it dependent upon acceptance by all nations signatory to the Protocol of 1938. Nations signatory to the Protocol of 1938 but not to the Report and Resolutions are not bound by the provisions of this resolution if adopted, but it was believed that such nations would comply therewith.

All of the delegations were fully aware that the Resolutions presented were merely a body of recommendations and did not constitute a binding agreement in any sense.

The Conference as a whole, in the opinion of the delegates of the United States, was in complete accord as to objectives, and the only disagreement arose out of variance of opinion as to the method of obtaining such objectives. The essential objectives of the Informal Conference were first to obtain the accession of Japan to the International Whaling Agreement of 1937 and the Protocol of 1938, and, second, to extend further protection to the humpback whale. Within the limits of the power of the Conference these objectives were obtained, and in addition thereto other ends were accomplished which it is believed should further the conservation of the whale stocks.

Respectfully yours,

HERSCHEL V. JOHNSON  
ALFRED C. RICHMOND  
QUENTIN R. WALSH

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[Owing to the outbreak of war between the parties to the Whaling Conference, action for the acceptance of the resolutions adopted was not taken.]

## STATUS OF INTERGOVERNMENTAL DEBTS OWED THE UNITED STATES BY REASON OF THE FIRST WORLD WAR<sup>1</sup>

[For exchanges of correspondence in connection with amounts due the United States under arrangements effected by the World War Foreign Debt Commission, see Department of State, *Press Releases*, volume XX (January 7–June 24, 1939), and Department of State *Bulletin*, volume I (July 1–December 30, 1939), as follows:

*Austria*: January 28, 1939, page 53. (See also this volume, pages 559 ff.)

*Belgium*: June 17, 1939, page 520; December 16, 1939, page 694.

*Czechoslovakia*: May 20, 1939, page 427; December 9, 1939, page 657.

*Estonia*: June 10, 1939, page 504; December 16, 1939, page 689.

*Finland*: June 10, 1939, page 505; December 16, 1939, page 689.

*France*: June 17, 1939, page 521; December 16, 1939, page 690.

*Hungary*: June 17, 1939, page 516; December 16, 1939, page 687;

December 23, 1939, page 713.

*Italy*: June 17, 1939, page 522; December 16, 1939, page 691.

*Latvia*: June 17, 1939, page 519; December 16, 1939, page 692.

*Lithuania*: June 10, 1939, page 506; December 9, 1939, page 658.

*Poland*: June 17, 1939, page 523; December 16, 1939, page 687.

*Rumania*: May 6, 1939, page 382; June 17, 1939, page 518; December 16, 1939, page 693.

*United Kingdom (Great Britain)*: May 27, 1939, page 453; December 16, 1939, page 695.

*Yugoslavia*: June 17, 1939, page 516; December 16, 1939, page 688.

Certain portions of the above intergovernmental correspondence are also printed in the *Annual Report of the Secretary of the Treasury on the State of the Finances for the Fiscal Year Ended June 30, 1939* (Washington, Government Printing Office, 1940), pages 288 ff., and *ibid.*, 1940, pages 544 ff.; see also *ibid.*, 1939, pages 68 ff. and *ibid.*, 1940, pages 187 ff., "Obligations of Foreign Governments."]

<sup>1</sup> For previous correspondence, see *Foreign Relations*, 1938, vol. I, pp. 918 ff.

FAVORABLE REPLY BY THE UNITED STATES TO  
LEAGUE OF NATIONS APPEAL FOR GREATER COL-  
LABORATION BY NON-MEMBER STATES IN THE NON-  
POLITICAL ACTIVITIES OF THE LEAGUE

500.C/950

*The Secretary General of the League of Nations (Avenol) to the  
Secretary of State*<sup>1</sup>

C.L.193.1938.VII

GENEVA, October 17, 1938.

SIR: I have the honour to inform you that, at its meeting on September 30th, 1938, the Assembly of the League of Nations adopted the following resolution concerning collaboration between the League and non-member States:

"The Assembly,

"Having noted the report submitted to it by the Committee of Twenty-eight on the Application on the Principles of the Covenant concerning the collaboration of non-member States in the work of the League;

"Recognising that since the foundation of the League a series of technical and non-political activities have been established of which the scope is in some cases worldwide:

"Reaffirms with approval that it has been the consistent policy of the League to invite the collaboration of non-member States in such work;

"Notes with satisfaction that the response to this invitation has steadily increased;

"Believes that it is in the universal interest that such collaboration be developed;

"Considers that any comment or suggestion for the wider development of such technical and non-political collaboration which non-member States may care to make would be welcomed by the Members of the League represented at the Assembly;

"Requests the Secretary-General to transmit this resolution to non-member States."

The Council, by a decision taken on the same day, September 30th, instructed me to transmit the said resolution to your Government.

I have the honour further to transmit to you, for information, a copy of the report<sup>2</sup> referred to in the first paragraph of the above resolution.

I have [etc.]

J. AVENOL

<sup>1</sup> Transmitted to the Department by the Minister in Switzerland in his despatch No. 606, L. N. 309, October 19, 1938; received November 3.

<sup>2</sup> League of Nations document A.76.1938.VII., Geneva, September 29, 1938, not reprinted.

500.C/950

*The Secretary of State to the Secretary General of the League of Nations (Avenol)*<sup>3</sup>

The Secretary of State of the United States of America refers to a communication from the Secretary General of the League of Nations, dated October 17, 1938, informing the United States Government of the adoption by the Assembly of the League of Nations on September 30, 1938, of a resolution concerning collaboration between the League and non-Member States.

By that resolution the Assembly,

[Here follows the text of the resolution, with omission of the first paragraph, quoted in the letter of the Secretary General, *supra*.]

The United States Government notes with interest the Assembly's reaffirmation of the policy of the League to invite the collaboration of non-Member States in its technical and non-political activities. It shares the Assembly's satisfaction that such collaboration has steadily increased and the Assembly's belief that it is in the universal interest that such collaboration be continued and further developed.

The growing complexity of the modern world has for many years made increasingly clear the need for intelligent co-ordination of various activities, and the pooling of information and experience in many fields. The International Postal Union, the International Institute of Agriculture, the International Office of Public Health, and other international organizations, were created to meet this need in specific fields before the creation of the League and continue to carry out their tasks. The League, however, has been responsible for the development of mutual exchange and discussion of ideas and methods to a greater extent and in more fields of humanitarian and scientific endeavor than any other organization in history. The United States Government is keenly aware of the value of this type of general interchange and desires to see it extended.

Encouraging as has been the progress already made, much remains to be done for the promotion of human welfare in health, social, economic and financial fields. This Government regards each sound step forward in these fields as a step toward the establishment of that national and international order which it believes is essential to real peace.

The United States Government looks forward to the development and expansion of the League's machinery for dealing with the problems in those fields and to the participation by all nations in active

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<sup>3</sup> Sent to the Minister in Switzerland for transmission to the Secretary General in the Department's instruction No. 607, February 2, 1939.

efforts to solve them. It would not be appropriate for it to make specific suggestions for the development of the League's activities, but it will follow with interest the League's efforts to meet more adequately problems relating to the health, humanitarian, and economic phases of human activities. It will continue to collaborate in those activities and will consider in a sympathetic spirit means of making its collaboration more effective.

WASHINGTON, February 2, 1939.

COOPERATION WITH THE INTERGOVERNMENTAL COMMITTEE ON REFUGEES TO ASSIST PERSONS FORCED TO EMIGRATE, PRIMARILY FROM GERMANY, FOR POLITICAL OR RACIAL REASONS<sup>1</sup>

898.55J/2 : Telegram

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

SHANGHAI, January 3, 1939—4 p. m.

[Received 8:23 p. m.]

7. A large influx of destitute Jewish refugees from Europe has led the Shanghai Municipal Council to ask the foreign consular representatives to take steps through interested organizations and shipping companies to prevent the further coming of such refugees, as Shanghai is unable to cope with the problem having already an acute Chinese refugee situation and it being beyond the power of the community or the municipality to provide accommodation and subsistence for large numbers of foreign refugees the great majority of whom will not be able to find any employment. There is already considerable "white collar" unemployment. There are at present about 2000 Jewish refugees here, most of them destitute, and more are arriving by every steamer from Europe coming principally by the Italian liners which bring them in hundreds. There is at present no passport control at Shanghai and I understand that the fact that this is one port in the world where they can land without visas has encouraged refugees to come or be sent to Shanghai. It is to be expected that if the present influx is not stopped measures may be taken here to establish passport control and prevent their landing.

2. There is already evidence of an undercurrent of anti-Jewish sentiment amongst White Russian refugees and others with whom the Jewish refugees must compete for employment. This situation requires careful watching.

3. At a recent meeting with my British, French, Netherlands, and Portuguese colleagues it was agreed that we should bring the situation here to the attention of our respective governments and recommend that the Jewish committees in Europe be urgently requested to take immediate steps to stop the further despatch of refugees to

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<sup>1</sup> For previous correspondence, see *Foreign Relations*, 1938, vol. I, pp. 758 ff. For correspondence regarding Jewish immigration into Palestine, see *post*, pp. 574 ff.

Shanghai and that such committees be urged to remit substantial funds at once to the Shanghai Jewish Committee for the support of the refugees who have arrived and are continuing to arrive, the local committees being unable to carry the heavy burden notwithstanding that they have done their best. In this connection please see the message to the American Red Cross transmitted in my telegram No. 1479 of December 16.<sup>2</sup>

GAUSS

840.48 Refugees/1217 : Telegram

*The Minister in Haiti (Mayer) to the Secretary of State*

PORT-AU-PRINCE, January 4, 1939—1 p. m.  
[Received 2:50 p. m.]

2. My telegram No. 155, November 23, noon.<sup>2</sup> Mr. Goldsmith-Rothschild, a German citizen, is here with letters of introduction from his family whom I have known in Europe for some time. He claims to be representing French Rothschild-Swiss Seligman interests who desire to assist in the settlement here of some fifty thousand Germans of Jewish faith.

Mr. Goldsmith has in mind a self-contained settlement area where these refugees could develop their own agriculture and industry under a form of corporate establishment with shares partly to be distributed to the Government here in return for land, the whole project to be financed by the Goldsmith-Seligman interests mentioned above to a maximum of five million dollars.

We agree with Mr. Rothschild's plans that any large scale settlement of refugees here should not be on a piecemeal or independent basis but would have to be under some such form of corporate control and self-contained establishment.

After discussion with Mr. Rothschild and De la Rue,<sup>3</sup> we feel that there are only two localities in Haiti where such a large scale project could have any chance of success taking into account all the difficult factors of race, color, standard of [living], climate, economic aspects, government necessity for land, isolation, et cetera, namely the Mole Saint Nicholas region and the Island of La Gonave.

The problem thus posed naturally raises several important questions. Will 50,000 or any substantial number of Germans of Jewish faith continue to feel so antagonistic to the Hitler union that they will cut themselves off definitively from natural trade connections in the "Fatherland"? Will the Hitler regime last definitively

<sup>2</sup> Not printed.

<sup>3</sup> Sidney de la Rue, Fiscal Representative.

and if not, is it not [apparent omission] suppose that there will be the normal reaction on its termination which will turn Germans of Jewish faith in foreign countries back toward their beloved Fatherland? Is it strategically desirable to have large numbers of Europeans settle in small countries in the Caribbean and especially in such highly important strategic regions as Mole Saint Nicholas and the Island of La Gonave?

I have no idea how the Haitian Government would react to a proposal of the character outlined but Mr. Rothschild wants to discuss it with them and wishes me to introduce him to President Vincent for this purpose. I am only too happy to do anything I can to further our Government's humanitarian efforts to assist these brutally persecuted refugees. I feel it my duty, however, to bring the foregoing considerations to the Department's attention before proceeding any further with the matter here. I should much appreciate the Department's instruction by telegraph.

MAYER

840.48 Refugees/1306

*The Ambassador in Italy (Phillips) to the Secretary of State*

No. 1237

ROME, January 5, 1939.  
[Received January 18.]

SIR: With reference to my telegram No. 2 of January 3, 9 p. m.,<sup>4</sup> reporting my conversation with the Duce on that evening, I have the honor to enclose herewith a memorandum containing a fuller account of the meeting. As I reported to the Department on the following day, no mention of my call upon the Duce appeared in the Italian press, but this morning the papers carried a brief communiqué issued late last evening in the following sense:

"The Duce has received at Palazzo Venezia, in the presence of Count Ciano, the American Ambassador Mr. Phillips, bearer of a message from President Roosevelt regarding the European Semitic question and its possible solutions of general character."

Respectfully yours,

WILLIAM PHILLIPS

[Enclosure]

*Memorandum by the Ambassador in Italy (Phillips)*

In accordance with instructions, I arrived at the Palazzo Venezia at six-fifty, ten minutes before the appointed hour for my reception

<sup>4</sup> Not printed.



by the Duce. While I was waiting in the ante-room, Ciano and Alfieri (Minister of Popular Culture) passed me and were cloistered with the Duce for fifteen or twenty minutes. Ciano asked me for a copy of the President's letter,<sup>6</sup> which I gave him and which he took with him to the Duce. It was quite evident, therefore, that the Duce spent this intervening time studying with his two advisers the copy of the President's message in advance of the delivery of the original.

When I entered the Duce's office, Alfieri had already left. Ciano was present, however, throughout the entire conversation although he contributed nothing to it. After expressing my pleasure in having this occasion to see His Excellency, I handed him the President's letter, which he went through the form of reading carefully. When he had finished, I read to him slowly the memorandum<sup>7</sup> which I had been instructed to present with the letter. Having concluded that part of the memorandum dealing with the Plateau region in southern Ethiopia and Kenya, the Duce interrupted by saying that this suggestion was impracticable,—that this particular region in Ethiopia was inhabited by a people who were wholly unsympathetic to the Jews, and that he had already offered a far better region northeast of Addis Ababa, a proposal which, however, the Jews themselves had not received favorably. Thereupon, he opened a map of Ethiopia, examined the suggested Plateau region, and showed me somewhat vaguely the area which he had already suggested for Jewish colonization.

When I had concluded the memorandum, I said that, with his permission, I would like to express certain personal views, and I hoped that he would not misunderstand if I spoke with frankness. Mussolini asked me to proceed. He was aware, I said, of the strained relations between the United States and Germany. This unfortunate situation was largely the result of the methods (and I emphasized "methods") which had been and were continuing to be employed by the German Government in forcing certain elements of the population to leave the country. These methods had greatly shocked public sentiment in America. The Duce interrupted me by recounting the iniquities of the German Jews and of Jews in general, their lack of loyalty to the country of their residence, their intrigues, and the fact that they never could assimilate with any other race. He admitted that this lack of assimilation was a strong point in their favor and showed their remarkable racial strength. He told me of the financial frauds which were being practiced by the Jews and showed me a little book in German containing photographs of counterfeit bills for huge amounts of German marks. I was impressed by his

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<sup>6</sup> See draft letter dated December 7, 1938, *Foreign Relations, 1938*, vol. I, p. 858.

<sup>7</sup> See memorandum dated December 7 and telegram No. 133, December 30, 1938, 7 p. m., to the Ambassador in Italy, *ibid.*, pp. 859 and 885, respectively.

apparently genuine antagonism to the Jews. He went on to say that, in his opinion, there would not be one Jew left in Germany, and that other European countries—and he mentioned in particular Rumania and Hungary—were confronted with the same problem and were finding it necessary to rid themselves of their Jewish elements. There was no room for Jews in Europe, and eventually, he thought, they would all have to go. I reminded him that this forced emigration from Europe had created an international problem and one with which we in the United States were vitally concerned. It was not a question solely for those states from which the emigrants departed, but it had become a serious world problem. Mussolini mentioned Russia as the natural continent which had ample spare room for Jews, although he admitted that Jews did not appear to be anxious to go there. No one, he said, seemed to have thought seriously of Russia in this connection. He mentioned the vast tracts of unoccupied lands in North America and compared this with the congested areas in Europe. I replied that we Americans seemed already to be doing our part in that we had already a large Jewish population and that Jewish emigrants from Germany were free to come to the United States within our quota. I told him of the work of the London Committee and that certain progress had been made, largely through the efforts of the State Department, in ascertaining what other countries were willing to do with regard to admission of these refugees, but I gave him no particulars concerning the numbers of Jews which individual countries might be willing to absorb.

Mussolini felt that the present program of finding refuges for these emigrants in various countries was more in the nature of a palliative than a solution. He expressed the opinion that the Jews should have a state of their own which need not be necessarily a large or important one but at least a territory where there could be a Jewish capital and government. In this way, he said, the Jews in other parts of the world would occupy a position similar to other foreigners living abroad and could be handled accordingly. He admitted that it would be difficult to find a suitable place on the globe for a bona fide Jewish state but he seemed convinced that that was the only answer to the problem.

I found it necessary to bring him back several times to the original inquiry as to whether he would join with other leaders and states in trying to find a solution. Finally he agreed to do so and said that I could assure the President that he and the Italian Government would gladly cooperate with the President and with other states in this international endeavor. I reminded him of the importance of the forthcoming meeting in London between the representatives of the London Committee and the German Government, and I asked him

whether he could do anything to be of assistance in this connection. He replied that he would do so but he did not elaborate as to how far he would be willing to go in this direction. He said that the continual public condemnation of Germany's actions had immensely stiffened the German attitude and actually had increased the determination to deal drastically with the situation. He thought that probably very little could be done with the German authorities unless there was a cessation of these attacks. I interjected that, in view of the widespread public opinion in America against Germany because of the methods employed by the German Government, it would be next to impossible to suppress the attitude of Americans in general. I expressed appreciation of his offer to help and said that I would convey it to Washington and that I was sure the President would be also highly appreciative. I ventured to express the hope that he would find some occasions on which he could publicly ally himself with the movement, and he seemed to think that this might be done.

During this entire discussion, Count Ciano remained standing and offered no comment or suggestion.

Although I was disappointed by the Duce's rejection of the President's suggestion regarding the use of the Plateau region in southern Ethiopia and Kenya, I left with the feeling that something had been accomplished in enlisting his appreciation of the magnitude of the international problem. That he was willing to help in solving seemed to me something gained.

WILLIAM PHILLIPS

ROME, January 3, 1939.

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893.55.J/2: Telegram

*The Acting Secretary of State to the Chargé in the United Kingdom  
(Johnson)*

WASHINGTON, January 6, 1939—5 p. m.

12. For Rublee:<sup>8</sup> The following telegram has been received from the Consul General at Shanghai and is forwarded to you for such action as you may deem appropriate:

[Here follows the text of telegram No. 7, January 3, from the Consul General at Shanghai, printed on page 55.]

This matter has been brought to the attention of the Advisory Committee and the American National Red Cross.

WELLES

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<sup>8</sup> George Rublee, Director of the Intergovernmental Committee on Refugees.

840.48 Refugees/1247: Telegram

*The Chargé in the United Kingdom (Johnson) to the Secretary of State*

LONDON, January 7, 1939—3 p. m.

[Received 5:10 p. m.]

29. From Myron Taylor:<sup>9</sup> I have been trying before Rublee leaves for Berlin to anticipate, from the procedural standpoint, the developments in connection with a possible agreement with French authorities and the meeting of the Full Committee in London on January 26. Rublee canvassed the situation informally with Sir William Malkin at the Foreign Office yesterday and I should be very grateful if you would give some thought to this matter and telegraph your conclusions to me here, repeating the message to Rublee in Berlin.

We are all agreed that Rublee is going to Berlin for the purpose of exploring with the Germans whether they are willing and are in a position to make a contribution to the work of organizing and financing involuntary emigration, the numbers in various age groups who may or may not be the proper subject of migration, the treatment and support of those who are to remain in Germany, and that when he is satisfied that he has heard their maximum offer he will return to London and prepare his report to the Full Committee or to Malkin believing that Rublee should bring back from Berlin an initialed memorandum stating the views of the German Government so that he may have an authoritative documentary basis for his report.

After Rublee makes his report, the Committee will have to consider whether or not it is prepared to proceed on the basis of the German proposals.

If the Committee is willing to take cognizance of the German proposals and act upon them there will probably have to be a resolution to that effect. We should like to suggest that you take under consideration the form of such a resolution. If and when such a resolution is passed, an exchange of letters might take place between the plenipotentiary of the German Government and the Director, and the Director might inform the German Government of the passage of the resolution and forward a copy. The German Government in acknowledging the Director's letter could then indicate that it would take such and such action in decree or series of decrees replacing existing acts relating to involuntary emigration.

The Committee may, on the other hand, find that the German proposals as finally analyzed are patently unacceptable and I should appreciate it if you would consider that possibility and advise me

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<sup>9</sup>United States representative and Vice President of the Intergovernmental Committee.

what, in your opinion, should in such an event be the action of the officers and the Intergovernmental Committee.

Rublee and Pell<sup>10</sup> left for Paris today and will go to Berlin on Monday night arriving Tuesday morning. They have agreed to send me copies of their telegrams to you and I should appreciate it if you would repeat to me any telegrams which you send them. [Myron Taylor.]

JOHNSON

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840.48 Refugees/1217: Telegram

*The Acting Secretary of State to the Minister in Haiti (Mayer)*

WASHINGTON, January 7, 1939—3 p. m.

2. Your 2, January 4, 1939, 1 p. m. As you know, we are very much interested in the development of opportunities for refugee colonization in any practicable area. We see grave objections, however, from racial, economic, and strategic points of view to large scale German Jewish colonization in thickly populated Haiti and particularly in the two areas you mention.

These objections do not apply to the same degree to such colonization as is reportedly contemplated in the Dominican Republic. Inasmuch as the Dominican Government has already indicated a willingness seriously to consider very large scale colonization and as the practical aspects of the matter are now being actively studied, it occurs to me that Mr. Goldsmith might be interested in directing his efforts in that direction. Should he be so interested, it is suggested that he get in touch with the interested organizations in New York, rather than communicate with the Dominican Government, in order to avoid the crossing of wires.

WELLES

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840.48 Refugees/1247: Telegram

*The Secretary of State to the Chargé in the United Kingdom  
(Johnson)*

WASHINGTON, January 11, 1939—7 p. m.

32. For Myron Taylor. Your 29, January 7, 3 p. m. The procedure contemplated appears appropriate and is approved. It will not be possible, until the results of Rublee's trip to Berlin are known, to make suggestions as to the Committee's further course with respect to Germany, but we will give you our recommendations as soon as it may be practicable to do so.

HULL

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<sup>10</sup> Robert T. Pell, Vice Director of the Intergovernmental Committee.

840.48 Refugees/1439

*The Chief of the Italian Government (Mussolini) to President  
Roosevelt*<sup>11</sup>

[Translation]

ROME, January 11, 1939.

DEAR MR. PRESIDENT: Ambassador Phillips on his return from Washington handed me your letter<sup>12</sup> and I have discussed with him the various points raised by you in the letter and in the memorandum<sup>13</sup> which was annexed thereto. He will have informed you, certainly, of our conversation and you are therefore already acquainted with my point of view.

In so far as Ethiopia is concerned, it is not possible to consider the organization of Jewish emigration to that region. Apart from every other consideration, the general attitude of Jewish circles toward Italy is not such as to make it advisable for the Italian Government to receive on any of its territory large numbers of Jewish immigrants.

It is a question, moreover, not only of problems arising in connection with the situation of the Jews in Italy or in some other country, but of problems which are general in character, since the Jewish question exists, in various forms, in almost all European countries and must be considered therefore as a general European question in order to solve it along constructive lines.

In my opinion the only countries which can receive and settle large numbers of Jewish immigrants are those which have at their disposal within their national boundaries extensive areas sparsely populated and with large resources which can be adequately developed and exploited. These countries alone because of their extent and wealth are, in fact, able to give employment to large numbers of Jews who may have the intention of leaving the countries of Europe in which they are established at the present time. On the other hand smaller overseas countries with more limited resources might also be able to receive, in available areas, a certain number of Jews, provided the emigration is rationally organized by international agreements.

But that which I have always considered and still consider to be the most practical solution is the creation in some part of the world of a true and proper Jewish state. The experiment of the Jewish Home in Palestine has failed on account of historic conditions which were absolutely unfavorable to the creation of a Jewish state in Palestine, but the idea of creating such a state elsewhere should not be

<sup>11</sup> Letter left at the Department of State by the Italian Chargé, February 2.

<sup>12</sup> See draft letter dated December 7, 1938, *Foreign Relations*, 1938, vol. 1, p. 858.

<sup>13</sup> See memorandum dated December 7 and telegram No. 133, December 30, 1938, 7 p. m., to the Ambassador in Italy, *ibid.*, pp. 859 and 885, respectively.

abandoned. Even though this state were to be small in territory, the Jews nevertheless would find therein, as is the case with all other peoples, their center and basis of national existence. The Jews, having become citizens of this state, would thus have a nationality of their own and their situation defined, and, furthermore, when residing in other countries, they would receive from their own state the assistance and protection to which all foreigners are normally entitled from their respective states. Only in this way would the Jewish problem in Europe cease to be the insoluble problem of a minority—the only one—which is deprived of a nationality.

These are the ideas which I explained to Ambassador Phillips and which I have briefly summarized for you here. I, for my part, shall always be glad to study whatever concrete plan you will have taken under consideration in the meantime, convinced as I am that a general solution of the Jewish problem on a practical basis is highly desirable.

I take this occasion, my dear Mr. President, to thank you for the courteous expressions which you conveyed to me in your letter and to send you my best wishes and assurances of my highest consideration.

MUSSOLINI

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840.48 Refugees/1270 : Telegram

*The Ambassador in Italy (Phillips) to the Secretary of State*

ROME, January 12, 1939—5 p. m.  
[Received January 12—3:05 p. m.]

12. Representatives of the Committee for the Assistance of Jews in Italy called at the Embassy yesterday and their spokesman stated that if it were true that the President's message to Mussolini contained a suggestion for settlement of Jewish refugees in Ethiopia his Committee desired to impress upon the American Government that not a single Jew would voluntarily place himself at mercy of the Italian regime in Ethiopia or anywhere else.

He also brought to our attention the serious plight in which many thousand foreign Jews will find themselves when the time limit set for their departure from Italy expires on March 12. He said the Committee had been told by the Italian authorities that all foreign Jews who have not left before that date will be imprisoned for 2 or 3 months and then forcibly expelled from Italian territory. He inquired on behalf of the Committee whether we could not persuade the Italian Government to grant extensions of time for those Jews who may not have been able to arrange for their admission to some other country prior to March 12.

I heard today that the Jewish organizations have appealed to Chamberlain to use his influence on their behalf in his contact with Mus-

solini and have informed him that they could not agree to any plan for the settlement of Jews in Italian territory.

PHILLIPS

840.48 Refugees/1290a

*The Under Secretary of State (Welles) to President Roosevelt*

WASHINGTON, January 12, 1939.

MY DEAR MR. PRESIDENT: The difficulties of finding areas where mass colonization of refugees from Germany may be physically and politically feasible, and increasing indications that anti-Semitism in European countries other than Germany may shortly enter an acute phase make it increasingly apparent that solution of the Jewish problem in Germany and in Eastern Europe requires the creation of supplemental Jewish homeland.

Of all areas in which very large-scale colonization might be possible if the political obstacles could be overcome, Angola appears, in the opinion of Bowman<sup>14</sup> and other geographic experts, by far the most promising from the physical, climatic, and economic points of view. The possibilities of Angola appear of such importance as to warrant heroic efforts to overcome the political obstacles.

There is attached a draft message to Mr. Myron Taylor which, if you approve, will be telegraphed to him as a further letter of guidance from you.<sup>15</sup>

Believe me [etc.]

SUMNER WELLES

840.48 Refugees/1294

*The Secretary of State to the Minister in Haiti (Mayer)*

No. 160

WASHINGTON, January 13, 1939.

SIR: Reference is made to the Department's telegram number 2, of January 7, 3 p. m.

Your telegram number 2 of January 4, 1 p. m. has been taken up with the President and we are in full agreement that efforts of the character discussed should be discouraged.

I cannot believe that any attempt to settle 50,000 German refugees in Haiti would ever have a successful outcome because of the fundamental differences in race, standard of living, culture, and customs

<sup>14</sup> Presumably Isaiah Bowman, President of Johns Hopkins University.

<sup>15</sup> Telegram No. 40, January 14, 3 p. m., to the Ambassador in the United Kingdom, p. 66.



between the prospective immigrants and the Haitian people themselves. In my opinion, even if the colony were started, it would only be a few years before very serious friction would arise between the refugees and the Haitian authorities and people. The other possibilities pointed out in your telegram are, of course, likewise of very great importance.

Very truly yours,

For the Secretary of State:  
SUMNER WELLES

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840.48 Refugees/1290b : Telegram

*The Secretary of State to the Ambassador in the United Kingdom  
(Kennedy)*

WASHINGTON, January 14, 1939—3 p. m.

40. Personal for Myron Taylor. The President has asked me to transmit the following message of guidance from him to you:

"You may recall that my letter to you of June 14, 1938,<sup>16</sup> expressed the view that the continuing Intergovernmental Committee should consider, as part of its long-range program, the possibilities of providing for the settlement in suitable areas of persons forced to emigrate from countries other than Germany because of their religious beliefs or racial origins.

"I fully appreciate the reasons which led the British and French Governments to oppose any development of that idea at Evian.<sup>16a</sup> Any action which might encourage other nations of Eastern Europe to apply pressure upon minority groups would not only be most undesirable in itself but might also jeopardize the specific efforts of the Committee to solve the German refugee problem. No one could be more anxious than I to avoid such a development. Were a suitable area available for the settlement of great numbers of people, however, the situation would be entirely different.

"The fact must be faced that there exists in Central and Eastern Europe a racial and religious group of some seven million persons for whom the economic and social future is exceedingly dark. While the Intergovernmental Committee has wisely treated the German refugee problem as being one of involuntary emigration regardless of race, creed or political belief, it must be frankly recognized that the larger Eastern European problem is basically a Jewish problem. Acute as the German problem is, it is, I fear, only a precursor of what may be expected if the larger problem is not met before it reaches an acute stage, and indications are rapidly increasing that such a stage may

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<sup>16</sup> Not found in Department files.

<sup>16a</sup> See *Foreign Relations*, 1938, vol. I, pp. 740 ff.

be reached in the near future. The increasing seriousness of the problem may shortly make the political difficulties involved in finding a solution appear trivial in comparison.

"I do not believe that the migration of seven million persons from their present homes and their resettlement in other parts of the world is either possible or essential to a solution of the problem. I do believe that the organized emigration from Eastern Europe over a period of years of young persons at the age at which they enter actively into economic competition, and at which they may be expected to marry, is not beyond the bounds of possibility. The resultant decrease in economic pressure, the actual removal over a period of years of a very substantial number of persons, the decrease in the birthrate and the natural operation of the death rate among the remaining older portion of the population should reduce the problem to negligible proportions.

"It is estimated that such organized emigration would require the movement of perhaps 150,000 persons a year over a period of years. Such a movement of young persons of employable and marriageable age could not take place by means of infiltration, even if the legislation of the receiving countries permitted, without the danger of creating new anti-Semitism. The efforts of the Intergovernmental Committee to develop opportunities for mass settlement indicate the extreme difficulties of finding such opportunities of a nature remotely adequate to meet the need.

"I am convinced that the solution of the problem in Germany and throughout Eastern Europe requires the creation of a new Jewish homeland capable of absorbing substantially unlimited Jewish immigration. Even if the political difficulties could be overcome, it is doubtful whether Palestine could absorb and maintain the necessary influx of population, and consideration has accordingly been given to other possible parts of the world.

"It goes without saying that any part of the world in which the creation of such a homeland would be politically possible would be to a greater or lesser extent marginal in the economic sense. Many proposals have been made for large-scale colonization in areas such as Lower California, Madagascar, or the Guianas, but the possibilities of settlement in these areas do not appear sufficient to warrant the belief that the creation of a new Jewish homeland in any of them would be practicable.

"Of the less developed areas of the world, Africa appears to offer the greatest hope of future development and the satisfactory maintenance of a greatly increased population. Of the areas in Africa suitable for large-scale white colonization, Angola appears to offer by far the most favorable physical, climatic and economic opportunities.

"You may recall that creation of a Jewish homeland in Angola was actively considered in 1912 and 1913 and that a Jewish Colonization Bill concerning Angola was passed unanimously by the Portuguese Chamber of Deputies in 1912. The fact that nothing further came of the project is attributable to various causes, including lack of sufficient organization and the outbreak of the World War, but it does not appear that any question as to the suitability of the area was involved.

"I believe that the actual problem of Jewish refugees from Germany and the threatened problem of involuntary Jewish emigration from other European countries requires an early and determined effort to create a supplemental homeland for that people. I should appreciate your opinion, after you have discussed the matter in the strictest confidence with Lord Winterton<sup>17</sup> and the Prime Minister, as to the practicability of creating it in Angola along the following lines:

"Dr. Salazar<sup>18</sup> has on various occasions stated that Portugal would never consider the transfer, by sale or otherwise, of any part of its colonial empire to any other Power. By the creation of a Jewish homeland in Angola, however, it would not become a part of any other colonial empire but rather an autonomous and perhaps eventually independent State. Portugal would not become the victim of the imperialism of any other Power but could, if it desired, make an immeasurable contribution to the cause of humanity and of European stability and peace.

"Portugal would naturally be entitled to just compensation for the area, which might take the form of a substantial initial payment by such Powers as might wish to contribute to this cause and additional annual payments over a period of years from the revenues of the new State. Portugal would retain sovereignty over the area until that period had elapsed. The revenue which Portugal would receive from such an undertaking would far exceed any revenue which it has yet received from Angola or which it might expect to receive at the present rate of development. The Portuguese Government could, in making a magnificent contribution to human welfare and world tranquility, assure the increased revenue so sorely needed for the advancement of the people of Portugal and the development of their fatherland. Creation of a new Jewish homeland in Angola would undoubtedly increase both the prosperity of the present inhabitants of the colony and its trade with Portugal.

"The successful carrying out of such an undertaking would make Dr. Salazar one of the greatest figures in the history of his country and of our times.

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<sup>17</sup> The Earl of Winterton, Chairman of the Intergovernmental Committee.

<sup>18</sup> Antonio de Oliveira Salazar, Portuguese Prime Minister.

"Naturally such an undertaking would require the most careful preparation and detailed planning. I have merely outlined my ideas to you in order that you may discuss them with Prime Minister Chamberlain and, if you and he share my views, with Dr. Salazar. Should you deem it advisable to discuss the matter with Dr. Salazar at this time, it occurs to me that you might proceed from England to Italy by boat after the forthcoming meeting of the Intergovernmental Committee, stopping off in Lisbon for the purpose.

"I cannot emphasize too strongly the importance which I attach to the creation of a supplemental Jewish homeland as a step essential to the solution of the Jewish problem or my belief that Angola offers the most favorable facilities for its creation."

HULL

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840.48 Refugees/1298 : Telegram

*The Chargé in the United Kingdom (Johnson) to the Secretary of State*

LONDON, January 17, 1939—1 p. m.  
[Received January 17—11:54 a. m.]

65. From Myron Taylor. Your 40, January 14, 3 p. m. Will raise Angola question with Winterton whom I am meeting Wednesday afternoon. Your preliminary survey on Angola which was given me in June was followed at intervals by discussions with the British and others including Jewish leaders here and in America. Please refer to past telegrams. Opinions of suitability and availability varied from time to time. You will recall Polish Ambassador urged it upon you and myself before I left and that pressure was renewed by the Polish Ambassador here on my arrival. There is a precedent for the granting of a full concession to a foundation to settle by Portugal in the case of Mozambique where such concession was granted by Portugal and is now being operated by a company and of which I am seeking full information.

In view of the time element it has been suggested to Rublee and Pell that they go direct from Berlin to Paris for the Monday meeting of the officers. I leave for Paris Friday morning and unless Rublee and Pell find it necessary to return to Berlin all will return to London Monday night. My address in Paris will be Hotel Meurice. Messages Friday to Sunday may be sent to Embassy in Paris. [Myron Taylor.]

JOHNSON

840.48 Refugees/1312b : Telegram

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

WASHINGTON, January 18, 1939—6 p. m.

41. Hold for Rublee. Houston<sup>19</sup> has returned from the Dominican Republic, where he was cordially received by the Foreign Minister, President Peynado and General Trujillo and presented to them a plan for the settlement of up to 100,000 refugees. Before his departure he received from President Peynado a memorandum along the following lines:

"The plan referred to, which if accepted by the Dominican Government would furnish the basis for a special agreement and for more attentive and careful consideration, has, in its general lines, the sympathy of the Dominican Government, which would be willing to approve it after a more detailed discussion of some details and of its *modus operandi* particularly with reference to the following questions:"

The questions raised were: (a) the necessity that the majority of the refugees should actually devote themselves to agriculture; (b) that the residence tax of six dollars a year should be paid by the refugees; (c) that the financing of the settlement should be on a sound basis to prevent their becoming a public charge; (d) that arrangements should be made to prevent these refugees from reclaiming German citizenship in the event of a change of regime in Germany and thus creating a minority problem.

The memorandum concluded with assurances that the Dominican Government would look with favor upon the admission of political refugees and that it would welcome an expert mission to make preliminary surveys.

General Trujillo emphasized to Mr. Houston that the Dominican Republic was prepared to take 100,000 refugees if not more. We cannot accept that figure without some reserve but an opportunity for the settlement of large numbers apparently does exist.

The refugee economic corporation is proceeding with plans for the financing of settlement in the Dominican Republic and plans are being made to send an expert mission. The Dominican authorities state that they do not intend to give this matter publicity but that they have no objection to Houston or his principals giving it publicity and that the Dominican representative in London will be in a position to give full information if questioned. After discussion with Houston

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<sup>19</sup> Alfred Houston, representative of the President's Advisory Committee on Political Refugees.

we feel that the project should have as little publicity as possible. We note a story in the *New York Times* of January 17 quoting the Dominican Consul General in London as stating that his Government would accept 100,000 refugees.

HULL

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840.48 Refugees/1319 : Telegram

*The Chargé in Germany (Gilbert) to the Secretary of State*

BERLIN, January 20, 1939—3 p. m.  
[Received January 20—12:45 p. m.]

46. From Rublee. Embassy's 45, January 20, 1 p. m., paragraph 2.<sup>20</sup> I was informed officially over the telephone this morning that Dr. Schacht<sup>21</sup> had been relieved of his functions and that as a consequence he would be unable to continue the conversations or even to see me again. In reply I expressed my deep regret.

For your background information, until this wholly unexpected development the discussions were progressing satisfactorily. I had a further meeting with Schacht last night when he gave me the considered views of the interministerial meeting which was held the previous day. It was agreed that we should make a draft memorandum of the points of the German proposal as we understood them and that this should be considered in further meetings which were scheduled to take place this morning and this afternoon. The program as presented by Schacht and tentatively approved in the interministerial conference represented a hardening of the German position on several points. I must say that Schacht defended the German position vigorously and made it quite plain to me that what he was presenting to me was a statement of the program which the German Government intended to put into effect unilaterally. He was stating fully this program to me merely as a courtesy in order that the outside governments might determine what course they might pursue in handling the emigration from Germany.

I am in consultation with our Embassy and the British Embassy and will satisfy myself that there is no intention on the German part to continue the discussion through some other channel before I leave Berlin. In any event I shall leave Berlin tomorrow and proceed to Paris for consultation with Winterton and Taylor in advance of the officers' meeting on Monday. [Rublee.]

GILBERT

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<sup>20</sup> Not printed.

<sup>21</sup> Hjalmar Schacht, President of the Reichsbank.

840.48 Refugees/1323 : Telegram

*The Chargé in Germany (Gilbert) to the Secretary of State*

BERLIN, January 21, 1939—11 a. m.

[Received January 21—9 a. m.]

48. Embassy's 46, January 20, 3 p. m. After consulting Rublee, I last evening handed to Woermann at the Foreign Office an *aide mémoire* dated January 20 of which the following is the text:

"1. The Honorable George Rublee has received from His Excellency Dr. Hjalmar Schacht an oral exposé of the German program for the emigration of Jews.

"2. A record of this program was to have been agreed today as between Dr. Schacht and Mr. Rublee.

"3. The officers of the Intergovernmental Committee were to have considered this program together with other agenda, in Paris, on Monday January 23, and with the full Committee in London on Thursday January 26. As both the officers and the Committee had made special arrangements for holding these meetings, for which invitations were issued a month in advance, any postponement would be almost impossible to arrange.

"4. Mr. Rublee this morning received a message from the Reichsbank to the effect that Dr. Schacht would be unable to continue the conversations.

"5. Does the German Government intend to designate some other person to complete the conversations initiated by Dr. Schacht?

"6. The matter is urgent as Mr. Rublee must leave Berlin at the latest by Nord express on Saturday night, January 21st, with a view to preliminary conversations in Paris with Lord Winterton, the Chairman of the Intergovernmental Committee, on Sunday afternoon."

I may say that I felt it to be highly desirable that a record of the situation created be placed before the German Government in written form with a minimum of delay.

In the conversation which ensued Woermann stated that he would take immediate steps to ascertain what official had been empowered to continue the conversations with Rublee. He said that in line with my oral suggestion he would request such official to communicate with Rublee direct as soon as possible.

GILBERT

840.48 Refugees/1328 : Telegram

*The Chargé in Germany (Gilbert) to the Secretary of State*

BERLIN, January 21, 1939—9 p. m.

[Received January 21—4:31 p. m.]

58. From Rublee. Embassy's 52, January 21, 3 p. m.<sup>22</sup> I called by

<sup>22</sup> Not printed.

invitation on Marshal Goering<sup>23</sup> at his private house this afternoon. I conferred with the Marshal for one hour. General Bodenschatz and Wohlthat<sup>24</sup> were also present. After the meeting the following communiqué, which was agreed on by both sides, was given to the press.

“Mr. Rublee had a private conference with Field Marshal General Goering this afternoon. Mr. Rublee is therefore in a position to state that the negotiations commenced with Dr. Schacht have not broken down but will be continued with Ministerial Direktor Wohlthat, an official specially designated for these negotiations.

Mr. Rublee is leaving for Paris tonight for the purpose of conferring with the Chairman and Vice Chairmen of the Inter-Governmental Committee. He will return to Berlin early next week to continue the conversations with Dr. Wohlthat.”

The atmosphere of the meeting was most cordial and friendly and Goering stressed repeatedly that he was anxious to find a solution of the Jewish problem. He appeared to be fully conscious of the importance of settling the problem from the point of view of good relations with other countries particularly the United States.

Goering said that the conversations with Wohlthat would continue from the point which they had reached with Schacht. The departure of Schacht from the Reichsbank had been decided by the Chancellor because Schacht had felt himself unable to carry out certain of the Chancellor's wishes. Schacht could not continue the conversations with me because he was no longer in a position to hold the conversations in an unofficial capacity as President of the Reichsbank. Wohlthat in consequence will take his place since he occupies no ministerial function but is an official specially commissioned by General Field Marshall Goering for special duties. Wohlthat made a favorable impression on me during this afternoon's meeting.

Goering did not enter upon the substance of our problem to any great extent. He discussed the subject of Jewish emigration generally and particularly emphasized the necessity of moving rapidly. I agreed that the conversations should go forward as rapidly as possible but explained that it was necessary for me to go to Paris tonight for consultation with Winterton and the officers of the Committee. I should be prepared to return to Berlin early next week.

In concluding the conversation Goering laid great stress at considerable length on the desirability of good relations between Germany and the United States. Outside of the Jewish problem he saw no concrete problems which should trouble relations between the two countries. [Rublee.]

GILBERT

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<sup>23</sup> Hermann Goering held several positions concurrently in the Prussian and Reich Governments, including Commissioner for the Four Year Plan.

<sup>24</sup> Helmuth Wohlthat, adviser in the German Ministry for Economic Affairs.



893.55J/2 : Telegram

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

WASHINGTON, January 25, 1939—6 p. m.

31. Department's 13, January 9, 7 p. m.,<sup>25</sup> in regard to Jewish refugees. The officers of the Inter-Governmental Committee on Political Refugees held a meeting in Paris at which there were present the representatives of the six governments with officers on the Committee, including Mr. Taylor, the American representative, and Mr. Rublee, Director of the Committee. The following pertinent paragraph from a report of the meeting from Mr. Rublee and Mr. Taylor (telegram 134, January 23, 5 p. m., from Paris<sup>25</sup>) is quoted for your information:

"The only point extraneous to the German negotiation which was discussed was the question of the dumping by German and Italian ships of refugees in great numbers at Shanghai. Mr. Rublee was requested to bring this matter to the attention of the German Government in the course of his conversations and to point out that it was creating a serious problem".

HULL

840.48 Refugees/1347 : Telegram

*The Chargé in the United Kingdom (Johnson) to the Secretary of State*

LONDON, January 25, 1939—7 p. m.

[Received January 25—3 : 52 p. m.]

100. From Myron Taylor. Embassy's 72, January 19, 1 p. m.<sup>25</sup> Returning from Paris yesterday morning I fulfilled my engagement with the Prime Minister and conveyed the President's message regarding Angola.<sup>26</sup> The Prime Minister exhibited the fullest interest and undertook to support an examination through Lord Winterton and the essential Cabinet officers (1) as to the action referred to in your message as having been taken by the Portuguese Government in 1912 in passing on a Jewish colonization bill concerning Angola, (2) of the suitability of the territory for colonization so far as present British Government information exists, and (3) to consider an approach to Portugal through diplomatic or other channels in which Great Britain and our Government would collaborate.

The Prime Minister spoke in highest praise of the President's and the Secretary's pronouncements regarding world peace and expressed

<sup>25</sup> Not printed.<sup>26</sup> See telegram No. 40, January 14, 3 p. m., to the Ambassador in the United Kingdom, p. 66.

the hope that they would continue along similar lines. He feels that the man in the street, as indicated to him in Italy, Paris and London, is wholeheartedly behind the peace efforts.

I reviewed the refugee conversations in Berlin by Rublee and Pell with Schacht and Goering and the direction by the Intergovernmental office at the Paris meeting that they return to Berlin to continue the conversations with Goering's appointee on Wednesday. I expressed the satisfaction of our Government with the support that the Prime Minister had accorded the Intergovernmental Committee in locating its office in London and providing a British chairman, paid a compliment to Lord Winterton which pleased the latter to whom I communicated it and whom I am to meet today on the question of reorganization of the office on Rublee's retirement. We have already agreed tentatively that the Intergovernmental Committee would meet on February 13 in London, at which time Rublee will report and his retirement will be announced. The officers will meet on February 12 to consider Rublee's report on the present visit to Berlin and to prepare an agenda for the full meeting the day following. Meantime we are allowing ample opportunities to discuss the whole position with the British and to confer with you.

In conclusion I may observe that the atmosphere both at Paris and here is charged with grave uncertainty. I had a considerable talk with Bonnet,<sup>27</sup> Bérenger<sup>28</sup> and others of the French Government and here with the individuals above mentioned as well as others with whom I have been in communication, including the Rothschilds and I must say my own faith in the possibility of a peaceful solution of these many problems spread over a large field is stronger than that of any with whom I have talked. The events immediately following a Franco victory at Barcelona may give an indication of Italian aims and the extent of any German support in a Mediterranean disturbance. There are, however, other dangers apart from that which must not be overlooked.

Both the British and the French are extremely anxious that our Government put our private producers in a position "to sell" (as the French put it) war materials to them in case of need. Otherwise their situation becomes more difficult. Germany has apparently filled Skoda with orders for war materials, a lamentable consequence of the Munich settlement and incidentally weakening the Chinese [*Czechoslovak?*] and indirectly the French position. [Myron Taylor.]

JOHNSON

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<sup>27</sup> Georges Bonnet, French Minister for Foreign Affairs.

<sup>28</sup> Henri Bérenger, French representative on the Intergovernmental Committee.

840.48 Refugees/1350a : Telegram

*The Secretary of State to the Ambassador in the United Kingdom  
(Kennedy)*

WASHINGTON, January 25, 1939—8 p. m.

67. For Myron Taylor. President Quezon has approved the following statement to be made by you at the full meeting of the Committee:

"The Government of the Commonwealth of the Philippines will be happy to cooperate with the United States Government and other governments concerned, in an effort to find a solution of the refugee problem which it is realized must be approached upon broad humanitarian grounds. The Commonwealth Government is willing to continue the plan in operation since May 1938, which permits the entry into the Philippines upon advance approval of a limited number of refugees whose maintenance has been previously guaranteed by interested persons. The foregoing plan is naturally subject to existing and future immigration laws and regulations. The Commonwealth Government believes that under this plan there may be admitted as many as 1,000 persons annually.

"The Commonwealth authorities are furthermore favorably inclined to a plan which would permit the settlement of refugees on the island of Mindanao and in other sparsely populated areas of the Philippines. The island of Mindanao, the southernmost of the Philippines Archipelago, has an area of some 37,000 square miles, is sparsely inhabited, is in the main favorable climatically, and is believed to be capable of supporting a very considerable population. The Commonwealth Government is now completing plans for the large-scale colonization of Mindanao by Filipinos and substantial sums are available for general development purposes. It is believed that this program could be materially aided through the use of refugee specialists, engineers, technicians, doctors, skilled and semi-skilled artisans. The Commonwealth Government would favor the settlement of refugees in Mindanao in accordance with the following conditions in such numbers and at such a rate as may be found to be within the interest of Philippine national economy.

"1. That a responsible committee representing the refugees or acting on their behalf shall submit a satisfactory plan to finance such settlements;

"2. That the settlers will agree to engage in subsistence farming or such other activities as may be compatible with the best interests of the Philippines;

"3. That they shall take out naturalization papers as early as possible, thereby expressing their intention to become Filipino citizens;

"4. That until they become Filipino citizens they shall reside in the land reserved for them;

"5. That the number of refugees to be admitted as settlers shall be fixed for the time being by the Commonwealth Government acting upon the recommendation of the committee in charge of the settlement in course of preparation, having in view the committee's ability to take care of the settlers and the consequences of large-scale settlement upon the national economy of the Philippines; and

"6. That the plan contemplated and its execution shall be subject to the immigration laws now in force or which may hereafter be passed by the National Assembly."

While President Quezon has not asked that this statement be kept confidential, we believe that any extensive publicity would be more harmful than helpful. For your information, in the event that you should be questioned at the meeting, authorization to enter the Philippines has been granted since October 1, 1938 to 402 refugees. Should you be questioned concerning the number who might be admitted for colonization in Mindanao, you might state, in confidence and for purely illustrative purposes, that the Philippine authorities are thinking of ultimately absorbing roughly 10,000 refugees. In this connection you should make clear that the fundamental criterion is the interests of Philippine national economy and that the Commonwealth Government and this Government would favor the settlement of as large numbers as may in practice be found compatible with the interests of the Philippines.

HULL

840.48 Refugees/1381 : Telegram (part air)

*The Chargé in Germany (Gilbert) to the Secretary of State*

BERLIN, February 3, 1939—9 a. m.  
[Received February 4—10:40 a. m.]

89. There follow the texts of (1) Rublee's letter transmitting the memorandum which resulted from his conversations with Schacht and Wohlthat and, (2) Wohlthat's reply thereto. Rublee wishes you to have these texts immediately for your confidential information. The official communication will be made to you by Winterton. Upon his return to London Rublee will telegraph his observations<sup>30</sup> on these documents which are intended for the confidential information of the governments and not for publication.

"Dear Mr. Wohlthat: I have had the honor of holding conversations with Dr. Schacht and yourself. In order that I may not fail to make a correct report of the conversations I should be greatly obliged if you would have the goodness to confirm whether the following strictly confidential memorandum is correct:

MEMORANDUM: THE EMIGRATION OF JEWS FROM GERMANY

It has been ascertained that Germany is disposed to adopt a policy which will in every way facilitate and encourage the organized emi-

<sup>30</sup> See telegram No. 169, February 6, 6 p. m., from the Chargé in the United Kingdom, p. 82.

gration of Jews. A program along the lines hereinafter outlined will be put into effect when Germany is satisfied that countries of immigration are disposed to receive currently Jews from Germany in conformity with this program. If the program is put into effect and its implementation will be greatly facilitated by an improvement in the international atmosphere—the emigration will take place in a uniform and orderly manner.

(1) *Organization of emigration.*

1. This program relates exclusively to Jews of German nationality or stateless Jews in Germany. The term 'Jew' where used in this memorandum as provided by the Nuremberg laws means the following: (1) a Jew is a person who has three or four Jewish grandparents. A grandparent is deemed to be a Jew if he or she embraced the Jewish faith; (2) a person is also deemed to be Jew who has two full Jewish grandparents and who on September 16, 1935 was of the Jewish faith or thereafter embraced the Jewish faith, or who has two Jewish grandparents and on September 16, 1935 was married to a Jew or thereafter married a Jew.

2. There are approximately six hundred thousand Jews remaining in Germany, including Austria and the Sudetenland, at the present time. Of this number, one hundred and fifty thousand are classed as wage-earners; approximately two hundred fifty thousand are regarded as the dependents of the wage-earners; the remainder are primarily the old and infirm who for that reason are not included in this program of emigration.

3. The wage-earner category shall consist of all men and single women between the ages of 15 and 45 who are individually capable of earning a living and are otherwise fit for emigration.

4. The dependent category shall consist of the immediate families of the wage-earners, excluding the old (persons over 45 years of age) and the unfit.

5. The wage-earner category shall emigrate first, in annual contingents over a period of 3 years not to exceed a maximum of 5 years.

6. All persons from the wage-earner category as defined above shall be admitted by the receiving governments in accordance with their established immigration laws and practices.

7. The practical work of organizing emigration shall be carried out with the participation of bureaus representing the Jewish organizations of Germany under the control of a commissioner designated by the German Government.

8. The bureaus organizing the work of emigration may be assisted by foreign experts representing outside private organizations concerned with immigration and enjoying the confidence of receiving

governments, on condition that these experts are agreeable to the German Government.

9. Passports shall be furnished to persons emigrating from Germany under these arrangements. Stateless persons in Germany shall be furnished suitable papers for emigration.

10. Conditions which have led to the retention of Jews, other than persons detained for reasons of public safety, in camps should automatically disappear if a program of organized emigration is put into effect.

11. Facilities shall be granted for the retraining of wage-earners for emigration, notably in agricultural re-training centers but also in artisan schools. Re-training shall be encouraged.

12. Emigration of persons in the dependent category shall take place when the wage-earners are established and able to receive them.

(2) *Position of persons remaining permanently in Germany and of those awaiting emigration.*

13. A definite method has not as yet been found for caring for old persons and persons unfit for emigration, who are not included in this program and who will be allowed to finish their days in Germany. It is the intention on Germany's part to assure that these persons and persons awaiting emigration may live tranquilly, unless some extraordinary circumstance should occur. There is no intention to segregate the Jews. They may circulate freely. Persons fit for work shall be given the opportunity of employment so as to earn their living; Jews employed in the same establishments as Aryans will, however, be separated from Aryan workers. Generally, in order to provide for adequate administration of the program, centralization of control over Jewish affairs is contemplated.

14. The support and maintenance of the persons referred to in paragraph 13 above who are not able to earn their own living will be financed in the first instance from Jewish property in Germany apart from that portion thereof to be set aside in the trust fund hereinafter described and from the income from the trust fund. If the above resources do not suffice there will be provided for these persons decent conditions of existence from the material standpoint in accordance with prevailing practices relating to the public relief of destitute persons generally. There will be no recourse to sources outside Germany for the support and maintenance of these persons.

(3) *Financing of emigration.*

15. In order of [to?] finance the emigration contemplated by the program, a trust fund shall be established in a specified amount to be ascertained but at all events in an amount not less than 25 percent of the existing Jewish wealth in Germany, which, if transfer possi-

bilities are found, will represent a material increase over the present rates of transfer. At the present time the remaining Jewish wealth in Germany is in the hands of its individual owners; it has not yet been decided how the requisite amount thereof will be set aside in the trust fund.

16. The trust properties shall be held by a corporation administered by three trustees. Two of the trustees shall be of German nationality. The third trustee shall be of foreign nationality and recognized standing.

17. The principal of the trust fund may be used to purchase equipment for emigrants of the wage-earner category and (subject to cartel agreements) capital goods for the development of settlement projects and for travelling and freight expenses of the emigrants in Germany and on German boats, all in connection with this program of emigration. It is contemplated that an outside purchasing agency will be established to effect all purchases out of the fund, to maintain contact with the German authorities and generally to handle all problems arising outside of Germany in connection with the transfer of the fund. The types of goods which may be purchased by the purchasing agency may be restricted to those which in accordance with prevailing practice in Germany, are computed to contain no imported raw material or a relatively small percentage thereof, or, alternatively, no restrictions will be imposed if arrangements can be made to pay to Germany in foreign exchange a portion of the aggregate price of goods purchased which represents the computed value (on an over-all percentage basis to be agreed upon) of the imported raw material content of such goods. Arrangements shall be made to secure the exemption of goods purchased out of the fund from the scope clearing, compensation and payments in force between Germany and the respective countries into which such goods are imported. Assurances shall be required of the purchasing agency that the goods purchased will not be disposed of otherwise than for the purpose of equipment emigrants or for the development of settlement projects. It is the intention on the German side to facilitate the purchase out of the fund of such goods of the requisite types and in adequate volume to meet the current emigration needs the price to be paid shall not be in excess of *inland* prices for goods or services of a similar character and quality.

18. The Haavarah method of transfers shall be permitted to operate within its traditional sphere. The Haavarah purchases are to be paid for out of the trust fund.

19. The principal of the trust fund, except to the extent that it is used for the purposes above referred to, shall be eligible for transfer whenever a change in conditions may render transfer possible or

whenever arrangements to that end can be made, whether by way of agreed schemes for additional exports or otherwise.

20. Goods purchased out of the trust fund may be exported free of all taxes or other payments, and emigrants may take with them free of all taxes, levies, contributions or similar exactions, their personal effects (with the exception of jewelry, precious metals, *objets d'art* and goods of special value recently acquired with a view to emigration), household goods, tools and equipment for use in their trades or professions, owned or which may be acquired by them in a reasonable amount for personal use.

21. No flight tax or exaction of a similar nature shall be levied against Jews emigrating in accordance with this program.

[Translation]

Berlin, February 2, 1939.

My Dear Mr. Rublee: In reply to your communication of February 1, 1939, I have the honor to confirm that the strictly confidential memorandum, a copy of which was transmitted to me, correctly renders the subject matter of the conversations you began with Dr. Schacht and concluded with me in Berlin.

With the expression of my highest esteem. Very truly yours,  
(signed) Helmuth Wohlthat."

GILBERT

840.48 Refugees/1384: Telegram

*The Chargé in the United Kingdom (Johnson) to the Secretary of State*

LONDON, February 6, 1939—4 p. m.

[Received February 6—1:25 p. m.]

167. From Myron Taylor. Rublee tells me that he sent you for your confidential information through the Embassy in Berlin the text of the memorandum resulting from his conversation with the Germans. Beginning today, when we meet with Winterton, and throughout the week, there will have to be intensive discussions of the course which the principal governments will adopt at the Intergovernmental meeting on Monday next. Winterton has already indicated to me the importance which his Government attaches to the necessity of the British and American Governments going into the meeting in full agreement, and I believe that the French must also be in accord, and that it is desirable that the other governments represented by vice chairmen should agree with us as to the general lines of procedure.



It therefore is highly important that I should be informed very concretely by you as soon as possible of your views which you expect me to state in these conversations and in meeting. Looking ahead to the meeting, governments envisage a report by Rublee on his conversations in Berlin, in which he will emphasize the importance of making an adequate reply to the Germans. An expression of the views of the various governments will then be invited by the Chairman. Accordingly I should have from you definite instructions as to (1) whether it is desirable from your standpoint to take cognizance of the German plan and proceed on that basis; (2) whether the Director following the meeting of the Intergovernmental Committee should communicate with the Germans and the form which his communication should take; (3) what the relationship of the Committee should be to the proposed outside purchasing agency, and (4) the appointment of the third trustee of the trust to be set up inside Germany.

Rublee is telegraphing you simultaneously with this message the conclusions which he has reached as a result of his conversations in Berlin.<sup>31</sup> I should appreciate your taking into account his message in making your reply. [Myron Taylor.]

JOHNSON

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840.48 Refugees/1386 : Telegram

*The Chargé in the United Kingdom (Johnson) to the Secretary of State*

LONDON, February 6, 1939—6 p. m.

[Received February 6—3:48 p. m.]

169. For the Secretary and Under Secretary from Rublee. I asked Gilbert<sup>32</sup> to inform you that upon my return to London from Berlin I would telegraph you my observations on the talks held successively with Schacht and Wohlthat which resulted in the memorandum outlining the plan which the Germans propose to adopt with regard to the emigration of Jews.

I want first of all to give you some idea of the atmosphere of the conversations. I had 12 meetings in all, 3 with Schacht and 9 with Wohlthat. The object of the meetings was to set down in writing, in as much detail as I could to persuade the Germans to state, the plan which was first orally presented to me in London by Schacht. We, on our side, pressed the Germans throughout the conversations to state with the maximum of clarity how they proposed to organize the emigration, how they intended to care for the persons who would remain

<sup>31</sup> *Infra.*

<sup>32</sup> Prentiss B. Gilbert, Chargé in Germany.

behind in Germany permanently or while awaiting emigration, and how they proposed to deal with the Jewish property which would be set aside in trust while awaiting transfer. Following each of our conversations, Schacht and then Wohlthat would meet with the representatives of all the German Ministries concerned and at our next meeting would give us the results of these conferences. Moreover before giving me his letter confirming the accuracy of the memorandum Wohlthat stated that he had obtained the approval not only of Goering but of all the other ministers concerned. I am convinced therefore that this document represents the maximum contribution which the Germans are prepared to make at this time. It represents a substantial departure from their previous policies and an entirely new attitude towards the Jewish problem which cannot be welcome to the radical elements which are opposed to Goering. I obtained a definite impression that the conservative elements in Germany are sincerely anxious to modify the Jewish policies because they do not approve of the methods which were previously followed and are conscious of the adverse effect on Germany and on German trade in the outside world.

With regard to procedure, the Germans made it clear that what they were giving us was a confidential statement of what they are willing to do, acting independently upon their own initiative. They are not willing to recognize the Committee officially but they are willing to deal with the Director acting as an intermediary and will expect to hear from him what the receiving governments represented on the Committee propose to do in carrying out a program of orderly immigration. They will put their program into effect when they are satisfied that the countries of immigration are disposed to receive currently Jews from Germany in conformity with the program.

With regard to the substance of the conversations I should make it clear that since I was in no position to discuss an outside loan with the Germans or any scheme for additional exports, these matters were by common consent excluded except as provided in the memorandum. You will note moreover that the program relates exclusively to Jews. I raised the point with the Germans that my mandate related not only to Jews but to all persons who had to leave Germany for racial, religious or political reasons. The Germans refused, however, to extend the scope of the conversations to persons other than Jews as defined in point 1 of the memorandum.

As regards point 3 in the memorandum, financing of emigration, at the outset I attempted to get the Germans to agree to assume an absolute obligation to transfer the capital of the trust fund in foreign exchange over a period of years, but they would not agree to this. I also repeatedly pressed the Germans that they should not insist upon

payment in foreign exchange for the raw material content of equipment and capital goods which might be purchased out of the trust fund. This they also refused to consider and made it quite clear that Germany was not prepared to surrender foreign exchange in any form.

In my judgment, the proposals of the German Government are the most that can be obtained from them at present. It is my intention to recommend to the Committee that it take cognizance of the German program as a basis of action by the participating governments in conformity with this program and instruct me to reply in this sense to the Germans.

I agree with Taylor, who is telegraphing you, that it is extremely important for him to be instructed promptly in order that the meeting may be successfully prepared in conversations this week and at the officers' meeting on Sunday next. [Rublee.]

JOHNSON

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840.48 Refugees/1384 : Telegram

*The Secretary of State to the Chargé in the United Kingdom  
(Johnson)*

WASHINGTON, February 8, 1939—4 p. m.

104. For Myron Taylor and Rublee. Your 167, February 6, 4 p. m. Before commenting specifically upon Rublee's memorandum to Wohlthat, we wish to emphasize certain general considerations.

1. The program outlined relates exclusively to Jews. You should emphasize to the Committee that its task also covers the emigration and resettlement of Catholics, Protestants and others. As a practical matter, however, there appears to be no objection to admitting frankly that Jewish emigration and resettlement constitutes by far the greatest and most difficult part of the Committee's task.

2. The condition that the program will be put into effect only when Germany "is satisfied that the countries of immigration are disposed to receive currently Jews from Germany in conformity with this program" is a serious one. It gives Germany the final say as to what must be done or what assurances must be given by other governments before the program will be put into effect and would permit Germany to drop or change the program at any time on the excuse that other governments were not acting in accordance with it.

3. We feel strongly that the program outlined must be carried out unilaterally by the German Government. We agree that the program represents the maximum obtainable from the German Government at this time, that it represents a new and more favorable attitude toward the problem of Jewish emigration, and that it will, if carried out, provide a notable improvement over present conditions in Germany.

On the other hand, even this maximum contains objectionable features which this Government would not wish to condone by participating in an agreement between the Committee and the German Government or by an active acceptance. In this connection the German position that they are acting independently on their own initiative is helpful. As a unilateral program it presumably represents the best that could be expected. As a basis for an agreement it would be definitely unacceptable.

4. We consider that the program outlined would, if carried out, represent a sufficient improvement over present conditions (aside from the repercussions in Germany which could be expected if the Committee did not take cognizance of the program) to warrant the Committee taking cognizance of it. We do not, however, favor a reply by the Committee to the Germans which could be construed either as an acceptance or as initiating a negotiation between the Committee and the German Government which would saddle the former with responsibility. The distinction between raising no objection to, and actively accepting, a project may seem a fine one, but it is none the less real. The Committee, having taken cognizance of what Germany is prepared to do, should make clear that it is disposed, also unilaterally, to deal to the fullest extent of its ability and within the limits of the immigration laws and practices of its member Governments with the problem of developing opportunities for settlement.

The following are more specific considerations:

(1) In so far as our immigration laws are concerned, it is unthinkable that we could admit the right of another government to say whom we should or should not admit and there is, of course, no way in which preference can be granted to persons in the wage-earning category as such. As far as we are concerned the only way in which the percentage of persons of that category coming to this country could be increased would be by the purely voluntary action of persons in other categories giving up their places when their turn is reached under the quota. Obviously no assurance of any kind could be given in this connection and no pressure could be exerted by us.

(2) The emigration of 150,000 persons of the wage-earning category from Germany over a period of 5 years should not, however, be impossible or even excessively difficult without departure from existing immigration laws and practices. If our estimate that refugees are currently being admitted into other countries at a rate of 80,000 a year is correct, and we are confident that it is conservative, and if the German estimate that three-eighths of the persons to be emigrated are wage-earners, it seems probable that wage-earners are already emigrating at a rate approximating 30,000 a year. On the one hand, current emigration includes a certain percentage, perhaps 10 to 15 per

cent, of non-Jews and a further percentage of Jews over 45; on the other, the current estimated rate of emigration takes no account of mass settlement possibilities. It would not seem improbable that a 5-year period would be sufficient not only for the emigration of 150,000 wage-earners but for the emigration of most of their dependents as well.

(3) There will presumably be a considerable residue of wage-earners who for one reason or another will not be admissible into any country in the normal course of events and these must be provided for in mass settlement projects. This will not be easy as mass settlement under pioneering conditions will require a particularly capable type of emigrant, but it is believed that large scale mass settlement should be able to provide for this residue as well.

(4) The provisions for organizing emigration within Germany, with foreign participation, should have distinct value. It must be borne in mind, however, that our immigration laws would not permit the intervention of any agency between applicant and consul.

(5) The release of all, or nearly all, Jews from concentration camps would be a considerable achievement.

(6) The arrangements for the care of persons who are not to be emigrated are not definite and far short of what might be desired but are definitely better than present conditions.

(7) The setting up of a trust fund from existing Jewish property in Germany is something which, as indicated in our 802, December 21, 6 p. m.,<sup>33</sup> would be most difficult for us to recognize in view of the implied sanction of the principle of confiscation. This difficulty might be overcome, however, if the individual were to retain title to the amount he had contributed to the fund, such title to cover his pro-rata share in such amounts as may eventually be transferred if any are. The limitations on the use of the trust fund do not appear objectionable.

(8) We assume that the words "traditional sphere" of the Haavarah system refers solely to Palestine.

(9) The permission for emigrants to leave without payment of their flight or personal effects taxes would be a further worthwhile achievement.

(10) The relationship of the Committee to the proposed outside purchasing agency, which may be very useful, will have to be worked out in London, but care should be taken in this connection to avoid active acceptance of the German program.

(11) The appointment of the third trustee would also involve active acceptance. We should not desire to see an American serve in this

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<sup>33</sup> *Foreign Relations*, 1938, vol. I, p. 877.

capacity even if individual contributors to the trust fund are permitted to retain title.

Ruble appears to have accomplished more in Berlin than we had reason to expect, and we wish to congratulate him and to express appreciation for the energy and determination with which he carried out his mission in Berlin.

HULL

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856A.52/1 : Telegram

*The Secretary of State to the Minister in the Netherlands (Gordon)*

WASHINGTON, February 8, 1939—7 p. m.

14. It is understood that the International Jewish Colonization Society, 47 Buitenhof, headed by Daniel Wolf, contemplates sending an expert mission to study colonization possibilities in Surinam early in March. Please ascertain whether or not this project is being encouraged by the Netherlands Government.

The President's Advisory Committee, with the cooperation of the British Government and private organizations in England, is sending an expert mission to study settlement possibilities in British Guiana. If you find that the Netherlands Government favors the proposed Surinam survey, you should inquire informally whether and in what manner the mission which is now en route to British Guiana could be of service to the Dutch mission.

HULL

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840.48 Refugees/1399 : Telegram

*The Chargé in the United Kingdom (Johnson) to the Secretary of State*

LONDON, February 9, 1939—4 p. m.  
[Received February 9—2:20 p. m.]

191. From Myron Taylor. The reply of the British to the message from the President to the Prime Minister on the subject of Angola<sup>34</sup> was made to me today in the form of a letter from Randall, head of the League Section of the Foreign Office, containing a memorandum.

The text of the letter is as follows:

"Dear Mr. Myron Taylor: Lord Winterton who has had to leave London this afternoon has asked me to say how very sorry he is not to have been able to let you have an earlier reply to the President's message to the Prime Minister about the settlement of refugees in

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<sup>34</sup> See telegram No. 100, January 25, 7 p. m., from the Chargé in the United Kingdom, p. 74.

Angola and to send you the enclosed memorandum which sets out the considered opinion on this question.

You will see that after the most careful consideration Lord Halifax has come to the conclusion that it would serve no useful purpose for His Majesty's Government to take this extremely delicate matter up with Lisbon but might on the contrary in present circumstances cause serious embarrassment to relations between Portugal and countries interested in a solution of the refugee problem.

The decision to which the Foreign Office felt bound to come is stated very briefly in the enclosed note but if you would like any supplementary explanations in regard to this question Sir George Mounsey would be happy to see you at some time convenient to you. Yours Sincerely, A. W. G. Randall."

The following is the memorandum :

"President Roosevelt's suggestion about an approach to the Portuguese Government regarding the possibility of forming a Jewish state in Angola has been considered with great care. It is understood that the particular suggestion that His Majesty's Government should approach the Portuguese Government on this matter was made because of the special relations between His Majesty's Government and the Portuguese Government. It is true that those relations are excellent but it is equally true that Portuguese opinion is extremely sensitive on all questions connected with its colonies so that any initiative would involve the certainty of a Portuguese refusal and the probability of Portugal's taking serious offence.

It is to be observed that Portugal has not joined the Intergovernmental Committee and might reply if approached that the various schemes for Jewish settlement under consideration by members of the Committee might well be exhaustively gone into before attention was turned to the territory of non-members.

In these circumstances the Foreign Office regret to have come to the conclusion that it is undesirable for them to proceed further in the matter."

I shall see Mounsey before I leave London next week. [Myron Taylor.]

JOHNSON

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840.48 Refugees/1402 : Telegram

*The Chargé in the United Kingdom (Johnson) to the Secretary of State*

LONDON, February 10, 1939—1 p. m.

[Received February 10—9:25 a. m.]

198. From Myron Taylor. The British have informed us that they have committed themselves to the Polish Government to propose at the forthcoming meeting to extend the scope of the Committee's activity to include the persons, approximately 11,000 in number, who

were forced to cross the frontier by Germany and have been living on the frontier ever since. The British point out that there is a precedent for extending the scope in this case in that the Committee's mandate was extended to include persons from the Sudetenland. They hope that we will raise no objection to their proposal and will support it. Please instruct. [Myron Taylor.]

JOHNSON

840.48 Refugees/1407 : Telegram

*The Chargé in the United Kingdom (Johnson) to the Secretary of State*

LONDON, February 11, 1939—11 a. m.  
[Received February 11—8:35 a. m.]

206. From Myron Taylor. The organizations here which are deeply concerned with the improvement of prospects for colonization in Brazil have urged me to telegraph you requesting that the President or the Secretary urge upon Senhor Aranha,<sup>35</sup> now in Washington, that Brazil take prompt and decisive action in the premises. It would be useful for us here if you could wire me such request of Aranha has been made. [Myron Taylor.]

JOHNSON

840.48 Refugees/1402 : Telegram

*The Secretary of State to the Chargé in the United Kingdom (Johnson)*

WASHINGTON, February 11, 1939—3 p. m.

116. For Myron Taylor. Your 198, February 10, 1 p. m. As in the case of the Sudetens, we are reluctant to see the Committee's problem increased but, also as in the case of the Sudetens, the Poles in question are unquestionably involuntary emigrants from Germany and thus appear to come within the Committee's competence.

HULL

840.48 Refugees/1399 : Telegram

*The Secretary of State to the Chargé in the United Kingdom (Johnson)*

WASHINGTON, February 15, 1939—8 p. m.

127. For Myron Taylor. Your 191, February 9, 4 p. m. Before leaving London please make clear to the British the great importance

<sup>35</sup> Oswaldo Aranha, Brazilian Minister for Foreign Affairs.



which this Government attaches to the possibility of creating a supplementary Jewish homeland in Angola. We do not wish to cause the British any embarrassment by suggesting that they take the initial steps in sounding out the Portuguese with respect to the creation of an autonomous Jewish colony within the Portuguese Empire. Other ways and means could well be found, but the possibility of successful mass settlement in Angola appears so great that we have no intention of letting the matter drop.

HULL

840.48 Refugees/1407 : Telegram

*The Secretary of State to the Chargé in the United Kingdom  
(Johnson)*

WASHINGTON, February 15, 1939—9 p. m.

128. For Myron Taylor from the Under Secretary. Your 206, February 11, 11 a. m. I have discussed the questions referred to in your telegram under acknowledgment very fully with the Brazilian Minister for Foreign Affairs. Aranha informs me that the Brazilian Government has already authorized the entrance into Brazil of refugees who are bona fide relatives within a certain degree of relationship with persons already legally residing in Brazil. He states that the Brazilian Government has not adopted a "closed door" policy but has, on the contrary, permitted considerable numbers of refugees to enter Brazil, and mentioned as a specific case the permission granted shortly before his own departure for the United States for 800 Jewish families to enter one of the states in southern Brazil. He further stated that Lobo<sup>36</sup> was authorized to inform the Committee at its present meeting that the Brazilian Government was disposed to permit the entry into Brazil immediately of 3,000 refugees.

I have requested the officers in the Department who are handling refugee matters to discuss fully these questions with Muñiz, who has accompanied Aranha to Washington and who is the official in the Brazilian Government in direct charge of immigration policy. A full report of these conversations will later be sent to you.

I am taking occasion to mention to Aranha the words of commendation with regard to Lobo included in your telegram No. 227 of February 15, 10 a. m.<sup>37</sup> I know that it will be gratifying to both. [Welles.]

HULL

<sup>36</sup> Helio Lobo, Brazilian Minister in the International Labour Office, Geneva, and representative on the Intergovernmental Committee.

<sup>37</sup> Not printed.

840.48 Refugees/1430: Telegram

*The Ambassador in the United Kingdom (Kennedy) to the Secretary of State*

[Extracts]

LONDON, February 16, 1939—8 p. m.

[Received February 16—6 p. m.]

240. From Myron Taylor.

2. I discussed the Portuguese matter with Sir George Mounsey at the Foreign Office this afternoon. The British feel definitely that they can make no approach whatsoever to the Portuguese Government. They have no objection to another government making this approach, although they do not feel, as a result of informal inquiries, that much will come of a governmental approach in view of the fact that Portugal was omitted from the list of governments invited to participate in the Committee. It is their view that the most favorable approach would be through private channels, possibly through the intermediary of the projected corporation, with an indication that capital was behind a scheme of settlement. The British will instruct their Ambassador at Lisbon to discuss the situation with Minister Pell<sup>88</sup> and to agree with him as to how soundings of a most informal character might be made.

[Myron Taylor]

KENNEDY

893.55J/4: Telegram

*The Chargé in Germany (Gübert) to the Secretary of State*

BERLIN, February 17, 1939—1 p. m.

[Received February 17—11:48 a. m.]

127. Last evening the British Counsellor read to me portions of an instruction received by his Embassy to the effect that a recent meeting of the Consular Corps at Shanghai had voiced the view that inasmuch as a serious problem had been created by the large number of German Jewish immigrants who were arriving in the city without funds and for whom no work could be provided, steps should be taken to prevent further Jewish emigration to Shanghai. The British Ambassador here was instructed to take this matter up with the German Foreign Office and to request me to take similar action. He asked me if I was prepared to take the action envisaged.

<sup>88</sup> Herbert Claiborne Pell, American Minister in Portugal.

I felt it expedient to reply that an instruction to an Ambassador was one thing and the details of his carrying out such an instruction was another especially as I had noted that the instruction gave the Ambassador a considerable degree of latitude in that he was to act "in his discretion". In response to my inquiry as to how it was expected Germany could assist in this matter the Counsellor said that among other things the British were "discouraging" the travel of Jews to Shanghai on British ships and that Germany might do the same respecting German shipping.

I said that I was not prepared to take any action without instructions and in any event I felt it desirable that we first be informed that his Ambassador had taken action and further be advised of the form and content of such action together with the response made thereto by the German authorities.

I have concluded however to apprise the Department of these circumstances in view of the presumption that it has received advices direct from Shanghai and might wish to instruct me in some manner.

GILBERT

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893.55J/4 : Telegram

*The Secretary of State to the Chargé in Germany (Gilbert)*

WASHINGTON, February 18, 1939—4 p. m.

32. Your 127, February 17, 1 p. m. The American Consul General at Shanghai reported early in January<sup>39</sup> on the serious situation created there by the arrival of large numbers of destitute German refugees, principally on German and Italian vessels. We have taken the matter up with the President's Advisory Committee and the Intergovernmental Committee in order that appropriate steps might be taken to discourage refugees from going to Shanghai. It is suggested that, in your discretion and after you have learned the German reaction to the British *démarche*, you mention informally to the German authorities the desirability of discouraging the travel of Jews to Shanghai on German vessels.

HULL

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840.48 Refugees/1467e : Telegram

*The Secretary of State to the Ambassador in the United Kingdom (Kennedy)*

WASHINGTON, February 27, 1939—7 p. m.

150. For Pell. Reports are being received with increasing frequency that German vessels carrying large numbers of Jewish refugees

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<sup>39</sup> See telegram No. 7, January 3, 4 p. m., p. 55.

with inadequate assurances of admission are arriving at South and Central American ports. This influx is causing a general reaction in the countries concerned to tighten immigration restrictions and threatens to undo much that the Intergovernmental Committee has accomplished. Most of these countries are willing to cooperate to a certain extent in permitting orderly immigration but the present influx, if not stopped in the immediate future, will greatly increase the difficulties of securing permission for the entrance of refugees. The German authorities should realize that such travel, even if it removes a substantial number of Jews from Germany immediately, will make it far more difficult for larger numbers of such persons to obtain admission into the American republics in the future.

We have communicated the foregoing to the Embassy at Berlin,<sup>40</sup> which has been instructed that we would perceive no objection, should you request such action, to the Chargé bringing informally to the attention of the appropriate German authorities, on behalf of the Intergovernmental Committee, the desirability of "discouraging" such travel on German vessels.

It would be helpful if the British Ambassador in Berlin were similarly instructed.

HULL

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840.48 Refugees/1469 : Telegram

*The Ambassador in the United Kingdom (Kennedy) to the Secretary of State*

LONDON, March 1, 1939—6 p. m.

[Received March 1—3:25 p. m.]

285. From Pell. Your 150, February 27, 7 p. m. I discussed the subject of this telegram with the appropriate officials of the Foreign Office today. They said that in the last two weeks they had received reports from British representatives in the Caribbean, Mediterranean, Pacific and Black Sea areas of the arrival of Jewish refugees without visas on German ships. So serious had the situation become that last week the British Ambassador in Berlin was instructed to bring the facts to the attention of the German Government and to urge upon it the discouragement of such practices. The German Government replied to the Ambassador yesterday to the effect that the German authorities could not accept responsibility for directing emigrating Jews to a specific destination, that it was not the concern of the German authorities where the Jews went once they left Germany and that the authorities could not prevent Jews buying passages on Ger-

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\* Department's telegram No. 38, of the same date, not printed.

man ships even though their papers for entry into other countries might not be in order.

In view of this reply it is the opinion of the British that a further approach to the Germans through diplomatic channels would be of little avail. They believe that it might be of greater effect if during my conversation with Wohlthat, which has now been arranged for Friday, I should bring this situation to his attention and point out to him that this activity may hamper immeasurably the endeavors of the Intergovernmental Committee to work out a plan of orderly settlement and defeat the program which it was hoped to work out following upon his conversations with Mr. Rublee. [Pell.]

KENNEDY

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893.55J/8 : Telegram

*The Chargé in Germany (Geist) to the Secretary of State*

BERLIN, March 3, 1939—11 a. m.

[Received March 3—9 a. m.]

149. Embassy's 127, February 17, 1 p. m.

1. The British Ambassador directed Holman, First Secretary, to take up the Shanghai Jewish situation at the Foreign Office. Holman informed Gilbert that in response to his statements which followed the general lines described in his telegram under reference that the Foreign Office stated they had likewise received reports of a similar tenor from the German Consul General at Shanghai but that it was difficult, if not impossible for the German Government to control the travel of German emigrants after they had left Germany. It was pointed out that emigrants might proceed from Germany to any port and transship therefrom to Shanghai or to any other point. Holman responded that what he had chiefly in mind was the German Government's possibly "discouraging" emigrants taking passage to Shanghai on German ships direct from a German port. The Foreign Office replied that the German Government would "warn" German officials and German steamship companies of the situation in Shanghai. In relating this to Gilbert, Holman said that he could not say whether this meant that the German Government would take any practical steps to prevent German Jewish emigrants from proceeding to Shanghai and that the response cited was the extent of the assurances which he could obtain.

2. We have now taken up this matter with the Foreign Office along the lines of the Department's 32, February 18, 4 p. m., the conversation being by Patterson with Roediger of the Juridical Division. The statements made were similar to those given Holman. Roediger stated definitely that since Jews were not desired in Germany the Govern-

ment would not hinder their going anywhere, Shanghai included. However, he added that since the German Consul General at Shanghai had reported the undesirable consequences from the standpoint of the German community of Shanghai following the arrival of destitute Jews there the Foreign Office had indicated to German steamship companies that disadvantages to them might eventually attend their accepting Jews for Shanghai since the companies might ultimately have to take them elsewhere. Continuing Roediger stated that the German authorities could not prevent German steamship companies from accepting Jews as passengers and indicated clearly that they had no desire to place obstacles in the way of Jewish migration from this country. He added that in any event once Jews had left Germany for a given destination (he mentioned specifically Palestine and Cairo) they would be free to change it. He felt that the present situation at Shanghai which had been induced by the absence of visa requirements for that city with consequent abnormal influx of Jews would correct itself quickly when Jews in Germany or elsewhere learned of the adverse conditions which would confront them at Shanghai.

3. The substance of this conversation was thereafter orally conveyed to Holman at the British Embassy who remarked on the similarity of the German response to the "parallel" British and American mention of the Shanghai situation.

GEIST

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840.48 Refugees/1476: Telegram

*The Chargé in Germany (Geist) to the Secretary of State*

BERLIN, March 4, 1939—1 p. m.  
[Received March 4—12: 45 p. m.]

153. The following from Pell: I handed Mr. Rublee's letter reporting the intentions the Intergovernmental Committee with regard to the organization and financing of a settlement program to Wohlthat and had a 3-hour conversation with him last night. Wohlthat after reading the letter said that it seemed to furnish a sufficient basis for a continuation of conversations with the Committee. He suggested that these conversations should take the form of periodical meetings between us and that the program of emigration on the German side as stated in the "confidential memorandum" and the program of settlement of the Committee should be put into effect *pari passu*.

As a beginning Wohlthat believed that it would be useful if he were furnished with a detailed memorandum instruction of the projects which were now on foot for the settlement of involuntary immigrants in British Guiana, the Dominican Republic, the Philippines and

Northern Rhodesia with such supplementary details regarding infiltration as could be given. This would enable "his principals" to put into operation certain of the measures which were outlined in "confidential memorandum". He suggested that I should bring this memorandum back to him next week.

Wohlthat expressed the view moreover that steps should be taken simultaneously and immediately to set up the trust on the inside of Germany and the private corporation with regard to which he questioned me at length on the outside.

In this connection and at the request of Winterton I asked Wohlthat whether he could furnish me with any further details regarding the status of the third, the foreign trustee. He said that he would have a study made of the position of the foreign trustee immediately and would give me all the necessary details. I then on the authority of Winterton put forward the name of Professor Bruins of the Hague as a candidate for this position stressing that [he?] had not so far been consulted. Wohlthat said that he would submit this name to his principals but that on first sight the choice seemed highly acceptable. He thought that there were definite advantages in having the third trustee in a country neighboring Germany and German speaking and he also thought that it was preferable that he should be a citizen of a small neutral country.

Wohlthat asked me to explain at length the reasons for Mr. Rublee's resignation which he personally and Marshal Goering too very much regretted. I told him in detail why Mr. Rublee had felt it necessary to retire. He then asked me why Sir Herbert Emerson who was the League High Commissioner had been chosen as his successor. I gave him the full information together with a glowing account of Emerson's efficiency and stressed that there was only a personal union in Emerson that the Committee and the League Commission would remain separate and distinct; that they would have separate offices; and that in short, the arrangement would make for greater efficiency on the settlement side which would be of direct advantage to Germany. Wohlthat then expressed the belief that there would be no serious objection to this arrangement as long as Sir Herbert was not required to engage in the conversations with the German side. He thought it wiser to explain if an explanation were needed that Sir Herbert was my principal as Marshal Goering was his. There was no need for our principals to come together.

I then raised with Wohlthat the question of German ships carrying Jews without adequate papers and attempting to land them in ports in various parts of the world and pointed out this activity seriously hampered the efforts of the Committee to open up places of settlement. He denied that the German Government was responsible for this prac-

tice and placed the blame on the Jewish organizations. He agreed, however, that the practice should be discouraged and said that he would bring it to the attention of the highest authorities at once. He did not know what the authorities could do to put a stop to the activity but doubtless there were some measures which they could take.

I next pointed out to Wohlthat the absolute necessity of giving the Committee a breathing spell in which to organize settlement projects and said that it was difficult to reconcile this obvious necessity with the recent activity of the Berlin police in instructing the leaders of the Jewish community to prepare persons for emigration at the rate of 100 per day.

I described to him the conditions in the countries of refuge, told him of the irregular crossing of frontiers of large numbers of people and emphasized that the financing of these peoples in the countries of refuge was eating into the capital from private sources which might be applied to settlement projects. I observed that if the rate of emigration from Germany were to be increased suddenly now the problem would become unmanageable, that in short it was essential to introduce order into the emigration as soon as possible.

Wohlthat said that he appreciates frank speaking, that his and his principals' object was to introduce order into the emigration and that he would see what might be done to improve existing conditions.

In conclusion there was some discussion of the way Mr. Rublee's conversations had been handled in the press and it was agreed that there should be a further meeting within the next fortnight.

I am returning to London tonight. [Pell.]

GEIST

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840.48 Refugees/1476 : Telegram

*The Acting Secretary of State to the Chargé in the United Kingdom  
(Johnson)*

WASHINGTON, March 14, 1939—7 p. m.

185. For Pell. Your 153, March 4, 1 p. m., Berlin, paragraph 2. It is believed that you have all the information available to the Department on existing rates of immigration into and settlement possibilities in other countries. Reports are expected by the middle of April from the two missions which have been sent to study the possibilities of refugee colonization in the Dominican Republic and British Guiana. A similar mission is now being organized to go to Mindanao.

The following figures for immigration into the United States from Germany are based on statistics compiled by the Immigration and Naturalization Service:



(a) Persons admitted into the United States from Germany for permanent residence during the calendar year 1938: 28,316;

(b) Persons under (a) who stated that they were of the Hebrew race: 23,775;

(c) Of the persons under (b) 7,303 were males between 15 and 45 and 3,328 were single females between the ages of 15 and 45.

The foregoing information is for very discreet use and not for general dissemination.

WELLES

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840.48 Refugees/1520 : Telegram

*The Ambassador in the United Kingdom (Kennedy) to the Secretary of State*

LONDON, March 22, 1939—6 p. m.

[Received March 22—2 p. m.]

386. From Pell. At a meeting called by Winterton this morning it was decided that the question whether I should resume conversations with Wholthat in the immediate future should be carefully considered by the leading Governments of the Intergovernmental Committee.

Although they have not finally fixed their policy the British are inclined to believe that (1) the conversations should continue; (2) they should only be resumed after an interval, and (3) when they are resumed it should be pointed out to the Germans that the basis of the programme presented to Rublee no longer exists because of the events in Czechoslovakia.

I have just heard from the French Embassy that, although the matter is still under consideration, the French Government is inclined to take the same view as the British.

Winterton would appreciate as soon as practicable an informal indication of your views. [Pell.]

KENNEDY

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840.48 Refugees/1520 : Telegram

*The Acting Secretary of State to the Ambassador in the United Kingdom (Kennedy)*

WASHINGTON, March 23, 1939—7 p. m.

208. For Pell. Your 386, March 22, 6 p. m. Our position is: (1) that the conversations must continue; (2) that they should be resumed as soon as a useful purpose would be served thereby; and (3) that the basis of the program continues to exist despite events in Czecho-

slovakia, although the increased number of persons who will presumably be involuntary emigrants will necessitate adaptation of the program and a longer period in which to carry it out. To give up what has already been accomplished with the German Government would be an injustice to those whom the Committee was created to assist.

We estimate that there are from 110,000 to 125,000 Jews in Bohemia, Moravia, and the Sudeten areas and from 90,000 to 100,000 in Slovakia. Applying the percentage estimated in the confidential memorandum (that 25 percent of the total Jewish population was in the wage-earning category) the maximum number of additional persons to be emigrated in accordance with the program would not greatly exceed 50,000.

The Committee's task is a practical humanitarian one, comparable in a general way to that of the Red Cross, and its efforts should continue no matter what the general political situation may be, short of a major war. We feel that the Committee's efforts should not be relaxed as a result of recent events but that on the contrary they should be energetically carried forward. We hope that these events may cause the British and other governments to make more active efforts to solve the problem.

WELLES

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840.48 Refugees/1536

*Memorandum by the Chief of the Division of European Affairs  
(Moffat) to the Acting Secretary of State*

[WASHINGTON,] March 23, 1939.

MR. WELLES: Mr. Myron Taylor just telephoned to say that he had returned from England.

(1) He had come across the feeling in certain British circles that recent political events changed the picture as far as the Intergovernmental Committee was concerned. He had taken very strongly the position that it did not change the picture in any way, that Pell should return to Berlin as soon as possible, that the Rublee plan might have to be adapted, but its basis had not fundamentally changed. I told Mr. Taylor that this was exactly our attitude as expressed in a telegram to Pell this morning.<sup>41</sup>

(2) He asked whether we had received Pell's memorandum regarding the places of settlement.<sup>42</sup> I replied "no". He said that if a copy were not received by mail today or tomorrow he thought it would be well worth our while to telegraph Pell to wire a copy.

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<sup>41</sup> Telegram No. 208, *supra*.

<sup>42</sup> Not found in Department files.

(3) Most of his recent work had been in connection with the organization of the Corporation.<sup>43</sup> He had told the British that they must put their plans on paper and give him something to bring back. This they had done, and he has a preliminary draft in his pocket. From now on it is the American group which must take the ball and carry it as far as they can.

He is planning to come to Washington Sunday evening and will spend the day of Monday. He asked that we make appointments for himself to report briefly to the Secretary and the Under Secretary. In addition, he feels that he should go to the White House, tell the President in ten minutes or so what he has done, and then bring in to the President the members of the Advisory Committee in New York. He feels that we are at the climax of a Governmental effort. We have set the stage just as far as it can be set. From now on the private groups must take over the responsibility, and on their efforts will henceforth depend the success or failure of the refugee effort. Henceforth the task of the Intergovernmental Committee will be confined to try to find places for locating refugees, but the financing and the practical measures will depend upon the Corporation.

Mr. Taylor feels that this should be set forth by the President to the Advisory Committee in no uncertain terms.

He asked if we could make the requisite arrangements with the White House and telephone him back this afternoon.<sup>44</sup>

PIERREPONT MOFFAT

762.71/71

*Memorandum of Conversation, by the Under Secretary of State  
(Welles)*

[Extract]

[WASHINGTON, March 27, 1939.]

The Minister of Rumania called to see me this afternoon. . . .

He spoke at great length about Rumanian policy with regard to the Jewish population and urged that I bear in mind that Nazi propaganda was always stirring up the Rumanian people against the Rumanian Government because the latter had not taken more violently anti-Semitic measures and that the greatest assistance that could be rendered to the Rumanian Government in maintaining itself would be for the Intergovernmental Committee to devise some practical method for the emigration of at least a small percentage of Rumanian

<sup>43</sup> Proposed private international corporation.

<sup>44</sup> Marginal notation: "Mr. Welles spoke to the President, who said he would be glad to see Mr. Taylor Monday, Mch 27".

Jews. The Minister said that if only 50,000 Jews could be permitted to emigrate from Rumania to some proper place of refuge the agitation would die down because this step would constitute a safety valve, and the Government could then point out that a place of refuge did exist where Rumanian Jews could go. He emphasized the psychological benefit which this form of assistance would give. I explained to the Minister once more the situation with which the Intergovernmental Committee was confronted and assured him that once this emergency was solved the long range program of the Committee very definitely proposed migration of minorities from other Central European countries and Eastern European countries and that I had reason to believe that effective progress might soon be made.

S[UMNER] W[ELLES]

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871.4016 Jews/122

*The Rumanian Legation to the Department of State*

No. 1266/P-40

WASHINGTON, April 12, 1939.

The Minister of Romania presents his compliments to the Honorable the Secretary of State, and has the honor to transmit, herewith, a memorandum drawn up by the Royal Romanian Government, containing a study of the Jewish problem in Romania, as well as a concrete proposal concerning the solution of this very important question.<sup>45</sup>

The Romanian Minister would be grateful if the Secretary of State will take cognizance of its contents and, after studying the Romanian proposals, communicate to him the views of the United States Government in the matter.

The Minister of Romania is ready to add any verbal explanations deemed necessary to clarify and supplement the Royal Romanian Government's memorandum.

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840.48 Refugees/1577

*Memorandum of Conversation, by the Chief of the Division of European Affairs (Moffat)*

[WASHINGTON,] April 15, 1939.

The Portuguese Minister called this morning. He told me that his Government had received a memorandum from the Rumanian Gov-

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<sup>45</sup> Not printed. Notation attached by Mr. Achilles, Division of European Affairs, reads: "April 18, 1939. The Rumanian Government proposes the creation of a true Jewish state, in an undetermined location, capable of absorbing some ten million immigrants. That Government proposes that as soon as a territory shall have been selected, a conference of interested powers be called to organize the new state and take steps toward colonization of the territory."

The Department of State acknowledged receipt of the note April 25.

ernment urging the creation of a Jewish State capable of assimilating a large number of Jewish emigrants from Europe. He asked whether we had inspired this step; I replied "no". Developing this theme I explained that the work of the Intergovernmental Committee (the organization of which was due to the initiative of the United States) was three-fold: (1) To arrange for orderly emigration of refugees from Germany; (2) to negotiate with countries of settlement—both those which could take in individuals and those which were suitable for mass settlement; and (3) to help set up an international corporation for the financing of refugees from Germany. I went on to explain that from the beginning other Eastern European countries which desired to get rid of their Jewish populations claimed that the Intergovernmental Committee was in effect putting a premium on anti-Semitism because it was caring for the victims of German pogroms and doing nothing about the Jews of Eastern Europe where there had not been pogroms. However, our feeling was that we must first take care of the present emergency situation existing in Germany, and after that it might be possible to extend the scope of the Intergovernmental Committee.

The Minister said that of course countries in Eastern Europe, notably Poland, had been very interested in Angola. At one time there had even been Jewish colonies there, though these had not lasted. He was very fearful that a further move might be made that would involve Angola. As a matter of fact, there was a feeling in Lisbon that the American Government believed that the British had approached the Portuguese, suggesting that they make an arrangement involving the cession of Angola and Portuguese East Africa in the interest of world appeasement. To make the record entirely clear the Minister wished to state categorically that no such approach had been made by Great Britain, and that such an approach (despite the events of 1898 and 1912) would not be in accordance with the British-Portuguese alliance.

PIERREFONT MOFFAT

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840.48 Refugees/1587 : Telegram

*The Ambassador in the United Kingdom (Kennedy) to the Secretary of State*

LONDON, April 28, 1939—3 p. m.  
[Received April 28—2: 15 p. m.]

573. From Pell.

1. I returned to London this morning after conferring in Berlin with Wohlthat, who wished to canvass the situation thoroughly because he has been invited to dine with Chancellor Hitler on

Saturday and report on his conversations with the Intergovernmental Committee.

2. On that occasion he will submit to the Chancellor the draft decrees setting up the central Jewish organization envisaged in point 7 of the "confidential memorandum" agreed upon with Mr. Rublee, and the draft decrees establishing the international trust. These decrees have been approved by all the Ministries and it is understood that if the Chancellor gives his approval, those setting up the central organization will be put into effect next week, while those setting up the trust will be held temporarily in abeyance until some definite action has been taken with regard to the outside private corporation.

3. Wohlthat allowed me to read in strict confidence the decrees setting up the central organization. They are very complete. They give the Jews, as defined in point 1 of the "confidential memorandum" a definite legal status in Germany. They provide for the education of Jewish children and the practice of the Mosaic faith under the protection of the law. They provide machinery moreover for the re-training for purposes of emigration of 1000 young men and women at a time, with state aid. In short when the decrees are put into effect and if they are lived up to, the Jews will be given a wholly new standing in the Reich and Wohlthat gave me the most solemn assurances that Goering intends to see that the decrees are strictly enforced.

4. Wohlthat was bitterly disappointed that I did not have something concrete to report with regard to the private corporation. I told him of the generally believed assurances of progress which I had received from Mr. Taylor, but he said that general assurances were of little value to him. He and Goering were placed in a most awkward position vis-à-vis the Chancellor. They had been saying since February that something was about to happen, and nothing concrete had happened, meanwhile those whose desire it was to destroy Jewish property in Germany had had their way. The total value of the property was decreasing daily, and those who scoffed at Goering's plans for solving the Jewish problems were beginning to say "I told you so". He hated to go to the Chancellor on Saturday with nothing concrete to report. I said that a very strenuous effort was being made to organize the corporation. Of that he could be absolutely assured. Frankly, a great deal of resistance had had to be overcome in the beginning. The point had now been reached however, I was convinced, where the necessary action would be taken without much further delay. Wohlthat said that in that event he would report that I had given definite assurances that positive action was being taken by private persons with regard to the corporation and that I would have something concrete to report shortly.

5. It had been arranged that I should hand Wohlthat a letter, the text of which had been approved by Rothschild and Bearstead as well as by Winterton and Emerson, formally proposing Bruins as the third or foreign trustee and putting various questions with regard to his status and remuneration. I handed this letter to Wohlthat and suggested that it might be helpful to him in his conversation with the Chancellor as an indication that serious action was contemplated with regard to financing on the outside. Wohlthat agreed that the letter would be helpful and said that a reply would be made as soon as possible.

6. Wohlthat then touched on various questions which had arisen in our recent conversations. With regard to the departure of ships from German ports carrying emigrants without visas for receiving countries, he said that the Ministry of Communications had issued the most formal instructions opposing this practice and providing serious penalties for any one, shipowner or master or travel agent, who should be found guilty of aiding and abetting irregular departure. With regard to the position of Jews in the protectorates he said that the policy of the German Government, with which Von Neurath<sup>46</sup> was in accord, was to discourage measures which would induce a competitive emigration of Jews. It was the intention of the German Government to give precedence to the Rublee plan. Regarding those persons who had permission to enter certain countries, notably the United Kingdom, but who had not been allowed to leave Germany, he said that if I would send him a list he would personally see to it that these cases were acted upon without further delay.

With regard to the point which I raised that German propaganda of an anti-Semitic character was hampering our efforts to place settlers in some countries, he said that he had obtained the most positive assurances from the Minister of Propaganda that if it were indicated by the Intergovernmental Committee that a country was disposed to receive Jewish settlers in substantial numbers stringent orders would be given to the effect that propaganda, if any existed, should cease.

7. In conclusion I extended in behalf of Winterton the invitation, which was approved by the British Foreign Office, to Wohlthat to come to London. We discussed the manner of his coming, and he suggested that he might make use of the Whaling Conference<sup>47</sup> which would hold a meeting during the first week in June. He would attend as the German delegate and I might arrange a dinner where I could present him to Winterton, Emerson and others connected with

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<sup>46</sup> Baron Konstantin von Neurath, Reich Protector of Bohemia and Moravia, and Minister without Portfolio.

<sup>47</sup> See pp. 37 ff.

the work of the Intergovernmental Committee. In any event the invitation would be of great value in his report to the Chancellor and he was exceedingly grateful for it. [Pell.]

KENNEDY

840.48 Refugees/1588b

*Memorandum by Mr. Theodore C. Achilles, of the Division of European Affairs, for President Roosevelt*

[WASHINGTON, April 28, 1939.]

The following background information is furnished in connection with the appointment which Mr. Myron Taylor has with you at 12 o'clock on May 4. He will bring with him a small group interested in the creation of the International Refugee Foundation.

You will recall that as a result of Mr. Rublee's negotiations in Berlin the German Government agreed to create a trust fund from Jewish property in Germany for the purposes of facilitating emigration. It was also contemplated that a private international corporation for the financing of refugee settlement should be set up concurrently outside of Germany. The carrying out of orderly emigration from Germany and the amelioration of the lot of Jews remaining in Germany are to a considerable extent dependent upon the early establishment and successful working of these two organizations.

This Government and the Intergovernmental Committee have consistently made clear that this plan involved no "agreement" between the Intergovernmental Committee and the German Government. On the contrary it has been distinctly understood that the Germans would carry out unilaterally a program of emigration and that the Intergovernmental Committee and the private corporation would unilaterally carry out a parallel program of settlement.

In attempting to set up this corporation, Mr. Taylor has encountered great reluctance in Jewish circles to take definite action for the following reasons: (1) fear of accusation that there is such a thing as "international Jewry", (2) fear that creation of the corporation in accordance with the Rublee program would constitute an agreement with the German Government and consequently a condonation of the racial policies of that Government, including confiscation of Jewish property, and (3) fear that the carrying out of the program might in some way assist the German Government.

Mr. Taylor has made great progress in convincing representative Jewish financiers that each of these fears is groundless. On April 15 a meeting of some seventy representative Jews agreed unanimously to proceed with creation of the corporation. This meeting appointed



a sub-committee consisting of the following persons who will accompany Mr. Taylor on May 4: Edward Greenbaum, Alfred Jaretski, Henry Ittleson, Harold Linder, Judge Joseph H. Proskauer, James W. Rosenberg, Judge Samuel I. Rosenman (chairman), Lewis L. Strauss, Solomon M. Stroock, Paul Baerwald, Rabbi Stephen Wise.

Mr. Taylor contemplates that the corporation, which he suggests be called the "Refugee Foundation", will have a capitalization which will at first be limited but which will be capable of indefinite expansion to meet actual needs. He envisages a high official of the Bank of England as chairman, to be assisted by well-known American, French, and perhaps other vice-chairmen, a small directorate of very prominent persons, and large national advisory committees which will also consist of prominent persons. All of these bodies will be widely representative of the Jewish, Catholic and Protestant faiths.

Mr. Taylor contemplates that the Foundation, or smaller organizations affiliated with it, will carry out the financing and execution of settlement projects, and that it will take over from the Intergovernmental Committee all dealings with the German Government.

The present status of mass settlement possibilities may be summarized as follows:

*British Guiana.* The survey commission's report recommends experimental settlement as soon as possible of from three to five thousand carefully selected and supervised young persons in camps similar to C. C. C. camps. The estimate is that from three to five million dollars will be necessary to bring those numbers to British Guiana, establish them, and maintain them for two years. The experience of these groups should indicate within two years whether or not settlement on a much larger scale is practicable.

*Dominican Republic.* The survey commission has returned and its report should be completed shortly. It also will probably recommend experimental settlement by carefully selected and supervised pioneering groups along C. C. C. lines, with somewhat more assurance that large scale settlement will be practicable. Comparatively large sums will be necessary in carrying this out.

*Mindanao.* The survey commission is at work and should report within six weeks. In view of the favorable attitude of the Philippine Government and of the favorable climate of Mindanao, it is believed that at least ten thousand settlers may be colonized there and that the work may proceed fairly rapidly as soon as the preliminary planning has been completed. Large amounts of capital will be necessary.

*Angola.* The matter is in suspense pending the tentative mobilization of sufficient capital to enable someone to go to Lisbon to offer the Portuguese Government a very large sum either for the outright

purchase of Angola or for the creation of a chartered company along the lines of the old British East India Company. There is no present indication, however, that an offer along either of these lines would be accepted.

840.48 Refugees/1610 : Telegram

*The Ambassador in the United Kingdom (Kennedy) to the  
Secretary of State*

LONDON, May 10, 1939—4 p. m.  
[Received May 10—11:15 a. m.]

654. For Mr. Myron Taylor from Pell. Winterton called a meeting this morning to hear the decisions taken by the Cabinet Committee on Refugees yesterday.

(1) It was decided that every effort should be made by the Government here, and that the American Government should be asked to join in this effort, to persuade the private financial groups concerned to take immediate steps to set up a private international corporation;

(2) Lord Winterton was instructed to despatch a telegram as chairman of the Intergovernmental Committee to Mr. Myron Taylor, the head of the American delegation, enquiring as to the progress which had been made in the United States towards the formation of the corporation, and what concrete decisions had been taken as to capitalization, composition and scope;

(3) Winterton was instructed to point out to Mr. Taylor that it was believed here that the Intergovernmental Committee was morally committed to the plan of action which had been proposed to Mr. Rublee by Mr. Wohlthat and that before Wohlthat came to London on 1st June the Committee should be in a position to state to him that a private corporation was set up.

(4) Winterton also communicated the information that the Cabinet Committee had decided to establish in the Colonial Office a special branch, to be headed by some one drawn from outside the civil service, to handle the British Guiana project in collaboration with such private corporation or company which should be formed to finance the project. He emphasized the view here that in accordance with the discussions which had taken place with the United States Government in the autumn the Guiana project should be financed in the United States although there would be a nominal contribution from British private persons. [Pell.]

KENNEDY

840.48 Refugees/1627a : Telegram

*The Secretary of State to the Ambassador in the United Kingdom  
(Kennedy)*

WASHINGTON, May 12, 1939—7 p. m.

359. For Pell from Myron Taylor.

"With reference to our telephone conversation yesterday please convey the following confidential message from me to Winterton in response to his telegram of yesterday.<sup>48</sup>

"I feel that the Intergovernmental Committee as such cannot directly sponsor the private foundation, which must be organized by private international interests with a nominal capital. It must be a completely independent entity and should carry on all further relations with the Internal Trust in Germany. This foundation would, of course, not be designed or set up for the purpose of financing individual settlement projects. The financing of such projects should be provided for by special organizations set up *ad hoc* in each instance.

"From time to time we have had many discouragements, none greater than the failure of the British group so far to cooperate wholeheartedly with the American group. A tentative suggestion was made to use the Council for German Jewry, an established corporation, for this purpose, with the addition of a new group of Christian directors to the existing group. This would have the advantage of enabling prompt action, and would be an immediate aid in the London meeting with the German representative. This organization has an outstanding Christian executive director, which immediately met another condition of the proposals. The American group have not so far favored this suggestion, but are working upon a plan to set up a new and independent organization for the purpose. In its initial form at least it would not have more than a nominal capital, and that would be provided primarily by the Jewish organizations and individuals, as I believe it would be very difficult to find, except as the result of a carefully designed campaign, any substantial contribution from other sources. The American group are telegraphing the London group today their first suggestions for a formula covering the new foundation. They indicate to us that the British group has been reluctant to come to New York. I am frank to confess that the New York group has been equally reluctant to go to London, but I believe that once the formula is agreed upon action can be taken with reasonable promptness. Signed Myron Taylor."

HULL

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<sup>48</sup> See telegram No. 654, *supra*.

840.48 Refugees/1610: Telegram

*The Secretary of State to the Ambassador in the United Kingdom  
(Kennedy)*

WASHINGTON, May 13, 1939—3 p. m.

361. For Pell. Your 654, May 10, 4 p. m. In connection with Winterton's statement that "in accordance with the discussions which had taken place with the United States Government in the autumn the Guiana project should be financed in the United States" the record should be kept clear that there were no such discussions with this Government and no such understanding. Our files indicate no reference to this matter other than Rothschild's statement to Rublee (telegram 1416, December 9, 4 p. m.<sup>49</sup>) that a substantial part of the money would have to come from the Jews in the United States. The record does not disclose any statement concerning this matter by this Government or by the interested organizations in this country. Those organizations were prepared to bear a considerable part of the expense but certainly not all of it.

For background:

When the question of sending a mission from this Government to British Guiana arose, the private organizations concerned were reluctant to undertake the expense of sending a mission because, in view of the British attitude with respect to Palestine, they anticipated that even in the face of a favorable report the British Government would restrict immigration into British Guiana to negligible numbers.

HULL

840.48 Refugees/1616: Telegram

*The Ambassador in the United Kingdom (Kennedy) to the Secretary  
of State*

LONDON, May 17, 1939—noon.

[Received May 17—11:38 a. m.]

695. From Pell. Winterton has asked me to transmit the following personal and confidential message through you to Mr. Taylor:

"1. I am very grateful for your message of May 13<sup>50</sup> with regard to the private corporation or foundation. It was very helpful to me to have this information since we, at this end, were very much in the dark as to what was taking place in New York, although we

<sup>49</sup> *Foreign Relations*, 1938, vol. 1, p. 865.

<sup>50</sup> See telegram No. 359, May 12, 7 p. m., p. 108.

heard from time to time with satisfaction that you were working very hard to bring about some concrete result and were truly grateful.

2. Emerson attended today a conference at Newcourt at which were present Hailey, Bearstead, Reading, Anthony de Rothschild, Lionel Cohen, Lionel Montague, and Lucas. The trend of discussions was as follows:

(a) The principle was accepted of a foundation with small capital registered in London but representing different interests, which would deal with the Internal Trust in Germany when established.

(b) The question was considered whether this should be also a holding company for settlement corporations, but on the whole it was thought it would probably be better to keep the settlement corporations distinct.

(c) In the latter case it would be necessary to establish a separate holding settlement corporation which would have subsidiary companies for specific schemes, the first subsidiary company being for British Guiana.

(d) The conference considered that rapid progress could now best be made if there were early conference in London at which American, British, Dutch, and French interests were represented. They preferred this to sending a representative to America, since he could only represent British group and would not himself be a principal. The object of discussion at the conference would be, first the foundation, and second, the holding settlement corporation with special reference to subsidiary company for British Guiana.

3. I hope you will agree that this attitude is satisfactory and that the procedure proposed is suitable. I understand that a cable is being sent to Strauss inviting American representatives to come to London. I hope you will find yourself able to help in this respect and persuade the American group to send men who are truly representative and can conclude definite arrangements."

[Pell]  
KENNEDY

840.48 Refugees/1617 : Telegram

*The Ambassador in the United Kingdom (Kennedy) to the Secretary of State*

LONDON, May 18, 1939—5 p. m.  
[Received May 18—2:40 p. m.]

706. From Pell. Winterton held a meeting this morning which Emerson, I and others attended with leaders of the Jewish community in Germany who said that they had been sent to London by the Gestapo. The burden of their message was that unless the Inter-

governmental Committee took immediate steps to find openings, either in places of refuge or settlement, for substantial numbers of involuntary emigrants, and unless "world Jewry" set up the private corporation, the German authorities would return to the shock tactics which were so successful in ridding Germany of Jews in the past. The group from Berlin brought with them a document laying down how many Jews each member of the Intergovernmental Committee should take annually over a period of 3 years and begged Winterton to accept as the Committee's this or a similar plan and to place it in the hands of the German authorities at once if a further brutal attack on the Jewish community in Germany were to be prevented.

Winterton replied that certainly the British Government, and he was sure, the Committee, did not propose to have the German police dictate what it was and was not to do. The Committee had shown great liberality and patience in dealing with the German authorities. It was doing everything in its power to find places of refuge and settlement for refugees from Germany and he had reason to believe that the interested financial people who were setting up the private corporation were doing everything to arrange for financing this emigration. The Committee could not be asked to do the impossible.

There was a limit to the absorption of immigrants, whatever their race or religion, beyond which it was dangerous to go and it should be understood by the German authorities that the outside governments would not exceed this limit. The result of the shock tactics adopted by the German authorities in the past had been to render the Committee's task extremely difficult. A repetition of these tactics would have the result of making the Committee's task impossible. Doors everywhere would be firmly closed to this enforced emigration and no money would be forthcoming under the shadow of a threat.

Winterton then reminded the delegation that the German authorities had indicated an intention of doing a great many things such as retraining intending emigrants, setting up a central Jewish organization in Germany and so on and had done none of them. Many of the Governments participating in the Committee were restless. Despite this, however, he was not prepared as yet to doubt the good faith of the German authorities with whom we were dealing and was ready to proceed in this matter *pari passu*.

Israel who spoke for the Berlin group replied that there could be no doubt of the sincerity of Goering and Wohlthat in this matter but they were fighting a losing battle. He said that when Chancellor Hitler received Wohlthat recently to hear his report on the progress of the conversations the Chancellor let it be understood that he was not impressed and refused to allow Wohlthat to go ahead with the

publication of his decrees until the Committee should have made a better showing.

The delegation was obviously distressed by the reception accorded it by Winterton but was somewhat consoled by the fact that Winterton asked Emerson and me to examine with them their plan. This we shall do tomorrow morning although we have made it plain that the United States is in no position to commit the participating governments to any plan of future action. [Pell.]

KENNEDY

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840.48 Refugees/1616 : Telegram

*The Secretary of State to the Ambassador in the United Kingdom  
(Kennedy)*

WASHINGTON, May 19, 1939—7 p. m.

376. For Pell from Myron Taylor. Your 695, May 17, noon. Please deliver the following message to Lord Winterton:

"I am greatly encouraged by the belief that the British and American points of view regarding the establishment of the Refugee Foundation are rapidly nearing accord. Virtually the only point where there is still disagreement is the suggestion of the British group that a second holding company should be set up to control the settlement corporation. I do not believe that such a holding company is necessary. On the contrary I believe that the individual corporations could function more successfully as completely independent entities. I envisage the Foundation as a negotiating medium to be set up to meet the terms of the Rublee memorandum. The independent corporations would naturally work in conjunction with it to the extent which may be necessary.

"The suggestion that the American group should come to London as soon as possible is accepted in principle. The American group feels that it should not sail until there is a closer meeting of minds with the London group but believes that this can be accomplished by telegraph within the next few days."

HULL

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840.48 Refugees/1628 : Telegram

*The Ambassador in the United Kingdom (Kennedy) to the  
Secretary of State*

LONDON, May 19, 1939—8 p. m.

[Received May 19—3 p. m.]

715. From Pell. My 706, May 18, 5 p. m. The meeting with the Berlin group took place according to schedule. Israel and his associates said that the German police who were doubtful if practical results would come from Wohlthat's conversations with the Commit-

tee, had taken note of the fact that in the first 4 months of 1939 emigration from the old Reich and Austria had fallen off and each month was decreasing. Countries such as those in Latin America where infiltration had been possible in the past had finally closed up altogether. The settlement projects would take years to develop. In short there did not seem to be any immediate prospects of increased emigration. Accordingly the police had instructed the Jewish leaders to go to London and obtain from the Committee a statement with figures of what it proposed to do in the first year. This statement should include, in addition to the contributions of the quota countries, specific details as to the numbers of persons who would be admitted in the current year in countries where a quota system is not in effect. The implication was that if the Jewish group did not bring back to Berlin a statement along these lines the police would be unable to prevent a recurrence of shock tactics at least in the provinces and possibly throughout Germany.

The Jewish group produced suggestions as to how this plan for the year 1939 might be formulated, and pleaded with us if we could not agree to give them a plan, at least to give them a programme with accompanying statement that we would submit this programme to the Governments participating in the Committee.

Emerson was adamant in his refusal to give them either a plan or a program. He read from the memorandum which I presented to Wohlthat on April 6th<sup>51</sup> and said that that was the extreme limit of which the Committee could go. He would not be a party to a dishonest statement and any statement which would convey an impression to the German authorities that governments would follow this course or that in the future, particularly with regard to numbers, would not be an honest statement. There had been nothing in our conversations with the Germans which could lead to the belief that the Committee was prepared to bind itself even morally to a specific program for the current year. The Governments were doing their utmost and so were the private people who were preparing to finance emigration and settlement but any suggestion of threat would render further discussions with the German authorities impossible. He had the greatest sympathy for the plight of the Jewish community in Germany but neither he nor the Committee nor the Governments' agents for Committee were going to submit to blackmail.

The group from Berlin was obviously very distressed and begged Emerson at least to write a letter to Lord Reading saying that the Committee would strive to take out a specific number of people in the current year and allow them to take a copy of this letter back to Berlin. Emerson declined to do this.

<sup>51</sup> Not found in Department files.



Thereupon Israel made a final appeal requesting a letter to Reading merely stating that the Committee was proceeding along the lines of the memorandum of April 6 to Wohlthat and expressing a hope that it would succeed in carrying it out. Emerson refused even to consider this minimum plea. [Pell.]

KENNEDY

840.48 Refugees/1636a : Telegram

*The Secretary of State to the Ambassador in the United Kingdom  
(Kennedy)*

WASHINGTON, May 23, 1939—4 p. m.

383. For Pell from Myron Taylor. I feel that we can now assume that the Foundation will be established early in June and that its establishment should be followed very shortly by a meeting first of the officers and second of the whole Committee. In particular it appears desirable to hold these meetings while Wohlthat is still in London and while the Directors of the Foundation are also there in order to establish direct contact between the two.

Our information is that the occasion for Wohlthat's visit to London will be fixed for June 13 or shortly thereafter. The President has asked me to return to London to assist in the completion of these plans. Accordingly, I expect to sail on the *Normandie* on June 14 spending two days in Paris and reaching London June 21.<sup>52</sup> I would suggest that the meeting of the officers be held on the 26th and the meeting of the full Committee on the 27th. If the other officers of the Committee are agreeable to these dates I propose to give on the evening of June 27th a dinner to which I would be glad to have you invite on my behalf the officers and members of the Committee, Mr. Kennedy and the other Chiefs of the Diplomatic Missions in London of the countries represented, Lord Halifax, Mr. Baldwin, and perhaps the Prime Minister, Mr. Wohlthat and the German Ambassador, such of the Directors of the Foundation as may be in London and others who were invited to the last dinner. I hope to leave London on June 29th and after a brief visit to Florence to sail back on the *Normandie* July 5th.

I have consulted State Department which approves the foregoing.

This telegram was prepared before the receipt of your 723, May 22, 6 p. m.<sup>53</sup> Its substance will enable you to answer Winterton's queries. [Myron Taylor.]

HULL

<sup>52</sup> See letter from the Under Secretary of State to President Roosevelt, June 8, p. 118.

<sup>53</sup> Not printed.

840.48 Refugees/1650: Telegram

*The Ambassador in the United Kingdom (Kennedy) to the Secretary of State*

LONDON, June 6, 1939—6 p. m.  
[Received June 6—2: 55 p. m.]

784. From Pell.

1. Winterton, Emerson, officials of the Foreign Office, Treasury, and Committee met Wohlthat, who was accompanied by Abshagen,<sup>54</sup> at my house at lunch today.

2. Wohlthat said that the decrees setting up the Internal Trust in Germany, as well as the Central Jewish organization, were now in the hands of the Chancellor's office and might be signed by Hitler any day.

3. The decree setting up the trust will authorize Winterton, when certain conditions are fulfilled on the outside, to begin setting a certain proportion of existing Jewish wealth aside, in the form of real and personal property and shares, for the use of the trust. It is now the intention of the German authorities to ask for the contributions to the trust from the Jewish community in installments, not over five, extending over the 3 to 5 year period. Wohlthat said that the installments would be substantial since panic liquidation of Jewish property had subsided since last autumn and forced liquidation had been suspended.

4. The conclusion had been reached to draw on this property in installments in order not to increase the difficulties of the Central Jewish organization in maintaining the impoverished section of the Jewish community in the Reich and to avoid depressing the German markets.

5. Wohlthat said that he would call for the first installment when he was satisfied that those on the outside who were engaged in emigrating Jews, including the Intergovernmental Committee and the private financial interests, were seriously preparing settlement projects. For instance, when he was assured in his own mind that a project had been formulated, say, for the settlement of people in substantial numbers in British Guiana and the Dominican Republic, that the financing of these projects was guaranteed by the private interests, and that wage earners were actually moving to the places of settlement, Wohlthat would call for contributions of a certain proportion of the property of the Jewish community which would be applied to the transportation of persons to places of settlement and to the equipping of the settlement through the intermediary of the outside purchasing agency. Wohlthat said that it was immaterial to the German authorities what

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<sup>54</sup> Karl Heinz Abshagen, German newspaper correspondent.

form the outside corporation or foundation might take as long as it was really instrumental in furthering settlement projects. He made no absolute condition as to the amount of capitalization of the outside body, but insisted again and again that its importance would lie in financing emigration and settlement, and in consequence it would require substantially more than a nominal capitalization. He emphasized that he could not possibly set the machinery of the trust in motion unless he could say to the various ministers involved that it was actually contributing to emigration and that the proceedings from it would be applied directly to settlement projects.

6. Wohlthat said it would be useful to him to be kept informed from month to month as to the progress of the settlement projects and the financing of them. He said that in presenting his case to the ministers it would not be necessary for him to say that capital in such and such an amount had actually been put up; he would merely have to say that the financing of the project had been guaranteed by the private financing interests.

7. Emerson called Wohlthat's attention to the fact that migration to places of settlement must include individuals from countries of refuge as well as from the country of origin in order to relieve pressure which was becoming serious in refuge countries. Wohlthat acknowledged this, and said it was a further argument for proceeding rapidly with the organization of places of settlement.

8. Wohlthat has agreed to meet Jewish leaders such as Rothschild and Bearstead at my house this evening. [Pell.]

KENNEDY

840.48 Refugees/1651 : Telegram

*The Ambassador in the United Kingdom (Kennedy) to the Secretary of State*

LONDON, June 7, 1939—11 a. m.

[Received June 7—6:49 a. m.]

788. From Pell: The meeting referred to in the last paragraph of my 784, June 6, 6 p. m., took place last night. Baerwald and Felix joined Bearsted and Rothschild.

Wohlthat summarized the position inside Germany (the only additional information given by him was that the German authorities estimated the existing Jewish wealth at approximately four billion reichsmarks) and said that he would be willing to answer questions.

Baerwald attempted to keep the discussion on an objective plane but Bearsted and Rothschild proceeded to tax Wohlthat about German propaganda, the activities of the secret police, the fine and so forth. The atmosphere became tense and Wohlthat eventually said

that since the other side had been so very frank he would be equally frank and put a straight question: "Would outside people be prepared to finance the program given to Mr. Rublee, in whole or in part?" Bearsted replied with an emphatic "no". Wohlthat then asked whether they had at any time been prepared to finance the program, in whole or in part. Bearsted replied "no". Wohlthat rose after remarking that there was nothing more to be said. At the door he added to me that he saw no basis on which to continue the conversations and as far as he personally was concerned he would leave immediately for Berlin and ask to be relieved of the responsibility of carrying out the program of the "confidential memorandum".

After Baerwald had assured me that Bearsted's categorical negative did not accurately represent the position, I called on Wohlthat and asked him to remain in London over this morning. I have arranged a meeting with Emerson. [Pell.]

KENNEDY

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840.48 Refugees/1652 : Telegram

*The Ambassador in the United Kingdom (Kennedy) to the Secretary of State*

LONDON, June 7, 1939—2 p. m.

[Received June 7—11:46 a. m.]

791. From Pell. My 788, June 7, 11 a. m. Emerson and I thrashed out the whole refugee situation with Wohlthat 3 hours this morning with the utmost frankness and he left, as he said, greatly reassured and enlightened and determined to do everything in his power to collaborate by establishing orderly emigration from Germany in order that there might be orderly settlement on the outside.

Emerson opened the discussion by saying that recrimination was entirely beside the point. He as Commissioner and Director had merely to accept the fact that the German Government had decided on a certain line of policy, that the effect of this policy required certain intergovernmental and private action on the outside and that he had the task of attempting to correlate whatever machinery there might be in Germany with whatever machinery there might be on the outside. He then took the memorandum on refugee settlement which I handed Wohlthat in April and went over it paragraph by paragraph explaining in great detail what each country was doing and what some were prepared to do. Next he showed how the emigration from Germany had been financed from 19 [apparent omission], outlining the composition of the various private organizations and giving Wohlthat copies of their financial reports and other data. He also outlined to Wohlthat in confidence the efforts which had been made since the Rublee conversations by Mr. Taylor and others to set up

machinery on the outside and described the present status of these efforts.

Wohlthat, for his part, described the difficulties which he had had to overcome in Berlin in order to bring the organization of emigration to its present point. He expressed the conviction that Hitler would approve the proposed legislation immediately and showed us copies of the two decrees setting up the central Jewish organization and the internal trust. He observed that we would have to believe that he was facing this problem constructively and so was Goering just as he believed that we were facing it constructively, and proceed *pari passu*. He said he was delighted to have established the contact with Emerson and suggested that he and Sir Herbert should deal henceforth directly by private correspondence, thus avoiding trips back and forth with the attendant dangers of publicity. Emerson agreed to this procedure and the discussion ended in friendly exchanges all around. [Pell.]

KENNEDY

840.48 Refugees/1659

*The Under Secretary of State (Welles) to President Roosevelt*

WASHINGTON, June 8, 1939.

MY DEAR MR. PRESIDENT: Myron Taylor has taken longer than was anticipated in his convalescence from his recent operation. I have now received word from him that, while he had to cancel his passage for England set for June 14, he is now confident that he can sail on June 28.

Tentative arrangements have consequently been made for the next meeting of the Intergovernmental Committee to be held about the middle of July after Mr. Taylor's arrival in London.

It has seemed to us desirable that Mr. Taylor receive from you before his departure from this country an expression of your own desires as to the course which he should take and as to the policy which should be pursued by the Intergovernmental Committee, which exists, of course, solely because of the initiative you have taken. I am consequently submitting to you for your approval a suggested letter for you to send to Mr. Taylor,<sup>55</sup> which coincides with the opinions you expressed to Mr. Taylor and to the group that came with him when you received them at the White House some weeks ago.

If this letter is satisfactory to you and you sign it, please have it returned to me and I will see that it reaches Mr. Taylor before he leaves.

Believe me [etc.]

SUMNER WELLES

<sup>55</sup> *Infra*.

840.48 Refugees/1659

*President Roosevelt to the Chairman of the American Delegation  
(Taylor)*<sup>56</sup>

[WASHINGTON, June 8, 1939.]

MY DEAR MR. TAYLOR: I wish to set forth certain considerations and suggestions for your guidance in connection with the forthcoming meeting of the Intergovernmental Committee;

(1) The refugee problem continues and will undoubtedly continue for a long time to come. It may at any time be greatly aggravated by a new wave of persecution in Germany. In the normal course of events it may be expected gradually to diminish quantitatively in Germany, but to increase quantitatively in Eastern Europe.

(2) This Government's interest in efforts to bring about a solution of the problem is strong. This Government was primarily responsible for the creation of the Intergovernmental Committee. As and when direct action by this Government is required in connection with the refugee problem, this Government has naturally preferred to take such action through the Intergovernmental Committee rather than through any other agency.

(3) At the same time, the imminent establishment of the Refugee Foundation and the opening up by the Committee of opportunities in various parts of the world for mass settlement have created a new situation, requiring a new integration of private and governmental effort.

(4) The Foundation, which was envisaged in the Rublee plan and is being set up in accordance with that plan, is designed to be in a position to negotiate more effectively with the German authorities concerning financial, and perhaps other, questions than could the Committee. I assume that the Foundation will be ably directed and wholeheartedly supported by the private interests most deeply concerned. Without such support governmental effort can be of little avail.

(5) The financing and administration of settlement projects must be undertaken by private corporations specifically organized for the purpose in cooperation with the Foundation.

(6) The terms of reference of the League of Nations High Commissioner for Refugees permit him to negotiate with governments of countries of immigration for the further development of opportunities for settlement.

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<sup>56</sup> An attached memorandum states that the letter to Mr. Taylor was signed by the President on June 8; the Department's file copy is unsigned. The President's letter was transmitted by Mr. Moffat to Mr. Taylor on June 9.

(7) It must reluctantly be admitted that this Government's efforts to stimulate concrete action by other governments to meet the problem have been met at best by a lukewarm attitude. In view of the attitude of other governments, and the reluctance which many of them have shown to contribute toward the Committee's expenses during its first year, it is apparent that few governments are willing to contribute on the present basis to the Committee's support for another year.

(8) In the absence of drastic changes in governments and attitudes, if not of human nature, in Europe, the problem in its larger aspects appears almost insoluble except through a basic solution such as the development of a suitable area to which refugees could be admitted in almost unlimited numbers. Whether the Committee could best contribute toward the attaining of such a solution or whether it should be sought through other means is open to question. I am convinced, nevertheless, that every effort must continue to be made to attain a practicable solution along those lines.

In view of the foregoing considerations I envisage that the nature of the Committee in the future should be along the following lines:

Subject to general approval, the Intergovernmental Committee should take steps to turn over its function of negotiating with the governments of countries of settlement to the League of Nations High Commissioner for Refugees. If this is done, this Government is disposed to contribute to the expenses of the High Commission for this purpose. It should turn over its function of negotiating with the authorities of the country of origin to the Foundation. In making this change every effort must be exerted to minimize the risk of unfavorable reaction in Germany.

The Intergovernmental Committee should continue in existence though in an inactive form. It might well be composed of the diplomatic representatives in London of the member governments. If this idea is adopted, the Committee will need at most only a nominal staff and no permanent offices. It should be in a position to meet at short notice if circumstances make its revival necessary. Contributions toward its support should be purely voluntary and in such amounts as the member governments might consider appropriate.

I wish again to emphasize that this Government's interest in practical efforts to solve the problem continues strong and unabated. It will be prepared to exert its influence, through the Committee and through diplomatic channels, to assist the High Commissioner, the Foundation and the settlement corporations in the carrying out of their tasks.

Very sincerely yours,

[FRANKLIN D. ROOSEVELT]

840.48 Refugees/1659: Telegram

*The Secretary of State to the Ambassador in the United Kingdom  
(Kennedy)*

WASHINGTON, June 8, 1939—5 p. m.

420. For Pell. The Joint Distribution Committee in New York requests the Department to ask you to confer in London with Baerwald and to assist him if possible to make arrangements for the admission into England, France or some western European country of 907 refugees on board *St. Louis* now proceeding to Europe. Negotiations with Cuba have ended in flat refusal to allow refugees to land.

HULL

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840.48 Refugees/1661: Telegram

*The Ambassador in the United Kingdom (Kennedy) to the Secretary  
of State*

LONDON, June 9, 1939—6 p. m.  
[Received June 9—2: 33 p. m.]

811. From Pell. Jewish leaders here have received information from the British Consul General in Frankfort that the Gestapo is making another drive against former Polish nationals who through steps taken by the Polish Government have become stateless. Bearsted and Rothschild have approached the Foreign Office on the basis of the Consul General's letter and requested governmental action to discourage the Germans from adopting shock tactics against this group. The Foreign Office informed me this morning that the British Government is prepared to bring this matter to the attention of the German Government through the British Ambassador at Berlin and would welcome parallel action by the American Chargé d'Affaires at Berlin. In any event, before sending instructions to Henderson they would wish to have your views.

It is unnecessary for me to point out that the group in question has not so far been included within the scope of action of the Committee although the British Government at the February meeting sought to have the Committee's mandate extended to include this group and later agreed with the Polish Government to do its utmost to have this group included in the Committee's action. Subsequently Winterton circularized the participating governments to the effect that if no objection was received within a period of 6 weeks it would be assumed that this group came within the Committee's scope. Chile and Bolivia in reply informed him that their opposition to the extension of the Committee's scope was unchanged and as matters now stand, therefore, the American Government is not, as a member of the Intergov-



ernmental Committee, under obligation to take action with regard to the group of former Polish citizens. [Pell.]

KENNEDY

840.48 Refugees/1662 : Telegram

*The Ambassador in the United Kingdom (Kennedy) to the Secretary of State*

LONDON, June 9, 1939—8 p. m.  
[Received June 9—5:35 p. m.]

813. From Pell.

1. At luncheon today with Baerwald, Linder, Achilles<sup>57</sup> and myself, Emerson outlined in strict confidence the following proposal, which he described as a purely personal one but one which he was prepared to present to the British Government and, if the reaction of that Government were favorable, subsequently to our Government and to the Intergovernmental Committee:

An attempt should be made to raise \$100,000,000 over a period of 5 years to facilitate the emigration from Europe of persons coming within the sphere of action of the Intergovernmental Committee. Within that limit governments would match dollar for dollar the amounts raised by private subscription. The money would be raised by the sale to the public and to governments of securities which would be non-interest bearing for the first 3 years and pay 3% thereafter. They would be redeemable at the end of 25 years. The fund would be administered by an international organization of which the board of directors and the executive director would be chosen in agreement with the principal governments concerned. It would be used not only to finance mass settlement but for advances to individuals to assist their infiltration into other countries. The fund would be semi-charitable and semi-commercial, as the payment of interest and repayment of a substantial portion of capital is envisaged through the repayment of advances and the profit of individual settlement corporations.

It was emphasized to him that participation by our Government would of course require action by Congress, that while our Government might be inclined to consider such a proposal sympathetically, particularly if the British Government accepted it, it would be unwise in the extreme to count upon ultimate favorable action by Congress, and that in any event many months at least would be necessary to put such a scheme into operation. He recognized these obstacles but expressed the belief that a major financial effort, including govern-

<sup>57</sup> Mr. Achilles had been sent to London as Third Secretary of Embassy, May 11, 1939.

mental participation, was essential to deal in a practical manner with the problem, that he would not press it unless it should be accepted by the British Government, that the members of the Intergovernmental Committee could of course only accept it *ad referendum*, that time would naturally be necessary, but that even preliminary steps along these lines would produce greater results in Germany than the setting up of the Foundation or the establishment of particular settlement corporations. Baerwald and Linder expressed the belief that governmental participation was essential and that such participation on a dollar for dollar basis would be of the greatest assistance in the difficult task of raising funds from private sources.

2. Emerson had seen Winterton and Waley this morning and we assume that he would not have made such a proposal without the prior knowledge and approval of at least the Treasury and probably other governmental circles here. His proposal accordingly bears a certain significance and appears to merit more than passing consideration.

3. The motivation is not clear. Both the new court group and the American private negotiators have been insistent on the necessity for governmental participation in financing settlement and it is believed that the proposal originated with the former. We feel that Emerson is sincere but are less sure of the motives of those behind him. One possible explanation would be that this is an effort to confuse and distract the current efforts to set up the Foundation although Emerson expressed no absolute objection to having the Foundation set up without delay entirely independently of anything which may be done along the lines of his proposal. Another possible explanation would be that British private and governmental circles, believing that Congress would never authorize participation by our Government, wish to evade all responsibility and place upon us the onus, before American Jewry and international public opinion, for eventual failure of the plan.

4. Hitherto the discussions between the American and British private financial groups have been held up owing to the refusal of the British side to consider the establishment of a Foundation which would not be directly related to the financing of settlement, notably of British Guiana. The Americans have not been in a position to make the slightest concession on this point of view of their instructions from New York. This morning, however, the British seemed to concede the principle of an independent Foundation but declared that to meet the requirements of a basis neither they acting independently nor they acting in concert with other European groups, with which they are in close touch, would be prepared to assume 50% of the financing. [Pell.]

840.48 Refugees/1662 : Telegram

*The Secretary of State to the Ambassador in the United Kingdom  
(Kennedy)*

WASHINGTON, June 12, 1939—noon.

431. For Pell. Your 813, June 9, 8 p. m. We feel it most important that you should discourage in every possible way the introduction of any official plan which makes the financing of the emigration of refugees dependent upon governmental participation. This Government has made it clear from the time it first issued the invitation to the Evian Conference that, while it desires to assist in the orderly solution of the refugee problem, the responsibility for financing rests with the private groups. Such discouragement on your part will undoubtedly dispose of Emerson's scheme.

Only in case Emerson wishes to pursue the matter further should you point out the obvious impracticability of the scheme. The idea of this Government matching dollar for dollar the amounts raised by private subscription here would mean an appropriation in an undetermined amount, which would be counter to our Congressional practice. The proposal presumably also means that the more generous the citizens of one country show themselves to be the greater would be the governmental contribution of that country. A variation of the Emerson proposal reported to us from New York calls for a guarantee by the British and American Governments of the securities privately subscribed for, a suggestion which this Government obviously could not consider.

From our point of view it would be most unfortunate if any cross current such as a new and far reaching proposal were introduced at this stage. We have one problem before us on which all effort must be concentrated: that is to set up the Refugee Foundation. We still hope that this can be completed before the meeting of the Inter-governmental Committee next month.

HULL

840.48 Refugees/1661 : Telegram

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

WASHINGTON, June 13, 1939—6 p. m.

223. Following telegram received from Pell dated June 9, 6 p. m.: [Here follows the text of telegram No. 811, from the Ambassador in the United Kingdom, printed on page 121.]

While we do not feel that you should make official representations in the matter, nevertheless you are authorized if and when the matter

has been brought to the attention of the German Government by the British Ambassador at Berlin, to point out unofficially that such tactics on the part of the German Government would make more difficult the task of those in this country who are endeavoring against heavy odds to work out an orderly solution of the problem of refugees.

HULL

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760C.62/652 : Telegram

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

BERLIN, June 22, 1939—7 p. m.  
[Received June 22—2:16 p. m.]

540. Department's 223, June 13, 6 p. m. and my 485, June 13, 4 p. m.<sup>58</sup> A member of the Polish Embassy today stated that while a good many thousand Poles had received formal deportation orders to leave Germany by July 31 the deportees were in almost all cases dependents of the Polish Jews expelled last November and that Poland therefore had no grounds for formal objection in these cases since it had agreed to admit them to Poland by July of this year. He said that aside from these dependents of previous deportees there has been reported only about 20 orders of expulsion of Polish Jews recognized by the Polish Government as still enjoying Polish citizenship.

On the other hand the informant said there had been at least 2000 orders of expulsion of Jews who at one time were recognized as Polish citizens but who in the last 9 or 10 months had been expatriated by the Polish Government. He said that the Germans had tried to induce Poland to admit some of these "stateless" Jews but that the Polish Government had peremptorily refused on the basis that there was a tacit understanding in connection with the convention signed by the two Governments on the occasion of the mass deportations of last November to the effect that because at that time Poland had admitted many Jews who the Polish Government maintained had lost their Polish citizenship, no objections would be raised by the German Government to future action of the Polish Government in expatriating those Jews remaining in Germany who at one time had possessed Polish passports.

He said that as a result of a recent survey the Polish Embassy in Berlin was inclined to reduce its estimates of 30,000 Jews in Germany who at present or formerly were Polish citizens. At the present time the Embassy thought there were about 10,000 dependents of previously deported Polish Jews, some 2000 more Jews who were still recognized as Polish citizens and 11,000 or 12,000 "stateless" Jews who at

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<sup>58</sup> Latter telegram not printed.

one time had held or claimed Polish citizenship making a total of 23,000 or 24,000 in all. A month ago the Embassy estimated that some 25,000 Jews of Polish origin had been deported or emigrated from greater Germany during the preceding 12 months. On the basis of later information they now believe that some 31,000 or 32,000 have left Germany.

Cipher text to London, to Pell by mail.

KIRK

840.48 Refugees/1689½

*The Under Secretary of State (Welles) to President Roosevelt*

WASHINGTON, June 28, 1939.

MY DEAR MR. PRESIDENT: After my last talk with you on the refugee question, I communicated to Myron Taylor the wishes you had expressed to me and in particular the expression of your desire that a meeting be held here in Washington next September under your personal direction of the representatives of the present Executive Committee of the Intergovernmental Committee on Refugees, namely, representatives of Great Britain, France, the Netherlands, Brazil, Argentina, and this Government. I indicated to Mr. Taylor that it was my thought that this invitation from you might most appropriately be made known by him at the next meeting of the Intergovernmental Committee which will be held in London on July 18 next.<sup>59</sup> I asked Mr. Taylor if he would send me his reaction to the general plan which I indicated to him.

I have this morning received a letter from him in reply to my letter and I am enclosing a copy of his letter for your information.

At your convenience may I have an opportunity of talking with you again about this subject? Mr. Taylor is planning to sail on July 12 and before he leaves he should have final and definite instructions from you in this regard.

Believe me [etc.]

SUMNER WELLES

[Enclosure]

*The Chairman of the American Delegation (Taylor) to the Under Secretary of State (Welles)*

KILLINGWORTH, LONG ISLAND, June 25, 1939.

MY DEAR MR. WELLES: I am very happy to have your letter of June 22d, and to be able to say that I am at home and making daily improve-

<sup>59</sup> July 19-20; see telegram No. 1028, July 20, 4 p. m., from the Ambassador in the United Kingdom, p. 140.

ment toward restoration to full vigor. I am pleased to have put behind me an unpleasant experience and glad to have removed an uncertainty that might some day have caused real difficulty—more real, in fact, than I had imagined. I have greatly appreciated the friendly interest and expressions of yourself and your associates in the Government.

In response to your letter I am glad to say that we are in accord upon the general interpretation of the situation in the realistic sense, and that our procedures thus far taken have proved constructive and sufficiently cautious to be safe, the attitude of our Government and those of us who have been working in its behalf considered.

I am planning to sail on the 12th of July. In the meantime I hope to have at least one thorough discussion with you, so that some of the minor questions can be determined definitely. I think it will not be possible for me to come to Washington until just prior to my departure. Perhaps in the interim you may find occasion to visit New York, in which case we could meet here.

Relative to the proposed September meeting of the executive officers of the Intergovernmental Committee, I am not quite clear as to the precise objective toward which its deliberations would be directed. I am wondering also if you have considered whether in all likelihood it would be imposing a new obligation on our Government in a field which, to say the least, is difficult. One of the chief difficulties in the present situation, as you know, so far as Jewish refugees are concerned, is three-fold:

First, it is not clear that there is available a suitable area for mass colonization that would be permanently acceptable to the Jewish refugees. (Their real objective is to get into settled countries where they can set up their lives in existing communities and in professional, commercial and industrial activities).

Secondly, do the Jewish people really want a new "Palestine" in another part of the world sufficiently to contribute to and permanently develop and support in a large way such an activity? (If so, the situs of such development should be easily accessible; it should have a climate, soil and general characteristics that would justify it as the basis for its permanent and costly development.)

Thirdly, is our own Government prepared to contribute or invest perhaps one hundred million dollars to such a development? (If so, would it be willing to use such a sum in development of a scheme in foreign lands; e. g., British Guiana?) We must bear in mind that certainly thus far on the question of finance the British and French Jewish committees have shown no disposition to finance large settlement projects. This has also been the attitude of the British and French governments. The suggestion has been bluntly made that American Jewry and the American Government should do it all.

It seems advisable to consider these questions before the final objective of the proposed September meeting is adopted.

In a day or two I hope to talk with you on the telephone on the whole matter, before you have taken the next step in formulating plans.

With kind regards [etc.]

MYRON C. TAYLOR

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840.48 Refugees/1697: Telegram

*The Ambassador in the United Kingdom (Kennedy) to the Secretary of State*

LONDON, June 28, 1939—7 p. m.

[Received June 28—1:36 p. m.]

912. From Achilles. The Foreign Office is now sending out formal invitations for the meeting of the officers on the morning of July 19 and of the full Committee on the morning of July 20.

Winterton states that the Rhodesia report will shortly be made public and hopes that the Dominican and Philippine reports will have been released before the meetings. If the Philippine report is not completed in time, it would be helpful if we could make public a substantial indication of its conclusions.

He states that confidential discussions are in progress among the private groups and in the interested branches of the Government here concerning the financing of settlement in British Guiana, and that he hopes that a point will have been reached where definite plans can be announced at the time of the meeting, he holds that private groups in England and the United States must make a beginning by raising at least the \$1,500,000 estimated to be necessary for experimental settlement in Guiana and Rhodesia and that all questions of large scale financing may await the outcome of trial settlement in these and other areas.

Winterton desires to hold a formal press conference at the Foreign Office on the morning of the 18th with Emerson and perhaps Mr. Taylor for the British and foreign correspondents. He indicated that the principal point to be stressed would be the increased flow of persons from Germany. It is impossible however that some announcement concerning British Guiana which would prove embarrassing to us is contemplated and in any event it seems advisable that contact with the press at that point be informal and unobtrusive. [Achilles.]

KENNEDY

840.48 Refugees/1703 : Telegram

*The Chargé in Germany (Kirk) to the Secretary of State*BERLIN, June 30, 1939—6 p. m.  
[Received June 30—5:14 p. m.]

571. My 539, June 22, 6 p. m.<sup>60</sup> British Embassy here informs me that its Government considers that action along the lines indicated in the last paragraph of the Department's No. 223, June 13, 6 p. m., not only would serve no good purpose but also might complicate matters further. The British Embassy accordingly is not proposing to make any representations in the premises.

KIRK

840.48 Refugees/1707 : Telegram

*The Ambassador in France (Bullitt) to the Secretary of State*PARIS, July 1, 1939—noon.  
[Received 3:25 p. m.]

1235. From Pell. After a week of conversations here, Baerwald with the private group and I with Bérenger and the Foreign Office, the French have concluded neither to approve nor to oppose the Foundation until it is seen what takes place at the Committee meetings in July. The French group was ready to go ahead in at least a "symbolic" participation in the Foundation. The Foreign Office, although not enthusiastic, was not opposed. Bérenger, however, contrary to the assurances which he gave through Coulon<sup>61</sup> took a vigorous line against the Foundation, was critical of Mr. Taylor and Mr. Rublee and the German discussions generally and threatened to resign if the private group joined the Foundation or continued the conversation.

After I made it clear to him that although the American and British groups would very much regret not to have the French in the Foundation on the ground floor, even though the French participation would be merely "symbolical", they would have to go ahead with their plans without the French group Bérenger revised his attitude somewhat and has agreed to a continuation of the conversations of the French group with the American and British groups on condition that no final decision is taken until the meeting on July 19.

Accordingly Stern will come over to London next week and he has asked Baerwald between now and then to obtain a letter from Hirsch or Israel or other German Jewish leaders indicating that they favor,

<sup>60</sup> Not printed.

<sup>61</sup> Georges Coulon, member of the French delegation on the Intergovernmental Committee.



as they do, the "Ruble plan". This he will show to Daladier<sup>62</sup> before Bérenger goes to London in the hope of inducing the Government to take a less negative attitude. Parenthetically Bérenger will now spend only the day of the 19th in London so I have agreed with him and Winterton that he will arrive late on the night of the 18th and confer with Mr. Taylor. The officers will meet on the morning of the 19th. The full meeting will take place on the afternoon of the 19th.

I am returning to London tonight. [Pell.]

BULLITT

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840.48 Refugees/1729 : Telegram

*The Ambassador in the United Kingdom (Kennedy) to the  
Secretary of State*

LONDON, July 11, 1939—8 p. m.  
[Received July 11—2:50 p. m.]

976. From Pell and Achilles. We now have definite information that the British plan to place before the Committee a resolution regarding British Guiana and that Winterton will make a statement with regard to the Emerson plan. Our information is that the British will accept the principle of the Emerson plan and probably state that they are prepared to execute it on condition that it is accepted and executed by other principal governments. They will also make the most of their Guiana offer as a concrete contribution to resettlement and the use of a part of the Czech fund for resettlement in Guiana as a financial contribution by the Government. The general effect of this program will be to place them in a strong moral position of which they plan to make full use in the international press, and to place the responsibility for any failure to extend the work in behalf of refugees, both as regards financing and resettlement, on the other principal governments.

Of course we should be pleased that the British are now making a tangible effort but we who have contributed more than any other government or people to the solution of the refugee problem should get full credit before the public. Our main contribution as a Government has been in the numbers of people we have admitted for permanent residence and although this is perhaps an old story the value of it is inestimable and it should be reemphasized. We can put forward the Foundation as the most logical manner of approaching the problem of financing, and an essential first step, and we hope that as regards settlement it will be possible to make use of some definite

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<sup>62</sup> Edouard Daladier, President of the French Council of Ministers.

information with regard to the Mindanao project. In this connection we recall the statement which President Quezon<sup>63</sup> authorized Mr. Taylor to make at the February meeting to the effect that substantial funds were available for general development purposes. It would be helpful if we could expand this statement and give more specific details. [Pell and Achilles.]

KENNEDY

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840.48 Refugees/1735 : Telegram

*The Ambassador in the United Kingdom (Kennedy) to the Secretary of State*

LONDON, July 13, 1939—3 p. m.  
[Received July 13—1:30 p. m.]

985. From Pell. I was asked to come to Winterton's office this morning to receive an important communication from the British Government to the American Government. Winterton explained that it had been the original intention to take the matter up through diplomatic channels but at the last moment it had been decided to stress the informality of the procedure by using the Director's office.

Winterton, with whom were officials of the Foreign, Colonial and Home Offices and of the Treasury, also Emerson, first gave the sequence of events leading up to the decision of the Cabinet yesterday to agree, conditionally, to British participation in a scheme for pound per pound governmental and private assistance in the refugee situation. He said that at the end of May Lord Hailey<sup>64</sup> and Sir Herbert Emerson both reported to the British Government that the financing and carrying out of refugee work was about to collapse and that the first result of this would be that countries of refuge including Great Britain would be saddled with multitudes of refugees. The Belgian and Dutch Governments had already been obliged to vote public funds for the support of refugees due to the failure of countries of settlement to take them off their hands and the British Government would shortly be faced with a similar decision. Immediately after Hailey and Emerson, Lionel de Rothschild, as head of the house of Rothschild, approached Sir John Simon,<sup>65</sup> gave him much the same picture as Hailey and Emerson, and stressed that the work could not continue without governmental assistance. Sir John and the permanent officials of the Treasury were deeply impressed with the views which were thus expressed by those who in England were most re-

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<sup>63</sup> Of the Philippine Commonwealth.

<sup>64</sup> Baron Malcolm Hailey, Chairman of the Coordinating Committee.

<sup>65</sup> British Chancellor of the Exchequer.

sponsible for the refugee work and suggested that both Mr. de Rothschild and Sir Herbert should formulate their views in writing and bring them before the Cabinet subcommittee. Sir Herbert then submitted his plan and Mr. de Rothschild his. Later they both appeared before the Cabinet subcommittee which was convinced by them of the seriousness of the situation and recommended to the full Cabinet acceptance of the principle of pound per pound governmental participation in the financing of refugee work. The Cabinet deliberated yesterday, accepted the principle recommended by the subcommittee and authorized Winterton to make a statement, which I shall give below, at the Intergovernmental meeting. Before the Intergovernmental meeting, however, Winterton was instructed to approach the American Government, to give it the text of the proposed statement and to invite the American Government to associate itself with the statement or at the very minimum not to register opposition to it at the meeting.

The proposed statement, in full text, is as follows:

"His Majesty's Government have reached the conclusion, in face of these facts, that unless the work of the committee is to be abortive and the countries of refuge to be saddled with unabsorbed transmigrants, it will be necessary to depart from the principle agreed unanimously at Evian, that no participating Government would give direct financial assistance to refugees. His Majesty's Government are, for their part, examining the manner and extent to which private subscription to an international fund to assist in defraying the expenses of overseas emigration of refugees might be encouraged by Government participation, possibly on a basis proportionately to the amount of private subscription, and I would earnestly invite my colleagues to lay these considerations before their Governments and to communicate their views to me without delay. If other Governments are prepared to agree to this change of principle, and to cooperate in such participation, His Majesty's Government in the United Kingdom will take the initiative in proposing a scheme for the purpose, which I will circulate in the autumn."

After reading the text Winterton continued that his instructions were to impress upon the American Government the seriousness of the situation, to state that time was of the essence, but to add that if the American Government would not accept even the principle of governmental participation the British Government would withdraw its statement, but would be obliged to reconsider its attitude entirely towards the Intergovernmental Committee and the work in behalf of refugees.

I said that I would report this conversation to the American Government. I did not wish to anticipate what Mr. Taylor might have to say upon his arrival next Monday but I felt that I should give

Winterton my definite impression that the Foundation, which was now being set up in London, was an essential first step in the financing of the refugee work. I said that Mr. Taylor had gone back to America after conversations here and on the Continent where he was told that henceforth most if not all the money for assistance to and resettlement of refugees would have to come from the United States, that he had had innumerable conversations in New York with innumerable persons, Christian and Jewish alike, that he had concluded from these conversations that the Foundation was the gateway to the raising of funds in America and the first step in the direction of a practical solution of the refugee problem.

Nearly every one present then began to attack the Foundation. They said that in the form proposed it was completely worthless, that it would neither contribute to the financing of the refugee work nor justify the Germans in setting up their internal trust which would be set up only when it was clear that money was available or guaranteed for resettlement. As far as they could see it was a mere gesture or at most a strategical device to place the Germans in an awkward position. I remarked that this discussion seemed beside the point since the Foundation was virtually set up. Only legal formalities remained and I hoped that an announcement could be made at the meeting of its establishment. I observed, moreover, that as far as the Germans were concerned it could be pointed out to them that not only was the Foundation set up, but a beginning had been made toward the financing of a small trial settlement in British Guiana. It was my understanding that the American private people had indicated to the British group that they were willing to advance a considerable amount of money for this purpose if the British private people would put up a corresponding amount. So far the British private group had not been able to find the money.

Emerson explained here that the reason the British private group had not put up the money was that they were now committed to the principle of pound per pound governmental and private participation. This was the only method which would stimulate adequate private contributions and he was informed that Baerwald, Linder, Proskauer and Strauss agreed wholeheartedly with this and had so stated to the British private group. Winterton said this was the case and added that they had said that the American Government was now the stumbling block. (Although the American Jewish leaders here have obviously been enthusiastic about the Emerson plan I doubt very much if they went so far as to say what Winterton attributed to them.)

Winterton at this point turned the conversation to British Guiana and repeated much of what McDonald had said to me at the recent meeting (see my 877, June 22, 7 p. m.<sup>66</sup>). Winterton added that it was Mr. Taylor who had urged upon the British Government the necessity of opening places for group settlement and had promised that American money would surely be forthcoming. Emerson here questioned the use of the words "group settlement" and said that he thought it was advisable to use the term "mass settlement". Winterton lost his temper and said that he was using his term with care, that it was not the intention of the British Government to permit "mass settlement" in Guiana or anything resembling the situation in Palestine. He said at most it would agree to the establishment of a group of 50 here and 50 there interspersed throughout the territory and not forming a homogenous mass of Jews. He said that the idea which seemed to be held in American circles that something akin to a Jewish state could be set up anywhere in the world was Utopian in the extreme, impossible of fulfillment and would be opposed by the British Government. He then referred specifically to Angola. He said that Mr. Taylor seemed to be haunted during his last visit by the dream of some vast scheme in Angola. He, Winterton, thought that it should be made absolutely plain that such a scheme was undesirable and out of the question and this was the considered view of the British Government.

Emerson said that the trouble in this whole refugee affair was the trouble of the Jews and most eastern people. There was always some other scheme in the background for which they were prepared to sacrifice schemes which were already in hand. He said that what should be realized was that the situation today is extremely urgent, that the work in behalf of refugees is threatened with an immediate breakdown and that the only scheme which is on the table and for which money and governmental assistance may be forthcoming in the immediate future is the British Guiana project.

In conclusion Winterton again stressed that it was the hope of the British Government that the American Government would associate itself with his proposed statement. Or if it could not do that, that it would agree not to object to his making the statement at the meeting and would abstain from opposing the principle included in his statement. He hoped that Mr. Taylor would be in a position to indicate the position of the American Government at his meeting with Winterton at 11 o'clock on Tuesday next because the time for preparation and agreement would be short. [Pell.]

KENNEDY

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<sup>66</sup> Not printed.

840.48 Refugees/1736 : Telegram

*The Ambassador in the United Kingdom (Kennedy) to the Secretary of State*LONDON, July 13, 1939—6 p. m.  
[Received July 13—3:43 p. m.]

988. From Pell. My 985, July 13, 3 p. m. On the assumption that the Administration is not prepared to consider the principle of governmental participation in the financing of refugee work or to ask Congress for appropriations for this purpose we submit for your consideration the following suggestions as to the position and tactics which might be adopted after Mr. Taylor's arrival.

1. The British at this point might consider asking us to agree to associate ourselves with them, or as a minimum not to oppose them, in raising with the Committee the principle of governmental participation in refugee financing. They are not yet asking us to accept the principle, although of course if we fail to object at the outset, and the onus at this stage is placed on us alone, we will appear to have given our tacit approval to the principle.

2. There is every reason to believe that the French who in the last few days have been active in Brussels, The Hague, and elsewhere on the Continent will be vigorously opposed to the suggestion that even the principle be raised at the Committee. If we are to take a negative view it is clearly to our advantage, in consequence, to avoid a situation where we will be in sole opposition to the British plan if at least part of the brunt of opposition if not the major part will be borne by others.

3. Mr. Taylor might in the preliminary conversations with Winter-ton agree that the financing of settlement may ultimately exceed the resources of existing private agencies and that new sources of capital must be found. He would hold, however, that in view of the statement in the original investigations to the Evian meeting that governments would not be called upon to incur any responsibility for the financing of migration, our Government could not properly now attempt to induce other governments to accept such responsibility. The United States has made and is continuing to make by far the largest contribution of any country in admitting refugees for permanent residence. This movement is being financed by the immigrants themselves, by their relatives or friends, or by organizations having a direct interest in the refugee problem. In addition these organizations are contributing very large sums to be spent in foreign countries for the relief and temporary maintenance of refugees there. These means of financing are the natural ones in that they put the burden on those having the greatest interest. To ask the general public and its representatives in Congress, most of whom have no direct interest in the problem other than a remote humanitarian one,

to approve expenditures for this purpose would be Utopian. He would express the view (as we already have done) that, in view of the magnitude of current expenditures for relief of American citizens at home, any attempt to secure from Congress appropriations for the relief of aliens abroad would not only be utterly futile but would arouse bitter hostility toward the admission of refugees and contribute to the development of anti-Semitism. He would emphasize (and we regard this as the essence of the position) that any discussion of participation by our Government in the financing of settlement would be premature at least until a definite opportunity had been found and definite plans formulated for settlement on an exceedingly large scale. In this connection he could point out that the larger the scale of settlement the lower the cost *upon* settler and that "group" settlement would be so expensive and of such minor importance as to make it unworthy of his successor. Unless the British Government were prepared to give assurances that something far different from "group" settlement were contemplated for British Guiana there would not appear at the present time to be any opportunity for a settlement on a scale sufficient to warrant consideration of governmental participation. If the British chose to reconsider their entire position on the refugee problem they would of course be at liberty to do so but no blame for the present situation in the countries of refuge could be attached to Evian or the Committee in as much as it has constantly been made clear from the outset that the whole effort was to be made within the limits of existing immigration laws and practices and without governmental responsibility for financing it.

4. We could express reluctance to oppose the British at a time when they had taken such a generous forward step in the refugee work and agree that Winterton's statement might at least be discussed at the officers' meeting and that the discussion whether it should come before the full Committee should rest with the officers.

We would appreciate not only your comments on these suggestions but also instructions as to the position to be taken at the officers' meeting and at the full meeting if the proposal gets that far. [Pell.]

KENNEDY

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840.48 Refugees/1735: Telegram

*The Secretary of State to the Ambassador in the United Kingdom  
(Kennedy)*

WASHINGTON, July 15, 1939—noon.

540. For Pell. Your 985, July 13, 3 p. m. and 988, July 13, 6 p. m. We do not wish to oppose Winterton's making the statement nor to condemn the principle which he puts forward. Mr. Taylor may so inform Winterton and may indicate to him the essence of the following

which is suggested as a basis for a statement for Mr. Taylor to make after Winterton has set forth his plan at the Committee meeting.

1. Winterton's proposal is admittedly a departure from the basis on which the Intergovernmental Committee was inaugurated at Evian.

2. The American Government has felt in the past, and continues to feel, that the establishment of the Foundation, with the proposed corollary settlement corporations, is an effective approach to the accomplishment of the objectives of the Intergovernmental Committee.

3. As regards Winterton's proposal that governments participate financially in resettlement projects, our Government feels that if such a scheme is to receive favorable consideration by American public opinion and by Congress, certainly it must be of such a nature that it could be presented not merely as a palliative but as a solution of the problem. Thus such a proposal should be based upon mass resettlement projects over a definite period of time.

4. Of course any contribution of funds by the American Government is subject to the decision of Congress.

HULL

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840.48 Refugees/1729 : Telegram

*The Secretary of State to the Ambassador in the United Kingdom  
(Kennedy)*

WASHINGTON, July 15, 1939—5 p. m.

545. For Pell and Achilles. Your 976, July 11, 8 p. m. The Mindanao Exploration Commission has about completed its investigations and has submitted to the President's Advisory Committee a brief summary of its report as follows:

"For healthy and successful European refugee settlement in tropics, land of moderate elevation suitable for agricultural and/or industrial development is required. Survey disclosed no single large tract unoccupied public land in Mindanao meeting these requirements. Detached lesser tracts generally suitable are: (1) Uao Banisilan region of Lanao and Cotabato, 40,000 acres, elevation 1,000 to 2,000 feet; (2) Buldun Barrera region, Cotabato, 10,000 acres, 1,000 to 1,500 feet elevation, with heavy rainfall and requiring drainage. Mission feels Uao Banisilan, Buldun Barrera tracts, totaling 30,000 acres arable land but requiring 30 and 10 miles, respectively, road construction costing \$300,000 to \$400,000, possibly under cooperation with Commonwealth Government, are best public land possibilities.

"Best area for large-scale European settlement is Bukidnon plateau, having several hundred thousand acres and already accessible by national highway. This area, however, is almost entirely under private grazing and agricultural lease from Government, which have generally 20 years to run with 25-year renewal privilege. Have offers on two such properties and believe others could be acquired at moderate prices. Mission feels best procedure from all angles is to acquire, if



possible, Bukidnon leased areas to amount to about 100,000 arable acres for ultimate 10,000 refugees seeking public land in other areas only to meet any deficiency. Mission recommends action be initiated looking towards acquirement by purchase of land leases on Bukidnon plateau. President Quezon consulted and indicates his general approval. In this connection, Acting High Commissioner reporting on same subject to Secretary Hull. Suggest you see his radio. Mindanao Exploration Commission. Jones."

In connection with the above-quoted summary, the Acting High Commissioner informed the Department as follows:

"Before I received your telegram mission had had conference with President Quezon after which they had prepared above mentioned report. Yesterday I conferred with President Quezon on this matter. The report was read. President Quezon said 'not much land can be given to refugee settlement in Uao Banisilan region because the Government has to reserve a great portion of that land for Moros. With respect to the area in Bukidnon plateau which is leased to private parties for cattle grazing, the government will cooperate in securing the transfer of these leases to refugees at reasonable prices.'

"Above supports mission's primary recommendation. I hope this is sufficient for your purposes."

Inasmuch as President Quezon has indicated to the Acting High Commissioner that the only public land suitable for refugee settlement must be reserved for the Moros, the Exploration Commission's findings, as stated in the first paragraph of the summary quoted above, have no practical value. With regard to the second portion of the Commission's findings, the Department and the organizations concerned feel that no publicity should be given to the details contained therein, lest the owners of property raise their prices. Any publicity that may be required should be confined to a brief statement to the effect that, according to the Mindanao Exploration Commission's preliminary report, which has the approval and assurance of the cooperation of the Commonwealth authorities, it seems possible that about 10,000 refugees can be settled on the island of Mindanao in areas suitable for agricultural and/or industrial settlement by such refugees.

With regard to your desire for more definite information concerning President Quezon's statement that substantial funds were available for general development purposes, the Department is of the opinion that it is undesirable to emphasize this portion of President Quezon's February statement. It is clear from the first condition contained in that statement that he never intended that these funds were to be used for financing the settlement of refugees. Moreover, these funds are still the subject of legislation pending in American Congress and President Quezon cannot with propriety at this time make any detailed statement concerning their use.

HULL

840.48 Refugees/1747

*Memorandum of Conversation, by the Assistant Chief of the Division  
of European Affairs (Hickerson)*

[WASHINGTON,] July 17, 1939.

Mr. Robert Pell called on the telephone from London at 2:15 this afternoon and referred to our telegram no. 540 of July 15, 1939, in regard to Winterton's proposed statement respecting governmental participation in the financing of resettlement projects. He said that Mr. Taylor had conferred with Lord Winterton and had shown him the substance of our telegram under reference. Winterton had informed Mr. Taylor that under his instructions from the British Cabinet he was not to make his statement unless he could be assured in advance of "harmony of intention on the part of the British and the United States Governments" and unless Mr. Taylor was prepared to announce at the meeting that the American Government was prepared to accord sympathetic consideration to this proposal. Mr. Pell implied that if the British did not make this statement the British Government would feel obliged to review its whole attitude in regard to cooperation with respect to the refugee problem; this is set forth in some detail in telegram no. 985 of July 13th from London.

Mr. Pell then said that Mr. Taylor, with the assistance of Pell and Achilles, had drafted the attached statement, which Mr. Pell read to me over the telephone, as a possible statement to be made by Mr. Taylor. He went on to say that they did not know whether this statement would be considered as meeting the British position set forth by Lord Winterton, but that Mr. Taylor felt that the statement was certainly as far as we would be authorized in going, given the attitude expressed in our telegram no. 540.

Mr. Pell said that Lord Winterton had urged that Mr. Taylor communicate with us and give him a statement of our attitude as soon as possible, and in any event not later than 3:00 p. m. London time July 18th (9:00 a. m. Washington time). Lord Winterton, Mr. Pell said, was to take our reply before the British Cabinet tomorrow afternoon.

JOHN HICKERSON

## [Annex]

*Draft of Statement To Be Made by the Chairman of the American  
Delegation (Taylor)*<sup>67</sup>

I have heard with great interest Lord Winterton's statement that his Government was examining the manner and extent to which pri-

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<sup>67</sup>The statement in condensed form but not deviating in substance was made by Mr. Taylor at the meeting, July 19, of the Intergovernmental Committee in London.

vate subscriptions to an international fund to assist in defraying the expenses of overseas emigration of refugees might be encouraged by government participation and that if other governments were prepared to agree to this change of principle and to cooperate in such participation the British Government would take the initiative in preparing a scheme for the purpose.

I shall be pleased to consult my Government as to its views with regard to this proposal, which represents a fundamental departure from the basis on which the Intergovernmental Committee was founded. I am obliged to make it clear, however, that under the American Constitution any contribution of funds by the American Government would necessarily be subject to the decision of Congress. Moreover, I am certain that if such a proposal were to be considered favorably by public opinion in the United States and by Congress it would have to apply to a project of such a nature and extent that it would assist in bringing about a basic solution of the problem and would not merely be a palliative.<sup>68</sup>

My Government believes that in this undertaking the Committee should proceed step by step. In the present phase it is convinced that the most effective next step is the establishment of the coordinating Foundation and corollary settlement corporations which are envisaged.

The American Government is truly sensible, however, of the circumstances which have motivated the decision of the British Government and will, I am sure, give most serious consideration to Lord Winterton's proposal.

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840.48 Refugees/1751 : Telegram

*The Ambassador in the United Kingdom (Kennedy) to the Secretary of State*

LONDON, July 20, 1939—4 p. m.  
[Received July 20—11:30 a. m.]

1028. From Myron Taylor. The Committee adjourned this morning after approving, with minor drafting changes, the general and reorganization resolutions. The tone of the whole meeting was cordial and the features, in addition to the President's invitation to the

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<sup>68</sup> The Department approved the statement with the following change in the final sentence of the second paragraph: Substitute for the clause beginning "would assist" the clause "could be considered as initiating a basic solution of the problem and not merely as a palliative" (telegram No. 548, July 17, 7 p. m., to the Ambassador in the United Kingdom, not printed).

officers to meet in Washington,<sup>69</sup> were the raising of the principle of governmental financing by Winterton at the meeting and by the Prime Minister in the House of Commons and the emphasis placed upon the difficulties of countries of refuge.

At yesterday's session, after Emerson's report, Winterton made his statement on governmental financing to which I replied as agreed with you, and the French, Brazilian and Dominican delegates made brief statements along lines similar to ours. I then extended to the officers the President's invitation which previously I had discussed privately with each of the officers. Winterton and Bérenger, who were obviously pleased and impressed, promised to discuss it with their governments immediately and to confer with me in a few days time. Both were most anxious that the meeting should take place during the first week in September. Emerson and possibly others will have to be at Geneva for the League Assembly by the middle of September at the latest and Winterton must be back in England well before possible elections.

I should appreciate any information regarding the subject matter of the meeting which you can give me and which would be helpful in my conversations. Winterton and Bérenger have intimated to me that their governments will wish to have some indication of the agenda before coming to a final decision. [Myron Taylor.]

KENNEDY

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840.48 Refugees/1766 : Telegram

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

WASHINGTON, July 27, 1939—7 p. m.

571. For Myron Taylor. Your 1385, July 27, noon.<sup>70</sup> The President authorizes me to let you know that Monday and Tuesday, October 16 and 17, may be confirmed as the days upon which he will hold the suggested meeting in Washington.

HULL

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840.48 Refugees/1794 : Telegram

*The Acting Secretary of State to the Chargé in the United Kingdom (Johnson)*

WASHINGTON, August 4, 1939—7 p. m.

617. Please communicate the following agenda for the meeting in Washington on October 16 and 17 of the officers of the Intergovern-

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<sup>69</sup> Stenographic notes of the Seventh and Eighth Meetings of the London Intergovernmental Committee, p. 16, transmitted to the Department of State in despatch No. 3810, November 13, from the Ambassador in the United Kingdom, received November 25 (not printed).

<sup>70</sup> Not printed.

mental Committee to Lord Winterton, to Sir Herbert Emerson, to Ambassador Le Breton, and to Count Limburg-Stirum.<sup>71</sup> You are also authorized to leave a copy at the Foreign Office for the information of the British Government.

“(1) Report on the present position of the refugee problem and a review of the work of the Intergovernmental Committee.

(2) Present status of plans for settlement, including present indications as to the practicable extent of settlement in areas so far investigated.

(3) The question of whether or not the possibilities for individual immigration and either group or mass settlements so far developed are adequate to meet the problem.

(4) Possibilities of large-scale settlement in areas already considered or in other areas.

(5) The problem of financing immigration and settlement, including the possibilities of governmental participation.

(6) Consideration of an increase in the scope of the Intergovernmental Committee so as to enable it to deal with problems arising from the voluntary or involuntary emigration of persons who find it necessary, for political, social or economic reasons, to start their lives anew in countries other than those of their birth, and to enable the Committee in this manner to make a real contribution to international friendship and world peace. Such problems might result either from (a) an emergency situation, such as that involving Spanish refugees, or from (b) a basic situation, such as that confronting certain population groups, for which a solution could only be brought about gradually and over a long period of years.”

Please repeat this telegram to Am[erican] Embassy Paris with the request that the agenda be communicated to Senator Bérenger, to the French Foreign Office, and to Mr. Myron Taylor, to the American Legation in Bern for communication to Lobo in Geneva; and to the American Legation in The Hague for communication to the Netherlands Foreign Office.<sup>72</sup>

WELLES

840.48 Refugees/1808: Telegram

*The Chargé in the United Kingdom (Johnson) to the Secretary of State*

LONDON, August 14, 1939—6 p. m.  
[Received August 14—2: 30 p. m.]

1160. Emerson this morning expounded at length to Van Zeeland<sup>73</sup> and Nigellaw, who has been appointed his assistant, the history of

<sup>71</sup> Representative of the Netherlands on the Intergovernmental Committee.

<sup>72</sup> The text of the agenda was also sent to the Ambassador in Brazil for communication to the Brazilian Foreign Office and for transmission to the Embassy in Argentina for similar communication; Department's telegram No. 141, August 4, 8 p. m., not printed.

<sup>73</sup> Paul van Zeeland, former Belgian Prime Minister, and executive president of the International Coordinating Foundation.

conversations between officials of the Intergovernmental Committee and Wohlthat, the problem of financing emigration, and the present prospects of settlement.

With respect to conversations with the German authorities, Van Zeeland at first wished to establish immediate contact with Wohlthat. Emerson stated that he had already written Wohlthat advising him of Van Zeeland's appointment, pointing out that the Foundation was now in a position to cooperate with the internal trust as soon as it was set up, and expressing hope that this would be done without further delay. He advised against any contact between Van Zeeland and Wohlthat until the Germans had given further evidence of good faith by actually setting up the trust. Van Zeeland agreed and indicated that he would do nothing at the moment except to write a personal letter to Wohlthat stating that he was prepared to enter into discussions as soon as the trust had been established.

Van Zeeland indicated a desire to come to grips with all aspects of the refugee problem coming properly within the Foundation's mandate as soon as he had familiarized himself with them sufficiently to proceed soundly. He considers that as the Executive President of the Foundation he must, while working closely with the Intergovernmental Committee and the principal governments concerned, act independently and he is personally prepared to accept full responsibility.

JOHNSON

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840.48 Refugees/1810 : Telegram

*The Chargé in the United Kingdom (Johnson) to the Secretary of State*

LONDON, August 14, 1939—7 p. m.  
[Received August 14—3:06 p. m.]

1161. My 1160, August 14, 6 p. m. The question of Angola was discussed at length with Van Zeeland along the lines of the Department's No. 40, January 14, 3 p. m., except that the objective to be sought was restricted to the formation of a chartered company having wide autonomous rights over a major part of the colony. Van Zeeland indicated keen interest and a desire to proceed actively.

Emerson will write him a letter outlining his views as to the functions of the Foundation in research, and planning with respect to settlement, particularly in areas which have not been studied by commissions of inquiry, and as to concomitant negotiations with governments. The letter will mention Angola only incidentally as one of several areas which might receive further study. Van Zeeland will lay

the letter before the Council of Management and request broad authority, and an allocation of funds, to proceed with further investigation.

JOHNSON

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840.48 Refugees/1832 : Telegram

*The Ambassador in the United Kingdom (Kennedy) to the Secretary of State*

LONDON, September 2, 1939—4 p. m.  
[Received September 2—9:53 a. m.]

1378. Winterton has requested the Foreign Office to ascertain the views of the United States Government as to the future of the Inter-governmental Committee. Lothian<sup>74</sup> will doubtless raise the question in due course. Winterton expects to resign in any event. Emerson has offered his services to the British Government and if they are accepted he will presumably resign from both his refugee offices.

KENNEDY

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840.48 Refugees/1832 : Telegram

*The Secretary of State to the Ambassador in the United Kingdom (Kennedy)*

WASHINGTON, September 6, 1939—9 p. m.

824. Your 1378, September 2, 4 p. m. We have considered the future of the Committee with Mr. Taylor, who has discussed it with the President, and come to the following conclusions:

- (1) The Committee should not be dissolved, although there may be a period during which the Chairman will not wish to call a full meeting;
- (2) The meeting called by the President for October 16 should take place and the participating governments should be requested by the Secretariat in London to indicate at the earliest opportunity who their respective representatives will be;
- (3) An effort should be made to dissuade Winterton from resigning, but if he insists upon submitting his resignation another Chairman will have to be chosen by the Committee in his place;
- (4) The Foundation should without any question be maintained and Van Zeeland encouraged to organize the work; and
- (5) The Bureau of the Committee should be kept intact.

We attach particular importance to (4) and (5) since it is our view that the machinery which has been set up is valuable and should not be lightly scrapped.

Please inform Winterton and Emerson.

HULL

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<sup>74</sup> The Marquess of Lothian, British Ambassador in the United States.

840.48 Refugees/1839a : Telegram

*The Secretary of State to the Ambassador in the United Kingdom  
(Kennedy)*<sup>75</sup>

WASHINGTON, September 8, 1939—noon.

857. For Achilles. Department's 617.<sup>76</sup> The President has agreed to delete the sixth point of the agenda and to substitute the following:

"Consideration and continuing study of the problems of emigration particularly those arising as a result of the European war".

Please inform Winterton and Emerson.

HULL

840.48 Refugees/1840 : Telegram

*The Secretary of State to the Ambassador in the United Kingdom  
(Kennedy)*

WASHINGTON, September 12, 1939—10 p. m.

930. Your 1582, September 11, 3 p. m.<sup>77</sup> The final text of the Agenda has been communicated to the diplomatic representatives here of the countries with officers on the Committee.<sup>78</sup> As a courtesy please inform Ambassador Le Breton and Count Limburg-Stirum of the change in Paragraph Six and repeat Department's 857, September 8, noon, to the American Embassy at Paris with the request that Bérenger be notified of the change and to the American Legation, Bern, for the information of Lobo.

HULL

840.48 Refugees/1865 : Telegram

*The Ambassador in the United Kingdom (Kennedy) to the Secretary  
of State*

LONDON, September 25, 1939.

[Received September 25—3:50 p. m.]

1820. The effect of the war on the refugee problem was discussed this morning with Winterton, Emerson, Van Zeeland and Randall.<sup>79</sup> The British position is along the following lines:

<sup>75</sup> A similar telegram (No. 182, September 12, 8 p. m.), was sent to the Ambassador in Brazil, with instructions to repeat to the Embassy in Argentina, for the information of the respective Foreign Offices.

<sup>76</sup> August 4, 7 p. m., p. 141.

<sup>77</sup> Not printed.

<sup>78</sup> The notes to the Argentine, Brazilian, British, and French Embassies, and the Netherlands Legation, were dated September 13.

<sup>79</sup> A. W. G. Randall, acting counsellor in the British Foreign Office.



(1) They assume that during the war Germany will permit the emigration only of persons whose departure would relieve economic pressure or who would actively further the German cause abroad and that consequently any wartime emigration from Germany would be of assistance to her. Without taking any final stand prior to the Washington meeting, they feel that continued inclusion in the Committee's mandate of persons still in Germany (part one of the Evian definition) would be inconsistent with the general policy of the five Governments represented on the Committee who are at war with Germany. This question is considered as distinct from the attitude any individual Government may adopt toward immigration direct from Germany. They further hold that any contact between the director and the German authorities must be suspended for the duration of the war.

(2) They consider that the practical work of the Committee, unless its scope is extended to cover new categories of persons, will be limited to involuntary emigrants now in countries of refuge. In Great Britain special tribunals are engaged in passing upon all German refugees now in the country. Those adjudged reliable will be subjected to few if any restrictions and permitted to engage in useful work. Those adjudged unreliable will be interned. The British are accordingly not now interested in promoting reemigration from the United Kingdom. The French position is understood to be similar although no definite information has been received. The principal problem is therefore deemed to be the emigration of some 60,000 to 90,000 refugees from the neutral European countries, principally Switzerland, Belgium and Holland, and the permanent settlement of those now in Shanghai.

(3) Large scale settlement in any British possession during the war is considered out of the question for political and financial reasons, and it is felt that large scale settlement of Germans anywhere at this time might be open to serious political objections. Australia is nevertheless understood to be willing to admit refugees from England who have been passed by the special tribunals and who may be useful to Australia.

(4) The British Government cannot now undertake any new financial commitments and will not put forward the scheme for governmental assistance envisaged in Winterton's statement at the July meeting. It is anticipated that such limited private funds as may be forthcoming in Britain and France will be needed for local relief and maintenance although the relaxation of restrictions on employment should reduce the need for assistance. The Czech fund continues available for Czech refugees, subject to such modifications as the war may make necessary. Van Zeeland feels that while the Foundation obviously cannot fulfill its function as a purchasing agency it can as a planning organization, usefully adapt itself to existing conditions. He has persuaded the British members of the Council to hold any move toward its dissolution or suspension in abeyance until after the Washington meeting.

KENNEDY

840.48 Refugees/1887

*The Chairman of the President's Advisory Committee on Political Refugees (McDonald) to President Roosevelt*MEMORANDUM RECOMMENDING THAT THE CONFERENCE OF OFFICERS OF THE INTERGOVERNMENTAL COMMITTEE ON OCTOBER 16-17 BE POSTPONED OR CANCELLED<sup>80</sup>

While heartily welcoming the White House conference when the invitation was extended in July, the President's Advisory Committee now unanimously urges consideration of postponement or cancellation for the following reasons:

1. The problem of refugees from Germany has been radically changed by the war. It is too soon to appraise the changes competently and therefore to plan soundly.

2. The numbers of German refugees have been appreciably reduced because (a) emigration from Germany is now limited to old people and children, (b) foreign exchange must be supplied for transportation, (c) all transit countries have hermetically sealed their borders, (d) the full implementation of the Wohlthat Memorandum is impracticable, and (e) England and perhaps France no longer desire the re-emigration of refugees because employment is now becoming available for them.

3. Though the refugee problem as a whole has been greatly increased, the Intergovernmental Committee because of its terms of reference, the prevailing attitudes of its member Governments other than the United States, and the failure thus far to achieve comprehensive solutions in the lesser problem is not disposed to undertake the larger problem.

4. The Intergovernmental Committee has concerned itself primarily with large-scale settlement for which it is now clear that public funds will be required. The possibility of securing such funds has been reduced by the war and the consequent withdrawal by the British Government of its suggestion of last July. Meantime the relief needs of war refugees have increased so enormously that the private organizations foresee the exhaustion of their funds in the near future. Unless therefore governmental monies are made available, large scale settlement will be impossible.

5. In view of the prospect that the discussion of neutrality may continue through mid-October it may not prove strategic to give a handle for criticism by holding at the White House an international conference in which two belligerent countries will participate on a subject which vitally concerns a third belligerent.

6. The issue of neutrality may also be confused by the injection of the problem of German refugees who are considered by the public to be predominantly Jewish. Anti-Semitic spokesmen may capitalize this opportunity to accuse Jewish circles of a desire to involve the Government at a time of national emergency. Others in no sense anti-Semitic may consider that the problem of German refugees is re-

<sup>80</sup> An attached notation states: "Consulted the President Sept. 27th. The meeting is to be held. A. A. B[erle]."

ceiving undue emphasis now that it is but one aspect of the total refugee problem.

7. Britain and France, preoccupied by the war, will naturally attempt to place all responsibility for action including the provision of funds on the United States Government.

8. Under all these circumstances the success of the conference will depend even more than ordinarily on the ability of the United States to make concrete proposals for comprehensive solutions and substantial contributions in public funds. To date no convincing proposals have been developed and there is no assurance of the requisite public funds.

The President's Advisory Committee on Political Refugees urges consideration of the foregoing in proposing the postponement or cancellation of the conference. Should, however, the final decision be to hold the conference, the President's Advisory Committee on Political Refugees pledges its full cooperation.

JAMES G. McDONALD

[WASHINGTON,] September 26, 1939.

840.48 Refugees/1872 : Telegram

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

BERLIN, September 28, 1939—1 p. m.

[Received September 28—10:45 a. m.]

1465. The following telegram has been sent to the Embassy at London:

59. September 28, noon. For Achilles.

"Doctor Wohlthat in conversation with Geist requested that following information be conveyed to the Intergovernmental Committee: the German Government is prepared to continue to cooperate with the Intergovernmental Committee in the evacuation of German Jews and will allow such persons to take with them their effects excluding certain articles of which a shortage exists in Germany. Owing to the present situation no expenditure may be made out of funds in Germany either for personal transportation or the shipment of effects beyond German frontiers. The residue of property left by Jews will be turned over to the Reichs Committee for German Jews for the support of indigent Jews in Germany."

KIRK

840.48 Refugees/1875

*The Secretary of State to Mr. James N. Rosenberg*

WASHINGTON, September 29, 1939.

DEAR MR. ROSENBERG: I have seen your telegram of September 25, 1939, addressed to Mr. Pell, of the European Division,<sup>a</sup> explaining

<sup>a</sup> Not printed.

that "there is a genuine opportunity for immigration" into the Dominican Republic and stating that you are most anxious to aid in a "humanitarian, constructive effort along these lines." You indicate, however, that before taking a definitive position you would wish to know officially from the Department of State that the establishment of a settlement project in the Dominican Republic has the approval of this Government.

Mr. Pell has also told me of the detailed explanation of the situation which you are facing furnished by Mr. George Warren, the Executive Secretary of the President's Advisory Committee on Political Refugees. Mr. Pell has informed me, moreover, that, provided the details can be satisfactorily arranged, there will be formed in New York a corporation with approximately \$1,000,000 of authorized capital which will be a non-profit corporation and which will engage in efforts to aid or to bring about immigration of refugees into the Dominican Republic under agreements with the Government of that country.

The Department of State is most grateful for your explanation and the supplementary information furnished by Mr. Warren. We are familiar with the project, having examined the report of the Commission of Inquiry which visited the Dominican Republic at the instance of the President's Advisory Committee on Political Refugees. I assure you that this project is in line with the views of the Department of State and that there is no objection on our part to this undertaking.

Sincerely yours,

For the Secretary of State:  
ADOLF A. BERLE, JR.

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840.48 Refugees/1874: Telegram

*The Ambassador in the United Kingdom (Kennedy) to the Secretary of State*

LONDON, September 29, 1939—7 p. m.  
[Received September 29—2:30 p. m.]

1868. My 1820, September 25; and Berlin's 59, September 28, noon. Wohlthat's message was discussed today with Winterton, Emerson and Randall. Emerson had also received word from Berlin, through a private Netherland's source, to the effect that the German Government still desires to emigrate Jews, that pressure towards this end would be increased and that it was essential that the work of the Intergovernmental Committee, possibly under a director of neutral nationality such as Van Zeeland. While the message purported to come from Jewish leaders, Emerson was confident that it was officially inspired.

These two indications of the German position have strengthened the feeling here that further emigration from Germany would serve German ends and that continued British membership would be incompatible with continued efforts by the Committee to facilitate such emigration. The British Government, it was indicated, would gladly continue to cooperate in efforts to settle refugees already out of Germany but considers that further efforts to facilitate direct emigration should be undertaken only by an organization composed solely of neutrals.

The conditions of emigration specified in Wohlthat's message are regarded incidentally as a negation of the whole program envisaged in the Rublee-Wohlthat conversations and a return to the policy of forcing out penniless refugees.

Emerson expects to lay Wohlthat's communication before the Washington meeting but to take no other action concerning it.

KENNEDY

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840.48 Refugees/1874: Telegram

*The Secretary of State to the Ambassador in the United Kingdom  
(Kennedy)*<sup>82</sup>

WASHINGTON, October 2, 1939—midnight.

1140. Your 1868, September 29, 7 p. m. We agree with the view of the British Government that for various reasons it is impracticable for the Intergovernmental Committee to continue to facilitate direct emigration from Germany. First, Wohlthat has made it clear in his message that the German plan discussed with the Committee no longer stands and that Germany has returned to a policy of forcing out involuntary emigrants with little more than the clothes on their backs. Second, it is no longer possible to pay transportation of involuntary emigrants in German marks which throws a very considerable added burden on private financing groups, which, these groups, we understand, are not prepared to assume. Third, it is understood that all able-bodied citizens of both sexes inside Germany have been mobilized for war work, with the consequence that only dependents, that is, children and old people, could be evacuated to other lands where they would become objects of charity at a time when charitable resources are strained to the utmost. Accordingly, this Government agrees with the British Government that in view of the outbreak of war no practical effect can be given to Part I of the Evian definition of persons coming within the Mandate of the Committee.

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<sup>82</sup> Marginal notation: "Approved by Mr. Taylor."

While we agree that it is not feasible to bring these people out of Germany to any extent at this time, we do not wish to associate ourselves in any statement that Part I of the definition has been abandoned. It will be the policy of this Government to continue to grant visas to persons inside Germany who can comply with American regulations and to admit them to the United States within the limits of the existing quota. Naturally the British and other belligerents have complete liberty to say for their part that Part I of the Committee's Mandate is suspended so far as they are concerned for the duration of the conflict.

HULL

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840.48 Refugees/1879: Telegram

*The Ambassador in the United Kingdom (Kennedy) to the Secretary of State*

LONDON, October 4, 1939—7 p. m.  
[Received October 4—3:30 p. m.]

1927. Department's 1140, October 2, midnight. The British are gratified to learn that our position is in such substantial accord with theirs. In view of this agreement on the question of substance they see no need for a public declaration of their position. With respect to Part I of the Committee's Mandate they assume in this connection that our Government will refrain from making any statement on emigration from Germany of a character which would embarrass them. They believe that statements in the privacy of the Committee of the positions of the respective Governments should suffice and that it should not be difficult to draft a suitable public communiqué. They consider, however, that a subsequent decision during the war either to resume conversations with the German authorities or actively to promote emigration direct from Germany would probably force them to withdraw.

KENNEDY

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840.48 Refugees/1954

*Statement Issued by the Department of State, October 18, 1939*

Upon the invitation of President Roosevelt the officers of the Intergovernmental Committee met at the White House on October 17, 1939. The Secretary of State opened the second meeting at the Department of State on the afternoon of October 17 and a third meeting was held on the morning of October 18 when the Committee adjourned until Thursday, October 26, 1939. Those who attended the meeting included Lord Winterton, Chairman and Paymaster General in the

British Government; Sir Herbert Emerson, Director; the Honorable Myron C. Taylor, Vice-Chairman representing the United States of America; His Excellency Felipe Espil, the Argentine Ambassador; His Excellency Count de Saint-Quentin, the French Ambassador; His Excellency Mr. Carlos Martins, the Brazilian Ambassador; Dr. A. Loudon, the Netherlands Minister; and Mr. James G. McDonald, Chairman of the President's Advisory Committee on Political Refugees.

The meeting, at the second session, heard a report on the current refugee situation by the Director and discussed the various ways in which the refugee problem might be met. Particular attention was given to the new aspects of the situation due to the outbreak of war.

At the third session, the officers discussed what President Roosevelt had described in his opening statement as the "short-range problem", including the problem of emigrating those individuals and families who are at this moment in countries of temporary refuge and who, for the sake of the world and themselves, should be placed in permanent domiciles as rapidly as possible.

The meeting was of the opinion that this problem could still best be solved partly by infiltration, that is individual immigration, and partly by an initiation of settlement projects. The meeting took note, with particular satisfaction, of the fact that the Dominican Government, with great foresight and generosity, had responded to the appeal of the Intergovernmental Committee for opportunities of settlement. The meeting also heard with satisfaction that the Government of the Commonwealth of the Philippines had responded in a similar manner. Mr. McDonald reported that engineering and economic studies had recently been completed and that practical steps, including financing, in the initiation of settlement were being taken.

The meeting was informed that similar studies in other areas would be undertaken promptly.

The Committee also took note of the fact that the Coordinating Foundation, whose Executive President, Mr. Paul van Zeeland, will be present at the meeting next week, is mandated to work with individuals and organizations to investigate the suitability of places of settlement and future resettlement plans.

A tribute was paid by the meeting to the unstinted generosity over a period of years of the private organizations.

The officers of the Intergovernmental Committee, at their fourth meeting at Washington, on October 26, 1939, recognized that there was

an urgent need for further openings for the permanent settlement of refugees included within the present mandate of the Committee, and further recognized that, as the President of the United States of America pointed out in his inspiring statement of October 17, the problem of involuntary migration might be greatly increased. They considered it necessary that surveys should continue of all possible openings for the permanent settlement of involuntary migrants in various parts of the world, special regard being paid to the scope for the development of natural resources by engineering, irrigation, and similar schemes. While such surveys would have reference to the existing mandate of the Intergovernmental Committee, the meeting observed that the collection of material of this character would be of general value in contributing towards the solution of the refugee problem in its wider aspects, and would be of particular value to the Committee should it at any future time wish to increase the categories of involuntary migrants within its mandate.

The meeting considered that the results of all surveys made either under the aegis of the Coordinating Foundation or by private organizations should be communicated to the Director, and, at his discretion, to the participating governments.

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840.48 Refugees/1984

*Memorandum of Conversation, by the Assistant Chief of the Division of European Affairs (Pell)*

[WASHINGTON,] November 8, 1939.

M. van Zeeland said that he wished to give me in some detail his ideas in order that I might communicate them to the Under Secretary of State. M. van Zeeland has an appointment with Mr. Welles on Friday and is anxious that the Under Secretary should be informed in advance of what he proposes to discuss.

M. van Zeeland said that since he had accepted the Chairmanship of the Coordinating Foundation he had given a great deal of thought to the refugee problem and had come to the following conclusions:

[Here follow substantially the points numbered (1) to (9), inclusive, in the letter from the Under Secretary of State to President Roosevelt, December 1, printed *infra*.]

This is M. van Zeeland's general program. He has already discussed it with business leaders in New York, notably with the Jewish leaders including Mr. Baerwald, Mr. Rosenberg, Mr. Lessing Rosenwald and Mr. Bernard Baruch, and he is optimistic as to the outcome. Before proceeding, however, M. van Zeeland wishes to know exactly where he stands with the American Government. He wishes to know



whether the American Government would approve a program such as he has outlined and would at least give it a moral blessing.

Among the specific settlement schemes in which M. van Zeeland is particularly interested is the project for settlement in Angola. M. van Zeeland is, however, very much opposed to the type of procedure which has been followed so far. He does not believe that it was wise to have sent out Mr. Linton Wells<sup>83</sup> and he does not believe that it is wise to indulge in subterfuge in dealing with the Portuguese authorities. M. van Zeeland has relations with M. Salazar<sup>84</sup> and is willing to approach him immediately upon his return to Europe with the suggestion that the Portuguese Government provide facilities to a limited settlement company which would establish large numbers of refugees in Angola. In order to succeed, M. van Zeeland is of the opinion that he must have two things: 1) he must have the assurance that sufficient capital will be available in order that he may come to terms immediately with Salazar; and 2) he must be assured of the moral support of the American Government. He will wish to ask the Under Secretary specifically whether the American Government would wish to support a scheme for settlement in Angola and the extent to which he might use the assurances of American support in his conversations with Salazar.

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840.48 Refugees/2003

*The Under Secretary of State (Welles) to President Roosevelt*

WASHINGTON, December 1, 1939.

MY DEAR MR. PRESIDENT: Following the recent meeting of the officers of the Intergovernmental Committee on Political Refugees, I have had one long conversation and exchanged correspondence with M. van Zeeland,<sup>85</sup> who, as you know, is the leading spirit in the refugee work at the present time in his capacity as President of the Coordinating Foundation. M. van Zeeland has elaborated a careful plan, has had numerous conferences at New York with persons who might wish to participate in assistance to refugees and is now leaving for Europe where he will confer with the leading personalities.

Before taking further steps or making definite commitments, M. van Zeeland is most anxious that I should obtain from you an indication that his plans meet with your general approval. He is most anxious to

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<sup>83</sup> American journalist sent to Angola May–October 1939, by private persons interested in refugee resettlement to investigate possibilities for mass settlement in that colony.

<sup>84</sup> Antonio de Oliveira Salazar, Portuguese Prime Minister.

<sup>85</sup> Not printed.

accord his plans with your views and intends, when the work is more advanced, to ask you to make a public statement in support of the Foundation's approach to the solution of the refugee problem.

M. van Zeeland's plan may be summarized in the following points:

(1) The problem should be approached on a non-sectarian, non-racial and non-discriminatory basis and the solution should benefit all refugees, irrespective of the cause of their migration.

(2) Infiltration, that is individual immigration, should be stimulated but it must be supplemented by large-scale settlement.

(3) Without detriment to what has already been accomplished in the way of exploring places of settlement, a fresh effort should be made to survey the existing undeveloped portions of the world with a view to their use for resettlement.

(4) The existing administrative facilities of the private organizations should be continued but brought under the general aegis of the Foundation which shall serve as the management in matters of settlement.

(5) When places have been adjudged feasible for settlement, the projects shall be organized in the form of privileged international companies.

(6) Under the privileged companies, settlement should be organized in part on agricultural, or subsistence, basis and in part on a semi-urban industrial basis.

(7) Financing should be done in the first instance by a central financial corporation which will have subsidiaries in the form of the various chartered companies.

(8) Financing should be done on a strictly business basis, that is, subscribers to the various projects should enter the field as investors not as dispensers of charity.

(9) All formulae to be adopted for raising money should be based upon the investment idea.

(10) For purposes of financing a sum of \$100,000,000 should ultimately be subscribed. A first *tranche* should be subscribed by the capitalist group and should amount to approximately \$20,000,000. When this amount has been subscribed, the President of the Foundation will be in a position to approach governments with regard to settlement projects. When agreement has been reached with governments regarding settlement projects the time will have come to appeal to the general public to complete the \$100,000,000.

These are the broad lines of M. van Zeeland's plan. I shall not bother you with the subordinate details which have been worked out, particularly those of a financial nature, with great care, and discussed with leading financial personalities, both Jewish and non-Jewish, in New York and have met, I understand, with general approval in the financial community.

If you are in agreement that M. van Zeeland is working in the right direction I shall, if you concur, write him in general terms to that effect. He is of the opinion—and I am sure that it is the right one—that you should not be brought into the matter in any direct way what-

soever until the \$20,000,000 has been subscribed by the capitalist group. When the stage has been reached where an appeal to the general public might be useful, M. van Zeeland will doubtless wish to have some public expression of support.

Faithfully yours,

SUMNER WELLES

840.48 Refugees/2012

*The Under Secretary of State (Welles) to the President of the Coordinating Foundation (Van Zeeland)*

WASHINGTON, December 6, 1939.

DEAR MONSIEUR VAN ZEELAND: On the basis of our recent correspondence, I consulted the President regarding your plan for the resettlement of refugees.<sup>86</sup> He was most appreciative of your courtesy in having him informed of the progress of your work and wished me to tell you that he found your plan interesting and, on the whole, sound.

The President had one suggestion to make and that was that the plan would have a greater appeal, that is would stimulate the imaginations of potential contributors more, if it were directed toward one or two large-scale settlements, measured in terms of a million square miles and millions in population, where the refugees might find a coordinated, self-sustaining civilization—some people on individual farms, others nearby in small villages, still others devoting themselves to public works, still others in small manufacturing communities, all contributing to a huge, rounded-out project planned on an enormous scale. If the program is to succeed, in other words, it should, in the President's view, appeal to the idealism of the contributing public and move people so deeply by its grandiose inception that they will wish to participate in its execution.

The President is of the opinion, moreover, that too much emphasis should not be placed on the investment aspect of the financing. Resettlement of large numbers of people cannot be put solely on a business basis. In his judgment fifty percent of the cost could properly be financed on a business basis, but the remaining fifty percent will have to be given, not loaned, in the form of gifts from individuals and governments. The President is in agreement with you that the first *tranche*—your figure is \$20,000,000—should properly be subscribed by the "capitalist group", but he is of the view, although of course the details of the plan must be left to you, that at least half—or \$10,000,000—should be given outright and the remainder "invested".

Above all, imaginations must be fired and real heart put into this

<sup>86</sup> See letter of December 1, *supra*.

undertaking if a solution is to be found of this problem which is one of the basic problems of the world today.

I am sending this letter to you at your New York office with the understanding that it will be forwarded to you in Europe. I wish you success in your conversations abroad and look forward to a further meeting with you upon your return to the United States in January.

Believe me [etc.]

SUMNER WELLES

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840.48 Refugees/2010

*The Lithuanian Minister (Zadeikis) to the Secretary of State*

WASHINGTON, December 8, 1939.

SIR: Directed by my Government and referring to my note of November 30, 1939,<sup>87</sup> I have the honor to invite the attention of the American Government to the grave problem of Polish refugees in Lithuania, and to emphasize the economic and political aspects of that problem, also the urgent necessity of its early solution because it is likely to jeopardize the welfare and peace of my country, as its economic resources are already too heavily taxed.

It is evident that Lithuania's geographic position in a major degree is responsible for the existing conditions. A vast number of Polish refugees, among them a considerable number of Jews, came streaming into neutral and peaceful Lithuania, which, unfortunately, is not strong enough to be immune from some outside developments and not wealthy enough to disregard the sharing of her limited resources. Through no fault of ours, we are penalized in such a degree that the Lithuanian Government is compelled to solicit aid from other neutral and economically more fortunate countries.

As a great majority of the Polish refugees in Lithuania hope to return to their homeland after the war is over and only a small number of them evince any desire to emigrate, the task of my Government to find a solution of the refugee problem becomes even more difficult.

Because of the fact that a great number of Polish refugees have relatives in the United States of America and, therefore, if accorded temporary abode in this country would not aggravate America's unemployment situation in any marked degree, I have the honor, on behalf of my Government, to submit most respectfully a request that approximately ten thousand refugees be taken care of by bringing them from Lithuania to the United States for a temporary stay until the war, affecting their country, is over, and providing them with necessary funds and transportation facilities.

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<sup>87</sup> Not printed.

The Lithuanian Government ventures to express a hope that ways and means will be found so that such assistance, the only real and substantial contribution to the solution of the existing refugee problem, can be realized and the American traditional hospitality extended to less fortunate peoples will be demonstrated once more.

In submitting this appeal of my Government to you, I have the honor to request respectfully that I be informed as soon as the United States Government has made a decision concerning this matter.

Accept [etc.]

P. ZADEIKIS

840.48 Refugees/2015 : Telegram

*The Ambassador in Italy (Phillips) to the Secretary of State*

ROME, December 12, 1939—5 p. m.  
[Received December 12—4: 19 p. m.]

549. It is possible that American press representatives here may send a report of the expulsion order recently issued to 3500 German and Polish refugees now in Italy and failing their departure before the end of this month, deportation to Germany. The Rome representative of the committee for refugees in Italy had brought this unhappy situation to my attention and asked for my intervention. Acting purely in my private capacity I made a personal appeal to Mussolini through Ciano with the result that the expulsion order has been withdrawn and the refugees permitted to remain for an unspecified length of time. However, the Foreign Office, for various reasons are particularly anxious that there should be no publicity with regard to the entire matter. I am reporting fully by mail in my despatch No. 1670 of December 11, 1939.<sup>88</sup>

PHILLIPS

840.48 Refugees/2010

*The Secretary of State to the Lithuanian Minister (Zadeikis)*

WASHINGTON, December 20, 1939.

SIR: I have the honor to acknowledge the receipt of your note of December 8, 1939, in which you describe the grave problem caused by the influx into Lithuania of refugees in great numbers from Poland, request that approximately 10,000 of these refugees be admitted into the United States on a temporary basis for the duration of the war and ask that their transportation and maintenance be provided for, presumably by American organizations.

<sup>88</sup> Not printed.

I assure you that the American Government and people have a deep appreciation of the difficulties with which the Lithuanian Government and people are beset as a consequence of the chaotic entry into their country of the many thousands of persons fleeing from Poland and wish to do everything practicable to be of assistance to your country in this time of trial. It is my understanding that American organizations such as the Red Cross and the Commission for Polish Relief are bending every effort to relieve the immediate suffering by sending money and supplies and that arrangements are being made by private American agencies for the feeding of, and medical assistance to, the refugees.

The American Government thoroughly appreciates, moreover, your Government's position that temporary relief will not suffice and that large numbers of the refugees should be emigrated from Lithuania at the earliest possible moment if the economic and social dangers inherent in the situation are to be avoided. This Government regrets, however, that it will not be possible, under the law, to comply with your suggestion that 10,000 refugees be admitted immediately on a temporary basis for the duration of the war.

With regard to temporary admissions into the United States, the law does not permit consular officers to issue visitors' visas to applicants unable to establish that they are non-immigrant temporary visitors within the meaning of section 3 (2) of the Act of 1924.<sup>89</sup> In order to qualify for a visitor's visa, an applicant must establish that he does not intend to come to the United States as an immigrant for permanent or extended residence, that he intends to enter the United States for a temporary period only on business or pleasure and that he intends upon the conclusion of his visit to return to his home country or to proceed to some other country, having travel documents valid for entry into such country. Persons classifiable as immigrants may not be granted visitors' visas, and must after establishing that they are admissible into the United States under the immigration laws as immigrants, await their turns to receive visas.

The refugees from Poland now residing in Lithuania may communicate with the Legation at Kaunas regarding their status under the immigration laws of the United States. Applicants able to meet the requirements of the law for classification as non-immigrants may apply for visitors' visas if they so desire and consideration will be given to their cases. The attached sheet contains general information regarding the issuance of immigration visas and lists the categories of persons for whom the law provides non-quota status or preference status within the quota. Immigrants not entitled to non-quota status or to preference status will be required to await their

<sup>89</sup> 43 Stat. 153.

turns as non-preference immigrants under the quota for the country of their birth. Owing to the large registered demand against the quota for Poland, considerable time is likely to elapse before applicants chargeable to that quota who have only recently registered may have final consideration given to their cases. Applicants found to come within the categories of persons for whom the law provides non-quota status or preference status within the quota may, if able to meet the requirements of the immigration laws, have prompt consideration given to their cases.

This Government is not, in short, unmindful of the urgent necessity of emigrating refugees from Eastern Europe. I need only cite the fact that the President, in addressing the officers of the Intergovernmental Committee on Political Refugees recently, urged the Committee to redouble its efforts to find, survey and prepare places of settlement for millions of refugees who will have to leave Europe in the wake of the war. I may mention that the Committee together with the International Coordinating Foundation, under the Presidency of M. van Zeeland, is examining, with a view to early exploitation, various large-scale settlement projects which will be available to refugees without distinction as to country of origin or religion or race.

Accept [etc.]

For the Secretary of State:  
SUMNER WELLES

## REPRESENTATIONS TO JAPAN IN REGARD TO REGULATION OF FISHERIES OFF THE COAST OF ALASKA <sup>1</sup>

711.008 North Pacific/2663

*Memorandum of Conversation, by the Chief of the Division of Far Eastern Affairs (Hamilton)*

[WASHINGTON,] January 11, 1938.

Mr. Suma, Counselor of the Japanese Embassy, called by his request. He said that the Japanese Embassy here had received this morning a cable from the Japanese Foreign Office referring to an Associated Press report from Washington which appeared in the *New York Herald-Tribune* of January 8 and which had apparently been cabled to Japan. This press report was to the effect that the Japanese reply to American representations in regard to the Alaska salmon fishing situation had failed to settle the dispute between Japan and the United States in regard to this matter. Mr. Suma said that according to the Foreign Office cable the Foreign Office considered that the communications which it had sent to Ambassador Grew represented substantial concessions on the part of the Japanese Government and that the case was closed except for the making of arrangements between the two governments as to the making of releases to the press. Mr. Suma said that the Japanese Foreign Office was considerably perturbed by the newspaper report in question; that the Japanese Foreign Office had worked earnestly with other Japanese governmental departments to effect an agreement which would be satisfactory to the United States; and that the Japanese Government had its own problem with regard to the desires and the needs of the Japanese fishermen and the Japanese fishing industry.

I told Mr. Suma that the situation was substantially the same as it was when he came to see me on this matter several weeks ago, namely, that the Department had sent a telegram to Ambassador Grew informing Ambassador Grew that the Department would have certain comments to make in regard to the *note verbale* and the proposed press communiqué of the Japanese Government; that the matter was still under consideration here with the view to sending a telegram of comment to Ambassador Grew. Mr. Suma inquired whether it was likely that the telegram would be sent forward in the near future. I said that I hoped so but that I could give no assurance in this regard. Mr. Suma then inquired whether the American Government would send a further note to the Japanese Government or whether the American Government would instruct Ambassador Grew to present further

<sup>1</sup> Continued from *Foreign Relations*, 1937, vol. iv, pp. 734-780.



comments orally. I told Mr. Suma that I thought that the latter procedure would be followed but that here again I could give no assurance inasmuch as no definite decision had as yet been reached in regard to the substance of the telegram which the Department expected to send to Mr. Grew.

I referred to the statement in the Japanese Foreign Office telegram to the effect that the Japanese Foreign Office considered the case to be closed with the exception of the working out of some arrangement for publishing the press communique of the Japanese Government. In this regard I said that from our point of view the case was not closed in that we expected to ask Mr. Grew by telegraph to make some further comments to the Japanese Government in regard to the substance of the Japanese Government's reply as well as in regard to the question of publication.

Mr. Suma referred again to the report which had appeared in the press here and said that his Government considered it very important that until the two governments had reached an agreement in regard to the question of publicity, neither government make public statements or comments in regard to the situation. I said that I would bring this point to the attention of higher officers of the Department. I said also that I did not know the source of the information which was contained in the press report under discussion but that the information represented in that press item did not of course constitute a publication of the text of the Japanese Government's proposed press communiqué or the text of the Japanese Government's *note verbale*. I said that with reference to the publication of those Japanese documents, we would of course expect to consult the Japanese Government. I pointed out that in this Alaska salmon fishing situation the Department was endeavoring to cooperate with the senators and congressmen from the interested western states, with the congressional delegate from Alaska and also with representatives of the fishing interests; and that from time to time these individuals asked the Department for information in regard to developments in the situation, at which time the Department endeavored to be responsive to such inquiries.

M[AXWELL] M. H[AMILTON]

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711.008 North Pacific/247 : Telegram

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

WASHINGTON, January 22, 1938—3 p. m.

20. Your 669, December 22, 8 p. m.<sup>2</sup>

Section 1. The Department offers comment and suggestions for oral communication to the Minister for Foreign Affairs<sup>3</sup> as follows:

<sup>2</sup> *Foreign Relations*, 1937, vol. iv, p. 777.

<sup>3</sup> Koki Hirota.

The American Government appreciates the spirit in which the Japanese Government has replied to its representations, and also the view the Japanese Government has taken relative to the possible effect of the Alaska fishery situation upon the relations between Japan and the United States. The American Government has carefully examined the proposals of the Japanese Government contained in the Foreign Office's *note verbale* and draft of proposed press communiqué, with particular reference to the question of whether or not the steps they contemplate would effectively accomplish the objective which both Governments have in view, i. e., the allaying of the existing ill-feeling and inflamed public sentiment arising from Japanese salmon fishing in Alaskan waters and the prevention of conditions likely to exacerbate feeling and disturb the commercial relations of our two countries.

2. The American Government has, with appreciation, taken note of the renewed assurance that the Japanese Government will continue in the future, as in the past, to refrain from issuing licenses to fish for salmon in Alaskan waters. In view of all the conditions and the serious consequences which might ensue from any other course, the American Government welcomes this concrete evidence by the Japanese Government of its willingness to help solve a problem of real gravity.

3. The American Government has also taken note of the assurance of the Japanese Government that it will discontinue its fishery survey and, for the time being, will suppress pertinent plans of fishing industries. These assurances thus given by the Japanese Government, if accompanied by the further steps hereinafter suggested, will constitute a logical foundation upon which to proceed to a permanent solution of the fisheries problem.

4. With respect to the suggested press release, however, the American Government must point out that if hostile feeling on the part of American fishing interests is to be successfully allayed, it is essential that the American Government should be able publicly to announce the steps that the Japanese Government has taken toward meeting the situation set forth in the latter's [*former's*] memorandum of November 24, 1937.<sup>4</sup> Without such public announcement, the American Government feels that it will be unable to cope successfully with the growing feeling of resentment. The American Government earnestly hopes that since our common objective can in no other way be achieved, the Japanese Government will have no objection to such an announcement being made by this Government.

The American Government believes that one further step is essential if the existing feeling of concern and apprehension is to be allayed.

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<sup>4</sup> See telegram No. 563, November 24, 1937, 5 p. m., from the Ambassador in Japan, *Foreign Relations*, 1937, vol. iv, p. 772.

Up to this time the American Government has not objected to Japanese fishermen in Alaskan waters engaging in taking crabs and the producing of fish meal from fish other than salmon. The American Government is now in possession of evidence to the effect that Japanese fishermen, ostensibly engaged in these activities, have in fact engaged in salmon fishing. In order to make possible the prevention in the future of such unauthorized activities and in order successfully to convince American fishermen that such operations are not taking place, the American Government would suggest that the two Governments enter into an informal understanding whereby some American agency, possibly the Coast Guard or the Bureau of Fisheries, could make occasional friendly visits to Japanese fishing vessels in order to see clearly that such vessels are not taking salmon on a commercial scale. We feel that by this means popular suspicion in regard to the operations of Japanese fishing vessels might be effectively eliminated. It seems to the American Government self-evident that unless some practical method of ensuring against Japanese boats engaging in salmon fishing in the waters under reference on a commercial scale can be effected, it will be impossible to prevent increased public tension and thus to achieve the object which both Governments have in view.

The American Government believes that if the Japanese Government will agree to these suggestions a solution of the present difficulties can be achieved, and further, that the two Governments will then be in a position to work out in the same spirit of friendly collaboration a constructive, permanent solution with respect to the problem of salmon fisheries.

Section 2. For discretionary use in discussion with the Minister for Foreign Affairs.

5. While the Department has come to the conclusion that the substance of the reply of the Foreign Office to your representations does not go far enough to satisfy the affected American interests, it is realized that your negotiations have achieved important results which we should conserve and utilize. To this end the Department envisages an informal agreement with the Japanese Government embodying the following points: (a) assurance that Japanese nationals will not be granted licenses to fish for salmon in Alaskan waters, (b) discontinuance of the Japanese Government's fishery survey, (c) consent to visit and inspection of fishing vessels, and (d) consent of the Japanese Government to a suitable public statement by the American Government regarding the agreement. The public statement issued here should be explicit, and preferably in the words of this Government. As the Japanese Government is in position to exercise a degree of censorship, it might be agreed that the public statement released by

the American Government should be somewhat more explicit than that released by the Japanese Government.

6. The Department has ascertained from the Bureau of Fisheries that the proposed inspection arrangement should be made applicable to the following waters: The waters of Bristol Bay extending westward to a line drawn from Cape Cheerful on Unalaska Island, to Cape Avinof on the mainland; also all other waters extending a distance of 60 nautical miles from the shores of the mainland and islands of the Territory of Alaska.

7. The Department has taken note of the following statement in the Japanese *note verbale*: "The Imperial Government firmly believes in the justice of its contention that so long as salmon fishing is carried on on the high seas such fishing cannot warrantably be subjected to restriction by another power." Should this point be further emphasized you might comment that the right of fishing has long been regarded by a number of countries as pertaining to the land, and that it is not unusual for nations to reserve coast fisheries to their nationals, especially when the production of these fisheries is threatened by destructive or uncontrollable methods of fishing. This is particularly warrantable in the case of salmon fisheries which, more than others, are exposed to ruinous exploitation.

8. In endeavoring to impress upon the Japanese Government the importance of meeting substantially this Government's suggestions you should reemphasize such arguments brought out in the Department's memorandum as you consider most effective, stressing especially that the affected interests are becoming more and more restive; that the Department is continuously receiving fresh evidence of this; and that there continues to be the greatest danger of activities calculated to disturb the commercial relations of this country and Japan. There is also current in the press, on the radio, and in the news reels, publicity which this Government is powerless to prevent and which not infrequently places Japan in an unfavorable light with respect to the fishing activities of Japanese nationals in Alaskan waters.

9. I hope that you will make clear to the Japanese Government that one point which we have especially in mind is common and cooperative effort to allay the popular ill-feeling which tends to injure good relations between the two countries. Furthermore, should the American Government not have, as a matter of comity and in harmony with principles of equity, the necessary collaboration of the Japanese Government, impetus may be given to the growing disposition both in and out of Congress to resort to legislation for the protection of the Alaska fisheries. The Department is at this moment confronted with urgent requests here for its views upon pending legislative proposals for the protection of fisheries.

10. The Administration has taken and continues to take special interest in this problem.

HULL

711.008 North Pacific/271 : Telegram

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

TOKYO, January 24, 1938—4 p. m.  
[Received January 24—8:40 a. m.]

51. Department's No. 20, January 22, 3 p. m., Alaska salmon situation. The friendly tone and spirit which are reflected in the instructions which you have given me on this outstanding matter are important because an approach by our Government to this problem along the line of cooperativeness is clearly the course which offers the best and possibly the only chance of bringing forth a satisfactory solution. Therefore before acting on your instructions and from a desire to use my efforts to the best possible advantage, I lay before you the following possible changes in procedure.

1. As I have informed the Department on several occasions, the Minister for Foreign Affairs does not have a thorough grasp of the English language. The considerations and arguments as presented by the Department can be employed to the best effect only if the friendly spirit in which they are presented can be fully sensed by the Minister but I doubt whether his knowledge of English is sufficient to enable him to appreciate the full flavor as well as possible implications of what I am to say. It is my intention to go over the matter with him with the utmost care but I believe that there would be possibility of the full force of my representations being lost on him or of some misunderstanding arising unless I leave with him the text of section 1 of the telegram under reference. May I do so, preferably in the form of an *aide-mémoire* or if the Department does not desire that I communicate any formal document then an informal document headed "orally presented"?

2. I shall of course take the utmost pains to present the Department's views to the Minister as clearly and as carefully as possible but if the Department does not desire that any written statement be left with the Minister I shall later have Dooman<sup>5</sup> go over the ground again with Yoshizawa<sup>6</sup> to ensure against any possible misunderstanding.

GREW

<sup>5</sup> Eugene H. Dooman, Counselor of Embassy in Japan.

<sup>6</sup> Seijiro Yoshizawa, Director of the American Affairs Bureau, Japanese Foreign Office.

711.008 North Pacific/271 : Telegram

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

WASHINGTON, January 24, 1938—8 p. m.

24. Your 51, January 24, 4 p. m., paragraph 1. The Department approves of your leaving with the Minister for Foreign Affairs following your representations an informal memorandum containing the text of Section 1 of the Department's 20, January 22, 3 p. m., and headed "orally presented" to be understood as for the strictly confidential use of the Foreign Minister.

HULL

711.008 North Pacific/274 : Telegram

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

TOKYO, January 26, 1938—6 p. m.

[Received 6:10 p. m.]

54. Department's 20, January 22, 3 p. m., Alaskan salmon fisheries.

1. In a long conference with the Minister for Foreign Affairs last night I made the desired representations, elaborating and accentuating all of points brought out by the Department.

The Minister was obviously very tired from the daily sessions of the Diet and said that he would refer the matter to the Ministry of Agriculture, but I told him that the only reason I had disturbed him at this busy moment was because the problem was one of prime importance in the relations between our countries for which he and not the Minister of Agriculture is responsible. He said that he himself knew nothing about the details of the matter but that he feared it would be very difficult to agree to the right of friendly visit and investigation of Japanese vessels on the high seas and he thought the proper way to solve the problem would be for the Japanese authorities themselves to take steps to prevent the crab-fishing vessels from salmon fishing. I pointed out that the refusal to issue licenses was not in itself effective and that we have definite evidence of such salmon fishing. The Minister replied that this was the problem to be studied. He was noncommittal with regard to the publication of a statement by the American Government but said that my presentation of the situation would be carefully considered.

2. Dooman took up the matter in detail with Yoshizawa today and supported my representations, which were as emphatic as I [it?] was possible to make them. The views expressed by Yoshizawa during the course of an extended conversation in which the arguments pro and con were repeatedly gone over may be summarized as follows:

3. The Japanese Government has been sincerely cooperating with a view to the settlement of the fishery problem to the satisfaction of the American Government and people and it has believed that, in view of the long time that had elapsed after the presentation of the Japanese Government's reply of December 22,<sup>7</sup> the position taken by the Japanese Government had been satisfactory to the American Government, Yoshizawa had been unable to discuss at length with the responsible officials of the Ministry of Agriculture the views which I presented last night to Hirota, but he believed that the Japanese Government might be willing to go a step further toward meeting the desires of the American Government in the conclusion of an agreement substantially along the lines indicated by the Department in paragraph 5 of the telegram under reference. His impression of the position which might eventually be taken by the Japanese Government with regard to the various points enumerated are:

(a) The reason the reference in the Japanese Government's note of December 22, to the matter of assurance that Japanese nationals will not be granted licenses to fish for salmon in Alaskan waters, was obscurely phrased was that the Japanese Government could not afford to put into the official record any statement which might prejudice its rights under international law to fish on the high seas. However, the Japanese Government might be prepared to agree to some appropriately worded reply by the Department in which the fact that such an assurance had been given would be made public, on the understanding that the release would be referred to the Japanese Government prior to publication.

(b) The Japanese Government has agreed to the discontinuance of its fishery survey.

(c) The Japanese Government cannot accept the assertion that the crab and fish meal vessels are fishing for salmon unless indisputable evidence to the effect is presented. It is believed that it is physically impossible for such vessels to fish for salmon for the reason that they are equipped only with nets used to catch crab which have a mesh too large to permit of the capture of salmon or to catch ground fish. Such nets are submerged and dragged along the sea bottom whereas salmon are caught with nets of small mesh which are floated on or near the surface of the water. If, however, the required indisputable evidence is presented, the Japanese would be willing to consider taking some domestic measure (the character of which was not indicated) which would safeguard against violation of the assurance given under point (a) above.

Yoshizawa stressed that, even if the right of friendly search were accorded to American public vessels and if Japanese crab vessels were found to be catching salmon, the necessary remedial measure could be taken only by the Japanese Government.

(d) With regard to the questions of publicity, the consensus of publicity, the consensus of opinion among Japanese officers concerned

<sup>7</sup> See telegram No. 669, December 22, 1937, 8 p. m., from the Ambassador in Japan, *Foreign Relations*, 1937, vol. IV, p. 777.

is that no publicity need be given out in Japan. There would be no objection to some public statement being given out by the American Government, subject, however, to the condition that the statement be referred to the Japanese Government prior to publication. In any event it is assumed that the question of publicity will not be decided upon until some understanding is reached with regard to point (e) above.

4. Yoshizawa will discuss this matter with the appropriate officials and will shortly have another conference with Dooman.

5. We assume that phrase "latter's memorandum" in paragraph 4 of Department's telegram under reference should be "former's *aide-mémoire*".

GREW

711.008 North Pacific/278½

*Memorandum of Conversation, by Mr. Leo D. Sturgeon of the  
Division of Far Eastern Affairs*

[OTTAWA,] January 28, 1938.

Participants: Mr. Loring Christie, Counselor, External Affairs Department, Dominion of Canada.  
Mr. Key (American Legation).<sup>3</sup>  
Mr. Sturgeon.

Mr. Key and Mr. Sturgeon called by appointment on Mr. Christie in the External Affairs Department.

After being introduced to Mr. Christie by Mr. Key, and a few moments of general conversation, Mr. Sturgeon mentioned that in recent months the Department had been working on the problem of protecting the Alaska salmon fishery from the threat of Japanese fishing. He stated that in considering these problems the possible common interest of Canada had constantly been borne in mind, and also the possibility that what we are now doing may prove of only temporary effect; that some of those studying the situation feel that we may later be called upon to work out a broader and more permanent arrangement; and that we had therefore wished to let the Canadian authorities know, at least in a general way, how we are attempting to meet the situation created by Japanese fishing.

Mr. Christie said that he had been able to keep in touch with what we were doing through the American Legation and from reports of the Canadian Minister at Washington, and expressed appreciation of the cooperation that had been extended through these channels. He said that there had been considerable apprehension among Canadians, especially Canadian fishing interests, in regard to Japanese fishing

<sup>3</sup> David McK. Key, Second Secretary of Legation in Canada.



operations in the North Pacific. He said that it was rather generally felt that when the Japanese shall have exhausted other fishing grounds they may attempt to exploit Canadian waters. Mr. Christie indicated that he had chiefly in mind Canadian halibut fishing waters.

Mr. Sturgeon mentioned that certain interests in the United States believed that eventually the best solution to the problem arising out of Japanese fishing in the Pacific would be an international convention among the interested powers for the protection and conservation of North Pacific fisheries. He inquired whether Mr. Christie had heard any talk in Canadian Government circles of the possibility of such a convention. Mr. Christie replied that there had been no formal discussion regarding an international convention, but that he had had some informal discussion on the subject with Dr. Found, Deputy Minister of the Fisheries Department. Mr. Christie made it clear that no formal consideration had been given to this question and stated that he understood that on the American side the taking of steps toward an international convention was a matter for the future and not one being given immediate consideration. Mr. Sturgeon replied that the matter was not under immediate consideration, and that the general situation would probably have to develop or "ripen" considerably before this stage was likely to be reached.

Mr. Sturgeon referred to reports and suggestions from certain American quarters to the effect that the time may have come when it would be advisable for Canada and the United States to consider taking joint action to protect the off-shore fisheries of Canada and Alaska against Japanese fishing. He inquired whether Mr. Christie's Department had been similarly approached. After some hesitation Mr. Christie stated that there were some interests in Canada which were inclined to approach the fishing question from this angle, but he wondered whether they realized the significance of what they were urging. In the first place, he pointed out, Canadian interests have not thus far been directly affected by the Japanese fishing in Bristol Bay. It was rather the fear that the Japanese might after depleting the fisheries of the Bristol Bay area move southward, thus coming into conflict with Canadian interests, which was at the bottom of the agitation in favor of joint Canadian-American action. The inference from Mr. Christie's remark was that the Canadian Government is not for the present at least thinking in terms of joint action.

Mr. Sturgeon asked Mr. Christie whether he had given any thought to the possible inadequacy of the traditional three-mile limit jurisdiction over territorial waters as it affects fisheries. Replying indirectly to this question, Mr. Christie referred to a recent article in the *Saturday Evening Post* in which the question "Are Fish Citizens?" was facetiously raised. Mr. Sturgeon stated that the American Govern-

ment had not attempted to put forward any such narrow interpretation of the salmon fishery question as that contained in the magazine article referred to, but that the American Government had given thought to the fact that certain types of fisheries, such as salmon, have always pertained to the land and that, therefore, as a matter of equity it had been thought that certain superior economic claims could justly be put forward. Mr. Christie indicated sympathetic assent to this view and stated that he had read with much interest the American Government's memorandum in regard to the Alaska fisheries which was presented to the Tokyo Government,<sup>9</sup> a copy of which had been left with him by the Legation. He had noted that the memorandum contained many valid economic, if not legalistic, arguments which supported our general position with respect to foreign fishing.

At the conclusion of the conversation Mr. Christie expressed himself as gratified at the opportunity which the visit had given him for an exchange of views relative to fisheries in which Canada and the United States have common interest. He assured Mr. Sturgeon that everything that had been said would be treated in strict confidence. Mr. Sturgeon in turn stated that he had not called to speak specifically of any particular phase of the fishery question and that on his part the conversation would be treated chiefly as background in connection with future duties. Mr. Christie then suggested that he would be glad to arrange for a conversation with the Deputy Minister of Fisheries.<sup>10</sup> Mr. Sturgeon thanked Mr. Christie for the suggestion and for the consideration given him with respect to the conversation.

LEO D. STURGEON

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711.008 North Pacific/282a : Telegram

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

WASHINGTON, February 4, 1938—6 p. m.

39. There are given below excerpts from accounts in the *New York Times* of February 2 and 3 in regard to hearing on the Dimond bill,<sup>11</sup> which indicate the nature of the testimony given by leading witnesses. You may informally make use of this material in any manner that you think might be effective:

"Anthony J. Dimond, Alaska's delegate to Congress, has introduced a bill which would give this country jurisdiction over the fishing grounds hundreds of miles at sea and would provide for the confiscation of Japanese fishing boats taking salmon from these waters.

<sup>9</sup> See telegram No. 309, November 20, 1937, noon, to the Ambassador in Japan, *Foreign Relations*, 1937, vol. iv, p. 763.

<sup>10</sup> The conversation took place January 29, 1938.

<sup>11</sup> Bill (H. R. 8982) introduced on January 15, 1938, by Delegate Anthony J. Dimond, of Alaska; *Congressional Record*, vol. 83, pt. 1, p. 608.

With other Alaskans he presented evidence to show that the Japanese, in spite of official denials, had last year started taking the salmon, returning to spawn in Alaskan rivers, in tremendous quantities.

Frank T. Bell, commissioner of the Bureau of Fisheries, testified to receiving reports from the Coast Guard of the appearance of one of the floating Japanese canneries 25 miles off shore, another 14 miles off the Alaskan shore, and another 130 miles out.

This last vessel was licensed by the Japanese Government to fish in Siberian waters, he said.

Mr. Bell testified that through conservation the fisheries had been built up to a stable, dependable business, but that if foreign vessels did not keep the conservation laws, Americans would certainly seek to violate them and the fisheries would be destroyed.

Mr. Dimond placed the life of the famous Bristol Bay red salmon fisheries, now yielding \$12,000,000 a year, at 5 years unless the Japanese were curbed.

'I am gravely apprehensive that unless suitable legislation is passed there will be armed conflict in the Bering Sea,' he said.

Mr. Dimond warned that a private war of this type would endanger the foreign relations of the United States a thousand times more than by the enactment and enforcement of the legislation he proposed.

The Japanese entrance upon Alaskan salmon fisheries was assailed by H. B. Friele, Alaskan salmon packer, who declared that the Japanese 'wield a two-edged sword over us'.

'They take our fish and then, exporting to England, they take our customer,' he explained.

He said the Japanese consumed none of the red salmon, exporting it for the most part to Great Britain, one of the most important customers of the salmon fisheries and canneries of Alaska.

The witness presented evidence to show that in the last season the Japanese had caught and packed 250,000 cases of red salmon in Bristol Bay."

For your information, the Department did not instigate the bill and has not expressed views to the committee conducting the hearings and does not expect to appear at the hearings unless urged by the committee to do so.

HULL

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711.008 North Pacific/282b : Telegram

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

WASHINGTON, February 7, 1938—6 p. m.

45. Because of situation outlined in Department's 39, February 4, 6 p. m., it would greatly contribute to desired purpose and we would be relieved of possible embarrassment if an early reply to your representations could be obtained from the Japanese Government.

HULL

711.008 North Pacific/283 : Telegram

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

TOKYO, February 9, 1938—8 p. m.

[Received February 9—10:25 a. m.]

92. Department's 45, February 7, 6 p. m., Alaska salmon fisheries.

1. On February 5, we pressed Yoshizawa for an early and favorable reply to our representations of January 25 and 26. Yoshizawa said that press reports of intemperate statements made in the United States during the hearings on the Dimond Bill have aroused much feeling in Japanese official circles; that the Ministry of Agriculture which has previously been cooperative is becoming *intransigent*; and that the possibility is being considered of the Japanese Government issuing a statement to the press to the effect that the Japanese Government has taken a most conciliatory attitude.

2. Today Yoshizawa called Dooman to the Foreign Office and said that he was now in a position to give an official reply to our representations.

3. With regard to sub-paragraphs (a) and (b) of paragraph 3 of our 54, January 26, 6 p. m., he said that the Japanese Government would grant no licenses for salmon fishing and would discontinue its fishery survey but that it would not agree to the publication of any statement calculated to give the public the impression that the Japanese Government in giving such assurances had permanently renounced its rights under international law to fish anywhere on the high seas. Yoshizawa said that the assurances which have been given reflect a policy of the Japanese Government to avoid and to remove any cause for apprehension by the American people on the score of Japanese fishing operations in Bristol Bay but that it could not afford to prejudice its rights in principle. He said that he would shortly give us in writing a statement of his Government's position on this point.

4. With regard to sub-paragraph (c), he stated that the Japanese Government could not in any circumstances extend the right of friendly search. If, however, indisputable evidence is presented that the Japanese crab and fish meal vessels are fishing for salmon, the Japanese Government is prepared to consider the cancellation of the licenses issued to these vessels on the two grounds of making effective the assurances referred to in the preceding paragraph and as penalty for violation of the terms of the licenses.

5. Yoshizawa confirmed his previous statement with regard to the question of the issuance of a public statement by the American Government. He repeated that the statement is to be referred to the Japanese Government prior to publication.

GREW

711.008 North Pacific/286: Telegram

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

Tokyo, February 13, 1938—2 p. m.

[Received February 13—10:05 a. m.]

104. Our 92, February 9, 8 p. m., Alaska salmon fisheries.

1. Last night Yoshizawa handed us the statement in writing referred to in paragraph 3 of our telegram under reference. The following translation was made jointly by the Embassy and the Foreign Office:

"The Japanese Government adheres to its previous contention that fishing on the high seas is not subject to any restriction.

However, in view of the fact that investigations in Bristol Bay by a Japanese Government survey vessel for salmon fishing have created misapprehensions and have agitated public opinion in the United States, the Japanese Government will suspend such investigations notwithstanding the fact that the 3-year program would extend such other investigations into 1938. Furthermore, it has been the practice in the past not to issue licenses to those vessels which desired to proceed to Bristol Bay for the purpose of salmon fishing, which practice the Japanese Government will, on its own initiative, continue for the time being".

2. With reference to the word "suspend" and to the phrase "for the time being", Yoshizawa stated that they did not signify that the Japanese Government definitely plans at some future time to reopen the issue but that they reflect the determination of the Japanese Government to make no concession with regard to the principle involved which would of course be prejudiced if unqualified assurances were given. With regard to the fishery survey, he explained that the balance of the appropriation made for that purpose will have to be returned to the fiscus and will therefore no longer be available after the conclusion of the present fiscal year. In the Japanese text "suspend" was inserted to replace the word "discontinue" which was crossed out and the phrase "on its own initiative" was interpolated. Yoshizawa said that these changes were made at the insistence of the Ministry of Agriculture whose recent change of attitude was previously reported.

3. Our negotiations with the Japanese have produced the following results.

(a) No licenses for salmon fishing will be issued "for the time being";

(b) The fishery survey will be "suspended";

(c) Licenses to crab and fish to further vessels will be canceled if conclusive evidence is presented that they have been fishing for salmon on a commercial scale;

(d) The Japanese Government agrees to publication of the foregoing on condition that the text is previously referred to Tokyo for consideration.

4. These results do not altogether meet the desires of our Government. However, they are important, they provide the basis for a provisional settlement of the issue and they represent in our considered judgment the maximum concessions which the Japanese Government is prepared to make at this time.

GREW

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711.008 North Pacific/298

*Memorandum by the Adviser on Political Relations (Hornbeck) to the Counselor of the Department of State (Moore)*

[WASHINGTON,] March 5, 1938.

MR. MOORE: In my opinion this proposed instruction to Grew<sup>12</sup> represents the action which should be taken.

The Department's general plan and the substance of the proposed release were assented to by Senator Schwollenbach and Mr. Dimond in the course of the conference, at which I was present, in your office on February 14. It is my understanding that you subsequently explained the matter to Senator Bone and evoked an assent by him.<sup>13</sup>

It is also my understanding that day before yesterday Mr. McIntyre<sup>14</sup> informed the Secretary orally that the President had given an oral approval.

My greatest misgiving in regard to sending this instruction now arises out of the fact of the delay which has taken place and unfortunate publicity which has occurred both in Tokyo and in Washington during the period of delay: the chances of acceptance by the Japanese Government of the proposal which we make have been diminished.

I realize that pursuance of the course which the Department is advocating is attended with certain risks from point of view of criticism within administrative and political circles. I can conceive, however, of no course which might possibly be taken in connection with this very thorny problem which would not be attended with risks. Whatever action is taken will be action on the basis of choosing among courses no one of which is ideal. I know of no way in which the Department could achieve assurance that the action which it takes will not later be subjected to criticism and recrimination from some and perhaps several quarters.

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<sup>12</sup> *Infra.*

<sup>13</sup> Both Senators represented Washington.

<sup>14</sup> Marvin H. McIntyre, assistant secretary to President Roosevelt.

Mr. Sturgeon and I have done our best in the making of our contribution to the formulating of a line of procedure and drafting an instruction the purport of which is action on that line. It is impossible for us to give guarantees that the proposed course of action will not be made the object of attack later by some individuals or interests. I personally would not feel that I could give any such guarantees under any circumstances, and I would not feel that there was absolute assurance in that connection short of having approval in writing by and from all important persons whose opinions with regard to the matter are involved.

Frankly, it seems to me that the problem of gaining assurances, if assurances must be had, can be handled only by officials between and among whom the assurances would be effective.

In conclusion, I must urge that the situation as between this Government and the Japanese Government in regard to this matter has become such that the factor of time is becoming, in relation to the lack of value of line of action which the Department has advocated, an exceedingly important and perhaps even a determining factor.

S[TANLEY] K. H[ORNBECK]

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711.008 North Pacific/286 : Telegram

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

WASHINGTON, March 5, 1938—4 p. m.

79. Your 104, February 13, 2 p. m., and previous.

1. The following is the text of a draft press communiqué which, if concurred in by the Japanese Government, will immediately be released here as concluding the present discussions in regard to the Alaska salmon fisheries.

“As a result of discussions between the American Government and the Government of Japan in regard to the fishing activities of Japanese nationals in the off-shore waters of Alaska, especially fishing operations in the Bristol Bay area reported during the past fishing season, the Japanese Government has given, without prejudice to the question of rights under international law, assurances as follows:

1. That the Japanese Government is suspending the 3-year salmon fishing survey which has been in progress in waters of Bering Sea and Bristol Bay.

2. That fishing by Japanese vessels is not permitted without licenses from the Japanese Government; that the Japanese Government will refrain from issuing licenses to fish for salmon in Alaskan waters; and that in order to make effective this assurance the Japanese Government will, in the event that conclusive evidence is presented that any Japanese vessels engage in salmon fishing on a commercial scale in the waters in question, cancel

such licenses as they may hold to engage in crab and other fishing; and that, if Japanese nationals have in the past taken salmon in commercial quantities in Alaskan waters such fishing has been without the knowledge of the Japanese authorities.

The Japanese Government has given these assurances with the object of collaborating with the American Government in its efforts to conserve and protect the Alaska salmon fishery resources, and in consequence of the Japanese Government's desire to avoid and remove cause for the apprehension of American fishing interests and the American public with regard to Japanese fishing activities in the vicinity of Alaska.

Discussions in regard to measures for the protection of Alaskan fisheries have been conducted by the two Governments concerned in a friendly manner, both Governments having been desirous of removing from the Alaskan fishery situation a possible source of disturbance to Japanese-American relations. The assurances given by the Japanese Government will be regarded by each Government as regulating the situation until such time as the problems involved may call for and circumstances may render practicable the taking of other measures".

2. In your discretion you may inform the Minister for Foreign Affairs that this Government expects to release concurrently with the above press communiqué a separate independent statement of its own dealing with certain administrative phases of the Alaska fishery situation which are entirely within the province of this Government.

3. For your information and discretionary use:

The communiqué is designed to indicate the general approach of the two Governments to the fishery question.

With regard to the final clause of numbered item 2, under assurances, it has developed here that a statement to this effect is important to meet criticism in regard to Japanese salmon fishing during the past season.

While the Department realizes that the assurances which have been given by the Japanese Government are substantial, and accepts your judgment that they are the maximum concessions which the Japanese Government may be expected to make at this time, it can not be assumed that the concessions will entirely satisfy affected American interests and the American public. However, the communiqué has been framed toward accomplishing this as effectively as possible. The communiqué does not deviate from the assurances and statements of the Japanese Government, and the concurrence of the Japanese Government in the communiqué in the form proposed would materially contribute to the acceptability in the United States of the Japanese assurances.

HULL



711.008 North Pacific/299 : Telegram

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

TOKYO, March 11, 1938—noon.  
 [Received March 11—6:50 a. m.]

162. Department's 82, March 9, 7 p. m., paragraph 3—Alaska fisheries.<sup>15</sup>

1. I would prefer to withhold my reply.

2. On March 9 the Foreign Office presented to us the Japanese redraft of the Department's draft communiqué. We considered it to be entirely unsatisfactory and declined to accept it. We urged the Foreign Office to bring the strongest possible pressure to bear on Ministry of Agriculture to accept the Department's draft, and the Foreign Office agreed to make another effort. We expected to hear from Yoshizawa last night but he telephoned that further study was not completed.

3. If the Japanese reply after such reconsideration should still be unsatisfactory, I expect to call on the Minister for Foreign Affairs and tell him as vigorously and frankly as possible the dangerous potentialities of the situation. Before doing so I shall carefully review the Department's various telegrams but if there occurs to the Department any additional facts or considerations which I could use to advantage in talking to Hirota, I would be glad to have such material telegraphed to me as soon as possible.

GREW

711.008 North Pacific/299 : Telegram

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

WASHINGTON, March 11, 1938—5 p. m.

84. Your 162, March 11, noon.

1. The statement we have proposed represents the only present method of averting possible serious trouble. At this time there is debate in Congress in regard to legislation that may be enacted, and failure of the present discussions might lead to quick action by Congress.

2. Public concern over the salmon fishery situation has rapidly increased, and the Department is constantly receiving press clippings and letters from widely separated parts of the country objecting to Japanese fishing activities. Moreover, a certain amount of restraint

<sup>15</sup> Not printed; it discussed possible publicity on the subject (711.008 North Pacific/241).

has undoubtedly been exercised by affected interests out of consideration for the Department's efforts. The situation might easily become exceedingly dangerous.

3. The Department cannot well conceive of less that might be done by the Japanese authorities in this situation than is outlined in the draft press release which, it should be noted, makes no material departure from the assurances and statements of the Japanese Government. The American Government regards the assurances in question as representing the minimum that would prove acceptable, even temporarily, to affected interests and to those urging legislation, and regards as very unfortunate the fact that the Japanese Government is having difficulty, with attendant delay, in arriving at a decision to accept and assent to publication of the clear statement in the draft under reference of the assurances which that Government has already given.

4. I thoroughly approve of the action you have taken and the future course you have in mind as indicated in paragraph 3 of your telegram under reference.

HULL

711.008 North Pacific/302: Telegram

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

TOKYO, March 12, 1938—8 p. m.

[Received March 12—11:07 a. m.]

169. Our 162, March 11, noon, Alaska salmon fisheries.

1. The Foreign Office has just presented to us a new redraft of the press communiqué as follows and in view of the advantages of release for Sunday morning papers we received it *ad referendum*:

"As a result of discussions between the American Government and the Government of Japan in regard to the salmon fishing activities of Japanese nationals in the offshore waters of Alaska, especially in the Bristol Bay area, reported during the past fishing season, the Japanese Government has given, without prejudice to the question of rights under international law, assurances as follows: (1) that the Japanese Government is suspending the 3-year salmon fishing survey which has been in progress since 1936 in waters of Bristol Bay, (2) that inasmuch as it has been the practice in the past not to issue licenses to those vessels which desired to proceed to the Bristol Bay area for the purpose of salmon fishing the Japanese Government will on its own initiative continue the said practice for the time being and that in order to make effective this assurance the Japanese Government is prepared to take if and when conclusive evidence is presented that any Japanese vessels, which are present in the waters in question to engage in crab fishing or in production of fish meal,

operate in salmon fishery on a commercial scale, a necessary and proper measure to cause such operations to be discontinued.

The American Government appreciates these assurances which the Japanese Government has given in the spirit of collaboration in the efforts of the American Government to conserve and protect the Alaskan salmon fishery resources and is gratified that discussions have been conducted by the two Governments concerned in a friendly manner.

The assurances given by the Japanese Government are regarded as regulating the situation until such time as the problems involved may call for, and circumstances may render practicable, the taking of other measures."

2. The redraft shown to us on March 9 was as follows:

"As a result of discussions carried on in a friendly manner between the American Government and the Government of Japan in regard to the salmon fishing activities of Japanese nationals in the offshore waters of Alaska, especially in the Bristol Bay area, reported during the past fishing season the Japanese Government has given, without prejudice to the question of rights under international law, assurances as follows: (1) that the Japanese Government is suspending the 3-year salmon fishing survey which has been in progress since 1936 in waters of Bristol Bay, (2) that inasmuch as the salmon fishing by Japanese vessels is not permitted without licenses from the Japanese Government, the Japanese Government will refrain for the time being from issuing licenses to fish for salmon in Bristol Bay area and that in order to make effective this assurance the Japanese Government is prepared to take, if and when conclusive evidence is presented that any Japanese vessels, which are present in the waters in question to engage in crab fishing or in production of fish meal, operate in salmon fishery on a commercial scale, a necessary and proper measure to prevent such operations."

3. We informed the Foreign Office this afternoon of the substance of the Department's 84, March 11, 5 p. m., in order to support our contention that any substantial departure from the Department's original draft may not have the effect of allaying public feeling in the United States. The Foreign Office stated categorically that the assurances and undertakings which it has given to us confidentially would not be modified by reason of omission of any feature thereof from the press announcement and the hope was expressed that the Department would appreciate the fact that Japanese public opinion would become aroused if it had reason to believe that the Japanese Government had made a surrender of substantial Japanese rights.

4. If the Japanese counter-draft is acceptable to our Government and the Department desires to issue it to the press for release in Sunday morning's papers, it will be necessary for us to receive word to that effect before 11:30 o'clock Sunday morning Tokyo time so that we may inform the Foreign Office which intends to release the com-

munique (omitting the last two sentences thereof) in Japan simultaneously with release in the United States. The hour mentioned would be the last possible to catch the Sunday afternoon papers here. In that case I suggest that the Department send me by radio triple priority this evening the single uncoded word "release".

5. In the event that the Department finds the counter-draft unacceptable, I would appreciate word to that effect in order that I may proceed along the lines of paragraph 3 of my 162.

GREW

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711.008 North Pacific/304a : Telegram

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

WASHINGTON, March 15, 1938—6 p. m.

90. The *Washington Post* carried today an Associated Press despatch under Tokyo date line March 15, as follows:

"An eleventh-hour disagreement over an undisclosed point today delayed settlement of the Alaskan fishery problem between the United States and Japan.

A reliable source said the negotiations would be reopened 'on a totally new basis'."

2. For your information, the Department feels that it would be very unfortunate to have proposed, at this advanced stage of negotiations on the lines already worked on, a new basis of negotiation.

HULL

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711.008 North Pacific/305 : Telegram

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

TOKYO, March 16, 1938—7 p. m.

[Received March 16—7:10 a. m.]

174. Department's 90, March 15, 6 p. m.—Alaska fisheries.

1. In reply to an inquiry which we made today, Yoshizawa stated that there is no basis whatever for the Associated Press story. He added that the Japanese Government not only has *no* intention of reopening the negotiations but that it looks forward to publication at an early date of a press communiqué acceptable to both Governments.

2. The Associated Press correspondent declines to disclose to us the source of his story.

GREW

711.008 North Pacific/302: Telegram

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

WASHINGTON, March 16, 1938—6 p. m.

92. Your 169, March 12, 8 p. m.

1. We are disappointed at and embarrassed by the failure of the Japanese Government to approve what we regard as a clear statement of a reasonable *modus vivendi*.

2. The modifications in the Japanese redraft which appear to us unsatisfactory involve especially omissions of matters so essentially important that the Department is convinced that it would not be worthwhile to lay that draft before other interested agencies of this Government for consideration. Prior to sending our draft to you, the Department had obtained the Administration's approval and had done what was possible toward ensuring its acceptability to representatives of affected interests. Inasmuch as the substance of the Japanese assurances is regarded here as the minimum that might prove acceptable to affected interests, the Department has been and still is under the necessity of urging the concurrence of the Japanese Government in the publication of such assurances in as clear-cut a form as possible.

3. But the Department wishes to cooperate fully with the Japanese Government toward making the phrasing of the proposed release acceptable to all concerned. Accordingly, giving full consideration to both our draft and the Japanese redraft, the Department proposes, in regard to what appears in numbered paragraph 1 of your 169, acceptance of what precedes the clause "assurances as follows" and, in substitution for what appears thereafter, the following:

"(1) That the Japanese Government is suspending the 3-year salmon fishing survey which has been in progress since 1936 in the waters in question;

(2) That fishing by Japanese vessels is not permitted without licenses from the Japanese Government; that inasmuch as it has been the practice of the Japanese Government in the past not to issue licenses for salmon fishing to those vessels which desired to proceed to Bristol Bay or other Alaskan waters, the Japanese Government will on its own initiative continue the said practice; that in order to make effective this assurance the Japanese Government is prepared to take, if and when conclusive evidence is presented that any Japanese vessels engage in salmon fishing on a commercial scale in the waters in question, necessary and proper measures to prevent any such further operation; and that, if Japanese nationals have in the past taken salmon in commercial quantities in Alaskan waters, such fishing has been without the knowledge of the Japanese authorities."

4. While this revision may be regarded as less explicit than our original draft, nevertheless, if the Japanese Government will concur in this draft, the Department will make efforts to obtain from the inter-

ested agencies of this Government and the public representatives of the affected interests the necessary approval of this text.

5. The Department is convinced that inclusion of the phrase "for the time being" would seriously undermine in the minds of our public the value of the other Japanese assurances.

6. The Department's present solicitude, which it is assumed that the Japanese Foreign Office also entertains, relates to the formulating of a communiqué which, based on the assurances voluntarily given by the competent Japanese authorities, will effectively meet the present requirements of the situation. Were we to accept the modifications implicit in the Japanese redraft and make that redraft the text of a communiqué, the resultant dissatisfaction here would make almost inevitable strong pressure for enactment of the salmon fishery legislation now pending in Congress.

7. The situation with regard to this whole question is in this country serious. Agitation with regard to it will be allayed only through our being able to say to our people, both official and non-official, who are interested, that ground for apprehension of exploitation by Japanese vessels of the fishing resources in the waters under reference has been removed. Publication by us of the Japanese Government's assurances in anything less than clear-cut terms would serve rather to increase than to put an end to the agitation. Confidential assurances will not meet the situation. We cannot too strongly urge concurrence of the Japanese Government in the compromise text which we propose in paragraph 3 above.

8. Early action is highly desirable, because: (a) publicity already given the matter, both in Japan and in this country, has created an assumption that negotiations have already been successfully concluded; (b) a press story from Tokyo yesterday stating that the Japanese are considering proposing a new basis for negotiation has already evoked unfavorable public comment from at least one of our West Coast Senators; (c) Congress will before long conclude its present session, and Members who are sponsoring proposed legislation have become increasingly impatient.

9. The Department appreciates the position of the Japanese Government with respect to publicity, and again refers to the suggestion contained in paragraph 5 of the Department's telegram No. 20, January 22, 3 p. m. See in this connection your No. 54, January 26, 6 p. m., paragraph 3, subsection (d).

10. When replying please advise in regard to the question of additional publicity mentioned in the Department's No. 82, March 9, 7 p. m.<sup>16</sup> Such publicity may be important.

HULL

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<sup>16</sup> Not printed.

711.008 North Pacific/306 : Telegram

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

TOKYO, March 17, 1938—7 p. m.  
[Received March 17—1:05 p. m.]

177. Department's 92, March 16, 6 p. m.—Alaska salmon fisheries.

1. The second section of the Department's telegram came in this afternoon and is now being degarbled. It will therefore not be practicable for me to see the Minister for Foreign Affairs today.

2. With reference to the clause beginning "if Japanese nationals have in the past taken", the Foreign Office stated on March 12 that the Japanese Government could not agree to have attributed to it any statement which could be construed as an admission that Japanese have fished for salmon. I told Hirota on January 25 that we have evidence of such salmon fishing (Department's 20, January 22, 3 p. m., paragraph numbered 4; our 54, January 26, 6 p. m., paragraph numbered 1). On the following day the Foreign Office invited us to present such (our 54, January 26, 6 p. m., paragraph numbered 3, subparagraph *c*). We have not done so. When I emphasize to the Minister the need for the insertion in the press communiqué of the clause quoted above, he will very likely respond by recalling the readiness of the Japanese Government to receive indisputable evidence of such fishing and point out that we have failed to proffer such evidence. I would welcome the Department's suggestions for meeting this hypothetical point. In the absence of a reply from the Department before my appointment with Hirota, I shall merely observe that while my Government is in possession of such evidence it believes that settlement of the larger question would be promoted if detailed discussion of past activities of Japanese fishing vessels were omitted.

3. The Department's telegram 92 would seem to indicate that the Department desires the omission of the final two paragraphs of the Japanese redraft since these paragraphs come under the phrase "what appears thereafter". If I am wrong, please instruct.

GREW

711.008 North Pacific/311a : Telegram

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

WASHINGTON, March 17, 1938—7 p. m.

93. Your 177, March 17, 7 p. m.

1. With reference to your paragraph 2, the language we have proposed does not, in the Department's view, involve admission on the part of the Japanese authorities or the Japanese Government that Japanese nationals have fished for salmon in the waters in question.

The language used in our draft was designed to avert detailed discussion in regard to what may possibly have occurred heretofore. The assurance under reference was included with a view to meeting a strong and insistent demand here that some reference be made to the reported salmon fishing activities of Japanese vessels in the Bristol Bay area during the 1937 fishing season. The Department has deliberately avoided injection of detailed discussion in regard to evidence in order that the working out of a *modus vivendi* for the future might not be delayed or prejudiced.

2. It is the Department's intention to retain the final two paragraphs of the Japanese redraft and you should be guided accordingly.

HULL

711.008 North Pacific/308 : Telegram

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

TOKYO, March 18, 1938—8 p. m.

[Received March 18—3:05 p. m.]

183. Department's 92, March 16, 6 p. m., and 93, March 17, 7 p. m., Alaska salmon fisheries.

1. I called this evening on the Minister for Foreign Affairs and presented the Department's views as fully and unequivocally as it was possible to express them. We discussed and argued the details for a long time. There appear now to remain only two important points of controversy: (1) the exclusion from paragraph 2 of the proposed communiqué of the phrase "for the time being", and (2) the inclusion in paragraph 2 of the final phrase beginning "and that if Japanese nationals have in the past taken salmon".

2. With regard to point 1, the Minister said that the Ministry of Agriculture absolutely insists on the inclusion of the phrase. I expressed the opinion that the entire intent and effect of the publication in the United States of the communiqué would thereby be seriously injured if not ruined and that the Minister, being responsible for our general relations, should be equally insistent on the removal of the phrase. We discussed this point at great length and I believe that Hirota was impressed by our arguments although he still expressed doubt as to the possibility of its exclusion.

3. With regard to point 2, the Minister maintains that it is utterly out of the question to authorize the inclusion of that phrase under the heading "Assurances" in spite of my pointing out that it involves no admission on the part of the Japanese authorities or Government. This point was also discussed at length. In a spirit of compromise the Minister undertook to recommend to the Minister of Agriculture



that the desired point be covered in some form in the subsequent portion of the communiqué which is to be published only in the United States.

4. The Minister will let me know the result of his efforts as soon as possible but as Sunday and Monday are holidays it is doubtful if his reply can be expected before the middle of next week. I emphasized the importance of early action.

5. Department's 92, paragraph 10. I informed the Minister of the Department's intention to publish in the United States portions of our memorandum of November 22 last<sup>17</sup> simultaneously with the publication of the finally adopted communiqué. The Minister made no comment. I can see no objection to such action.

6. I wish to say that whatever decision is finally taken by the Japanese Government will have been taken with full awareness of the implications thereof and its possible repercussions in the United States.

GREW

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711.008 North Pacific/315 : Telegram

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

TOKYO, March 25, 1938—2 a. m.  
[Received March 24—7 p. m.]

201. Our 200, March 24, 11 p. m.<sup>18</sup>

1. The revised draft press communiqué for which the Foreign Office has succeeded in obtaining the approval of the Bureau of Fisheries is as follows:

"As a result of discussions between the American Government and the Government of Japan in regard to the salmon fishing activities of Japanese nationals in the off-shore waters of Alaska, especially in the Bristol Bay area, reported during the past fishing season, the Japanese Government has given, without prejudice to the question of rights under international law, assurances as follows: (1) that the Japanese Government is suspending the three-year salmon fishing survey which has been in progress since 1936 in the waters in question; (2) that inasmuch as salmon fishing by Japanese vessels is not permitted without licenses from the Japanese Government and as the Government has been refraining from issuing such licenses to those vessels which desired to proceed to the Bristol Bay area to fish for salmon, it will, on its own initiative, continue to suspend the issuance of such licenses; that in order to make effective this assurance the Japanese Government is prepared to take, if and when conclusive evidence is

<sup>17</sup> See telegram No. 309, November 20, 1937, noon, to the Ambassador in Japan, *Foreign Relations, 1937*, vol. IV, p. 763.

<sup>18</sup> Not printed.

presented that any Japanese vessels engage in salmon fishing on a commercial scale in the waters in question, necessary and proper measures to prevent any such further operations.

The American Government appreciates these assurances which the Japanese Government has given in the spirit of collaboration in the efforts of the American Government to conserve and protect the Alaskan salmon fishery resources and is gratified that discussions have been conducted by the two Governments concerned in a friendly manner.

In view of the above assurances it is evident that if ever Japanese vessels, which were present in the waters in question to engage in crab fishing or in production of fish meal, caught salmon in commercial quantities in the past, such fishing was conducted without the knowledge of the Japanese Government.

Furthermore, these assurances of the Japanese Government are regarded as regulating the situation until such time as the problems involved may call for, and circumstances may render practicable, the taking of other measures."

2. With regard to the insertion of the word "salmon" before "fishing" in the first clause of item numbered 2 of the draft, the Foreign Office states that it has just learned that the fish meal vessels require no licenses, although they are subject to strict governmental control and supervision.

3. With regard to the word "suspend" in the same clause, the Foreign Office points out that as salmon fishing licenses were never issued it is not strictly accurate to say that their issuance will be suspended but that, nevertheless, its insertion is made necessary by the omission of the phrase "for the time being."

4. It will be noted that the penultimate paragraph contains in revised form the final clause of item numbered 2 of the Department's draft. The Foreign Minister insists that no reference to reported salmon fishing in the past by Japanese nationals can be included among the assurances. The Foreign Office is confident, however, upon further reflection, that the inclusion in the press release of the paragraph proposed would have the effect desired by the Department and would also indicate that the American Government is cognizant of the presence in Bristol Bay of Japanese crab and fish meal vessels.

5. The Japanese redraft omits "Alaskan waters" for the reason, in the Japanese view, that the discussion originally concerned Bristol Bay. The Foreign Office assures us that no question will arise of salmon fishing in any part of the waters in which the American Government proposed that it should grant the right of friendly search.

6. In agreeing to the omission of the term "for the time being" the Japanese Government desires that it be clearly understood that it is not giving an undertaking of a permanent character with regard to the Japanese right to fish in Bristol Bay and requests confirmation

of this understanding which could be conveyed in an informal letter from Dooman to Yoshizawa. Will the Department authorize such a letter?

7. The last three paragraphs if acceptable to the American Government will not be released in Japan.

8. The Foreign Office emphasizes the importance of release simultaneously in Washington and in Tokyo for the reason that if the American version were released in advance it would have news value in Japan and would be carefully studied here, whereas it would not evoke special comment if there had been a Japanese release at the same time.

9. If the new draft is acceptable to the Department, I would appreciate being informed by a rush cablegram of the time of release in Washington which should not be before 10:00 o'clock in the evening, Eastern Standard Time, March 24.

10. As the Department will observe from the late hour of this telegram the Foreign Office has again given us evidence of its desire to bring about a settlement of this difficult question as soon as possible. The discussion tonight is in fact only one on [of?] many evidences of the helpful attitude of Hirota and Yoshizawa with regard to the fisheries problem in the face of considerable domestic difficulties.

GREW

711.008 North Pacific/315 : Telegram

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

WASHINGTON, March 25, 1938—6 p. m.

105. Your No. 201, March 25, 2 a. m.

1. The revised draft press communiqué is acceptable and release will be made at 10:30 p. m. this evening Eastern Standard Time for tomorrow morning's papers.

2. With reference to your paragraph 6 the Department authorizes confirmation with regard to the character of the Japanese undertaking by informal letter as suggested. The text of the letter should adhere to the sense of and perhaps refer to the final paragraph of the revised draft communiqué.

3. I desire to commend and to express appreciation of the painstaking and effective efforts of the Embassy in the difficult negotiations just concluded. I also authorize you in your discretion to convey orally to the Minister for Foreign Affairs and Mr. Yoshizawa an expression of appreciation of their sincere and helpful collaboration.

HULL

711.008 North Pacific/315 : Telegram

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

WASHINGTON, March 26, 1938—1 p. m.

107. 1. The Department released to the press,<sup>19</sup> simultaneously with the revised press communiqué contained in your 201, March 25, 2 a. m., a summary of the Department's memorandum of November 22, 1937, and the separate release mentioned in paragraph 2 of our 79, March 5, 4 p. m., the text of which follows:

"The American Government will continue to give constant and practical attention to the question of the Alaska fisheries and the question of ways and means to ensure the protection and perpetuation of the highly important food resource and industries involved. To this end the fullest possible collaboration of the appropriate agencies of the Government will be utilized. In accordance with this objective, and for the general purpose of removing cause for apprehension on the part of American fishing interests, the Bureau of Fisheries and the Coast Guard will continue to be charged with the duty of observing fishing activities in Alaskan waters."

2. Please telegraph promptly text of letter to Yoshizawa authorized in our 105, March 25, 6 p. m., paragraph 2.

HULL

711.008 North Pacific/319 : Telegram

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

TOKYO, March 27, 1938—9 p. m.

[Received March 27—12:48 p. m.]

210. Department's 107, March 26, 1 p. m. The draft of the proposed letter from Dooman to Yoshizawa reads as follows:

"My Dear Mr. Yoshizawa: I refer to the statement which you made to me during the course of our conversation on Thursday evening, March 24th, that the Japanese Government, in agreeing to the omission from the press communiqué on the Alaska salmon fisheries of the phrase 'for the time being', desires that it be understood that the Japanese Government has not given an undertaking to deny permanently to Japanese nationals licenses to fish for salmon in Bristol Bay.

That desire on the part of the Japanese Government was reported by the Ambassador to the Department of State, and I am now authorized to say that the undertaking of the American Government with regard to the provisional character of the undertaking on this point raised by the Japanese Government was given in the last paragraph of the communiqué to the press released in Washington on March 24th at 10:30 p. m."

<sup>19</sup> Department of State, *Press Releases*, March 26, 1938, p. 412.

There is no urgency about the letter, and we shall therefore withhold it until the Department has had opportunity to comment on it.<sup>20</sup>

GREW

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711.008 North Pacific/337

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

No. 2854

TOKYO, March 31, 1938.

[Received April 18.]

SIR: [Here follows review of negotiations on the Alaska salmon fisheries question since March 3.]

In concluding this report of our discussions here, I wish to record my considered opinion that, had it not been for the hostilities with China and the otherwise delicate state of Japan's international relations, the arrangement just concluded would not have been possible. I cannot predict when or how the question of Japanese fishing in Alaskan waters will again be raised, but I cannot believe that there has been reached a permanent solution to the problem. On the other hand, the arrangement is, as I had the honor to point out in my 209 of March 27, 8 p. m.,<sup>21</sup> a "Gentlemen's Agreement", and I earnestly hope that, while always on the alert to maintain intact the resources essential to the livelihood of a large part of the population of Alaska, our Government will, so long as the agreement is observed by the Japanese, aim to discourage the passage of legislation such as the Dimond Bill.

I desire to add an expression of thanks to the Secretary for the information contained in his 110, March 29, 6 p. m.,<sup>21</sup> which relieved my anxiety that action directed at Japanese fishermen in Bristol Bay was contemplated. It will be appreciated that I could not afford to ignore a report emanating from the International News Service, presumably a reliable organization, stating in specific terms that both Houses of Congress had passed a bill which would allow only American citizens to fish for salmon in Bristol Bay, and that the bill was obviously aimed at Japanese. I happened to hear that the Minister for Foreign Affairs had also seen the report and shown concern over it. I shall call on him tomorrow to express to him appreciation for his collaboration in bringing about a successful end to the discussions, and I shall take pleasure in assuring him, on the basis of the Secretary's reply to my enquiry, that the report of the passage of legislation not in line with the agreement just concluded is entirely without basis in fact.

Respectfully yours,

JOSEPH C. GREW

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<sup>20</sup> The Department gave approval in its telegram No. 109, March 28, 6 p. m.

<sup>21</sup> Not printed.

711.008 North Pacific/211a

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

No. 1589

WASHINGTON, October 17, 1938.

SIR: Reference is made to the Department's telegrams No. 308 of November 19, 1937, 6 p. m.,<sup>22</sup> and No. 309 of November 20, 1937, noon,<sup>23</sup> and to subsequent communications in regard to the Alaska salmon fishery question.

As a result of careful and continuous study of this question the Department, while appreciating previous collaboration of the Japanese Government, is of the opinion that there is genuine need of and a warrantable basis for an agreement with regard to the Alaska salmon fishery situation of a more comprehensive and permanent character than that reached by the Governments of the United States and Japan on March 25, 1938.

The assurances given by the Japanese Government with regard to the fishing of Japanese nationals have had the effect of calming the immediate apprehensions of interested Pacific Coast communities, but there has been little or no disposition to regard the Japanese assurances as permanently settling the salmon fishing question. In consequence the Department has repeatedly been urged to continue negotiations with the Japanese Government toward a permanent arrangement which will give unmistakable recognition and protection to the established American interest and claim in the salmon fishery of Alaska. Although representatives of salmon fishing interests have expressed themselves as gratified with the Japanese assurances as providing a temporary expedient, they have consistently been opposed to regarding such assurances as anything more than this. Their opposition has been based on the grounds that (1) the assurances do not give explicit recognition to the special American interest and claim in the fisheries in question, (2) Japan does not waive but expressly reserves its "rights under international law", and (3) consequently the decision as to possible future fishing by Japanese nationals in Alaskan waters rests with Japan. Thus, while American fishermen and interested communities have been encouraged by the efforts made in their behalf, they have remained disturbed and uneasy with regard to what the future may hold.

A further important consideration, and one with which the Department has been and continues to be seriously preoccupied, is the movement in the Congress to deal with the Alaska fishery situation by legislative action. This movement is led by certain members of Congress who believe that the salmon fishery problem can best be solved by an act of Congress which would authorize the assertion of juris-

<sup>22</sup> *Foreign Relations*, 1937, vol. iv, p. 761.

<sup>23</sup> *Ibid.*, p. 763.

diction by the United States over salmon fishing waters adjacent to the coast of Alaska. Supporters of the move to resort to legislation have made the Alaska salmon fishery a prominent issue in Congress; debate favorable to legislative action has ensued; and support has been won both in and out of Congress for the view that the conventional law of fisheries affords no adequate basis for the protection and perpetuation of migratory fish such as the salmon. The question of enforcement of legislation designed to protect the Alaska salmon fishery beyond the ordinary three-mile limit has also been discussed in the Congress in connection with the decision rendered in the Bering Sea Fur Seal Arbitration case of 1893,<sup>25</sup> and reasons have been given why the decision in that case does not constitute an adverse precedent. It has been strongly asserted that the pertinent facts with regard to the Alaska salmon fishery situation clearly distinguish it from the Bering Sea fur seal fishery and that even the decision in the fur seal arbitration might have been in favor of the United States had the case been argued on less conventional and legalistic grounds. Support for this view also is found in the opinions that have been expressed to the Department from time to time by persons well qualified to consider questions of international law.

Through effective presentation of the situation of the Alaska fishery, the thesis that legislative action provides a reasonable and effective means of protecting this fishery undoubtedly gained substantial support during the last session of the Congress. This being the case, it appears unlikely, and there certainly is no assurance, that Congress will let the salmon fishery issue rest without further attempts to enact legislation. Moreover, should there be pressed in the Congress legislative proposals of less drastic nature than those previously put forward, the Department might find an opposing position untenable.

The development of public thought in regard to the fishery matter also has advanced and become an important factor in the present situation. For more than a year public attention has been focused upon the Alaska salmon fishery issue by articles in the press and magazines, by debates and committee hearings in the Congress, by radio addresses, and by the efforts of private persons and organizations. This publicity, which has been national in scope, has presented a disturbing picture of the uncertain situation of the Alaska salmon fishery with regard to its exposure to exploitation by foreign nationals.

Public attention has been drawn to the fact that while a profound change in the international fishery situation has been brought about

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<sup>25</sup> See award signed August 15, 1893, by tribunal of arbitration under Treaty of February 29, 1892, between the United States and Great Britain, *Foreign Relations*, 1894, Appendix I, p. 109.

by the advent and employment of highly mechanized fishing methods, refrigeration facilities, and the floating cannery, no comparable progress has been made toward the prevention of possible disastrous use of these new methods and facilities in long range deep sea fishing. It has been pointed out that not only are valuable and indispensable food resources in danger of depletion by the newer fishing methods and facilities employed by alien fishermen but that the established rights and interests of American nationals in certain fisheries are seriously threatened. Above all, the representatives of affected communities have especially emphasized the threat constituted by the floating cannery or "factory ship", capable as it is of operating in conjunction with highly mobile auxiliary units over wide areas of the sea. The result has been the development of an almost universal conviction that the means of affording protection to certain classes of coastal fisheries, especially the salmon fisheries, have not kept pace with the expansion of world fishing activity or the development of modern fishing methods.

There has further developed from this situation a consensus of opinion that the older concepts represented by the traditional law of fisheries, including the principle of the three-mile limit, offer no adequate basis under modern conditions for the protection and perpetuation of coastal fisheries. The view is widely held that, under modern conditions, continued rigid adherence to the older and conventional views as to the maritime jurisdiction of riparian states would obstruct and possibly cancel all efforts toward equitable and peaceful arrangements with regard to important fishing interests of such states. The American public has thus definitely taken a position in support of those representatives of Pacific Coast communities and members of the Congress who are earnestly seeking a fundamental settlement of the Alaska salmon fishery problem. The general conception of the basis of the special American interest and claim in the salmon fishery remains substantially the same as that set forth in the memorandum presented by the Embassy to the Japanese Government on November 22, 1937.<sup>26</sup> The reasonableness and the applicability of the biological, geographical, and economic factors which were emphasized in that memorandum in support of the American claim received the approval of the press, the general public, and affected interests.

The trend of American thought and opinion as herein reviewed has thus given rise to a demand for a fundamental solution of the Alaska salmon fishery question.

The immediate concern of the Department is with the prospect that in the next session of the Congress further attempts will be made

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<sup>26</sup> See telegram No. 309, November 20, 1937, noon, to the Ambassador in Japan, *Foreign Relations*, 1937, vol. IV, p. 763.



to pass legislation which probably would have the effect of undermining if not of nullifying the existing arrangement with Japan. As already indicated, the Department would probably find a position of opposition difficult to take or maintain should legislation having the support of public opinion and sentiment be pressed in the forthcoming Congress.

These considerations, coupled with the desire of the American Government to take any practicable step toward promoting stabilization of the existing relations of the United States and Japan, prompt the Department to request that the Embassy ask the Japanese Government whether in the light of circumstances herein stated the Japanese Government would be disposed to reopen discussions in regard to the Alaska salmon fishery with the object of achieving a settlement of this matter which would serve to remove it more definitely from the field of possible future controversy, public agitation and debate. Upon receiving the response of the Japanese Government with regard to this question the Department would be prepared, should the response be in the affirmative, to present definite proposals for the consideration of the appropriate Japanese authorities. For your background information, but not for direct use in connection with your first approach to the Japanese Government, the proposals which the Department has under consideration are set forth in the form of a tentative draft of an agreement, copy of which is enclosed herewith.

It is not believed that any proposal looking toward the conclusion of a general fishery convention by powers interested in the North Pacific fisheries can usefully be put forward at this time. The probabilities are that both American and Canadian fishing interests would vigorously oppose the conclusion of any fishery convention with Japan which did not in effect prohibit Japanese salmon fishing in the offshore waters of Alaska and British Columbia, and there would seem to be little, if any, prospect that Japan would become a party to a convention which did have this effect. There also has been indication that the fishery authorities of the Canadian Government are not hopeful of obtaining through a convention the necessary protection of the North Pacific salmon fisheries.

The Embassy, of course, will understand that it is not the purpose of this instruction to indicate any conclusion at which the Department has arrived or may arrive in regard to the question whether legislation should be enacted. The purpose is to stress to the Japanese Government the importance to our people of a great industry and the danger of permitting the future of that industry to be undermined, and furthermore, to emphasize the trend of public thought in the United States and the possibility of legislative action. The Department regards the matter as urgent and hopes that the Embassy will be able

soon to ascertain as definitely as possible the attitude of the Japanese Government.

In its approach to the Japanese Government the Embassy may utilize such portions of the substance of this instruction (but not the enclosure) as may seem advisable. The Department desires that the response of the Japanese Government be reported by telegraph.

Should the Embassy have any views to offer with regard to the timeliness of the action herein contemplated, or suggestions relative to possible alternative action, such views or suggestions should be telegraphed and action be deferred pending receipt of further instructions.

Very truly yours,

CORDELL HULL

[Enclosure]

*Draft Outline of Salmon Fishing Agreement*<sup>27</sup>

Recognizing that Japan and the United States have in common vital interests in the fishery resources of the North Pacific and that the protection and perpetuation of the salmon resources in particular give rise to special problems involving collaboration of the Governments of the two countries, and encouraged by the beneficial effects in the United States of the assurances given by Japan on March 25, 1938, with regard to the Alaska salmon fishery situation, the American Government has given careful consideration to the possibility of effecting an arrangement of even more definite and comprehensive character than is represented by the Japanese assurances already given. Having in mind that the undetermined status of certain coastal fisheries has long constituted a disturbing element in the relations of states, the American Government, in the interest of good relations between the United States and Japan, is desirous of reaching such clear understanding with the Japanese Government in regard to the Alaska salmon fishery as will tend to obviate further agitation or controversy in the United States relative to this matter. Accordingly, the Government of the United States proposes the conclusion of a constructive agreement which will supplement and clarify the assurances previously given with regard to the Alaska salmon fishery and which will contain provisions substantially as follows:

The Governments of the United States and Japan recognize (a) that wherever fisheries have been developed and conserved in waters adjacent to the territories of either country primarily by the efforts of their respective nationals, in cooperation with their Governments,

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<sup>27</sup> Marked "Tentative, strictly confidential, and for purposes at present of consideration only."

there is created in such fisheries a prior interest and claim in behalf of the nationals concerned; (b) that the migratory habits and biological characteristics of the salmon render this species of fish especially exposed to ruinous commercial exploitation by uncontrolled fishing methods, in consequence of which the protection and conservation of the salmon fisheries require the taking of special measures; and (c) that the conditions of the development of the salmon fisheries of the North Pacific, and practical considerations of justice and equity flowing therefrom, definitely sustain the right of each of the two Governments to protect in its off-shore waters the interest and claim of its nationals in such fisheries.

Prompted by the considerations set forth in the preceding paragraph the Governments of the United States and Japan hereby agree (1) that the two Governments shall reserve for the benefit of their respective nationals all salmon fishing waters adjacent to their respective territories in which the nationals of such territories have established a prior interest and claim; (2) that the salmon fishing waters thus to be reserved shall be stipulated by the Government of the country adjacent to those waters, the details of which stipulation to be made the subject of friendly consultation and agreement; (3) that the salmon fishing waters to be reserved to the nationals of either Government shall be determined with due regard to the hydrographic features and the configuration of the bordering land areas of such waters; and (4) that in order to give effect to the foregoing commitments, and as a matter of equity and comity, the nationals and vessels of each of the two Governments shall be prohibited from engaging in salmon fishing in waters which have been reserved to the nationals of the other.

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711.008 North Pacific/417: Telegram

*The Secretary of State to the Chairman of the Joint Committee for the Protection of Pacific Coast Fisheries (Miller Freeman)*

WASHINGTON, November 2, 1938—[5 p. m. ?]

I acknowledge receipt of your letter of October 25<sup>28</sup> indicating your interest in receiving for presentation to the annual convention of the Association of Pacific Fisheries<sup>29</sup> information covering any late developments with regard to alien fishing activities in the Bristol Bay area of Alaska.

While there have been no new developments in the Bristol Bay area of the Alaska salmon fishery the Department has nevertheless con-

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<sup>28</sup> Not printed.

<sup>29</sup> At Del Monte, California.

tinued to give careful and continuous study to all available facts in regard to the special situation of this fishery and to the Alaska salmon fishery situation as a whole. In its further consideration of the problem in question, the Department is directing its efforts toward the end that any future measures it may become necessary or practicable to adopt for the purpose of regulation and protection of the Alaska salmon fishery shall be responsive to the special requirements of those dependent upon our coastal fishery resources either for employment or for their economic welfare.

I take this occasion to express hearty appreciation of the valuable cooperation extended to the Department by individuals and organizations identified with the fishing industry, and especially of the constant and practical assistance afforded by your Committee. I trust that the future efforts of the Department with regard to the fishery problems of the Pacific will, in the interest of all concerned, be supported by the same measure of generous cooperation.

CORDELL HULL

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711.008 North Pacific/420 : Telegram

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

TOKYO, November 15, 1938—10 a. m.

[Received 11:25 a. m.]

727. Department's instruction 1589, October 17, Alaska salmon fishery.

1. I greatly appreciate receiving this interesting discussion of a difficult and important problem. The opportunity which the Department has given me to express my views on the timeliness of an approach to the Japanese Government if made at the present conjuncture and to offer suggestions with regard to possible alternative action is also appreciated. I should be doing less than my duty if I were not to present my views with all frankness on a matter of such primary importance, but in doing so I wish to make it entirely clear that, should the Department, after weighing all the factors involved, decide to make the contemplated approach, the Department may count on me to present its views with all the vigor at my command.

2. In the following discussion we are assuming that if we were to proceed along the lines proposed we would be obliged virtually at the outset to disclose at least the basis of the contemplated agreement, as otherwise the Japanese Government would almost certainly not show its hand.

3. We find it necessary, in considering the question of timeliness, to approach it from several directions. Due regard must be given, we believe to the fact that the salmon fishery question has been under

discussion over a period of 10 years. These discussions have served to show that, whereas the interests of the United States lie in conservation, Japan is interested at present only in exploitation of marine resources. It must therefore be emphasized that this question cannot be dealt with at this time as a self-contained problem dissociated from other problems both political and economic. In the light of the discussions with the Foreign Office preceding the understanding of March 25, we can see no prospect whatever of the Japanese Government modifying its initial position and giving its assent either at this time or in the near future to the agreement envisaged by the Department. The question of timeliness thus reduces itself to its purely negative aspect, that is, whether or not the suggested approach if made at this time would have adverse repercussions.

4. A review of this case from its inception will indicate that the Japanese Government has persistently clung to, first, the general point, that it cannot without due compensation agree to abandon any of its rights secured under international law, and, second, the specific point, that it cannot afford to prejudice its interests in the Siberian fishery by making any conclusive concession to the United States. We assume from the second paragraph, page 7 of the instruction, that the agreement contemplated by the Department is to be only an informal agreement, either oral or effected by an exchange of notes, and not a formal convention. The Japanese Government is required to submit for approval any proposed bilateral arrangement, in whatever manner to be effected, to the Privy Council. As the agreement contemplated by the Department would appear to be a bilateral arrangement, it would have to be submitted for approval to the Privy Council, where it would probably run afoul of the general point above mentioned. In any event, it is unlikely that the matter would develop to that point, as we do not believe that the Japanese Government would favorably consider the thesis of proprietary rights in salmon so long as Japanese rights in the Siberian salmon fisheries are not permanently secured.

5. We cannot too strongly emphasize, in further relation to the question of timeliness, the Japanese conviction that the question of Japanese participation in the Alaska salmon fisheries was raised by individuals and organizations on the Pacific Coast who successfully agitated for the exclusion of Japanese immigrants, and who are more interested in perpetuating a political question than in solving an objective technical problem. The charges impugning the motives of the individuals and this [*sic*] need not be gone into but we feel that the Department should know that the thus far unsubstantiated charge that the Japanese have engaged in salmon fishing has confirmed Japanese belief that the fishery question was raised and is being kept alive

as a political issue. If the fishery question were reopened in the manner proposed at this time, when the United States is challenging Japanese violation of American rights in China,<sup>30</sup> our approach would almost certainly be regarded as the opening gun in a program of retaliation.

6. As we see it, no progress can be made at this time, toward obtaining by agreement the assent of Japan to the thesis of proprietary rights in salmon, and per contra an urgent proposal that Japan accept that thesis would probably have adverse repercussions in various directions. In short, even the barest possibility of Japan giving such proposal favorable consideration at the time must, we believe, be ruled out. Yet, if circumstances in the United States require that there be placed on the record the giving to Japan of a further opportunity to place the fishery question on a more stable basis than that on which it now rests, there occurs to us an alternative procedure which would carry less risk of political repercussions but without offering greater prospect of evoking a favorable response, and that would be to represent again to the Japanese Government the benefits of participation in a multi-lateral convention such as that proposed to the Japanese Foreign Office on July 5, 1937 (see our despatch 2301, July 29 [2501, July 9, 1937<sup>31</sup>]).

7. The Alaska salmon question cannot now, and probably for many years to come, be dealt with solely on its economic and legal merits. To reopen it today would be to add another to the many factors requiring consideration in case Japanese policy and attitude with regard to American rights and interests in China should call for a reformulation of American policy and attitude toward Japan. The salmon fisheries issue therefore lies in the field of high policy, general rather than specific policy, and to approach or to deal with it otherwise would in our opinion bring negative results and a probable aggravation of the difficult relations now existing between the United States and Japan.

GREW

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711.008 North Pacific/420 : Telegram

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

WASHINGTON, December 16, 1938—7 p. m.

421. Your 727, November 15, 10 a. m., Alaska salmon fishery.

1. Your analysis of the fishery situation from the viewpoint of the Embassy and of the Japanese Government has been studied with the greatest interest and the frankness of your discussion of the various factors involved is appreciated. Although you conclude that there

<sup>30</sup> See *Foreign Relations*, 1938, vol. iv, pp. 1 ff.

<sup>31</sup> Despatch not printed; but see telegram No. 179, July 6, 1937, 6 p. m., from the Ambassador in Japan, *ibid.*, 1937, vol. iv, p. 752.

appears to be no prospect whatever of reaching, either at this time or in the near future, an agreement along the lines outlined by the Department, we must emphasize the importance of the considerations set forth in the Department's instruction of October 17 and the importance from our point of view of placing these considerations before the Japanese in order that they may be made fully aware of the viewpoint which is developing in this country in regard to the salmon fishery and the ever present possibility of there being enacted in response thereto legislation prejudicial to the Japanese position and detrimental to the relations between our two countries.

2. With reference to the alternative procedure suggested in your paragraph 6, we feel that the minimum concessions by Japan which would satisfy opinion in this country are indicated in the proposals set forth in the enclosure to the Department's instruction under reference and we believe that any approach which might be made to the Japanese Government, even for the purposes of record, should, even though no mention be made of the proposals, conform closely to the objectives which the proposals envisage.

3. With these considerations in mind the Department is still inclined to favor an approach to the Japanese Government in regard to this matter, which might consist in leaving at the Foreign Office an informal memorandum, for information only, containing the substance of the exposition set forth in the Department's instruction of October 17 with regard to the present situation in the United States. When leaving the memorandum it might be suggested orally and informally that this Government believes it desirable and stands ready, at a time acceptable to the Japanese authorities, to enter into further discussions with regard to the salmon fishery situation with the object of replacing the understanding of March 25 with a more comprehensive and permanent arrangement. Should the Foreign Office on its own initiative take this occasion to refer to the Japanese assurances of March 25 and state that from the Japanese viewpoint these assurances continue in effect, this might be helpful. It should be made clear, however, that on our part we can give no assurance that such a reaffirmation of the Japanese position or the entering into of the suggested discussions would remove the possibility of legislative action in the next Congress. Before authorizing you to make such an approach, however, the Department would appreciate promptly having your opinion whether this modified procedure would seriously prejudice your relations with the Japanese authorities in matters not directly related to the fisheries question. (In this connection reference is made to paragraph 5 of your telegram under reference, last sentence, and to paragraph 7 of that telegram.) Should you be of the opinion that there are serious objections even to this approach, the Department would appreciate receiving an elaboration of the

views expressed in your paragraph 7 as well as such concrete suggestions as you may be in position to offer as to the procedure which in your view this Government might best adopt for the time being at least.

4. The comments in this and the following paragraph are set forth with a view to placing on record the Department's views in regard to certain phases of the Japanese attitude discussed in your telegram under reference. With regard to a "thesis of proprietary rights in salmon" mentioned in paragraph 4 of that telegram, the Department's telegram No. 309, November 20, 1937, noon,<sup>32</sup> and its mail instruction No. 1589 of October 17, 1938, indicate that the Department's position in regard to the special American interest and claim in the salmon fishery is based upon broad principles of equity which are involved in the conditions of the perpetuation and development and the special economic and geographical situation of the salmon fishery in question. It is also pointed out in those communications that the acute friction generated in this situation entails a serious risk of the occurrence of incidents which might disturb the general relations of the United States and Japan. The problem is one, therefore, which also vitally affects those conditions which make for good relations between the two countries.

5. With regard to paragraph 5 of your telegram, the Department regards the Japanese view that the salmon fishery question is being agitated for political reasons by certain individuals and organizations as a confusing of issues and a virtual denial that there exists the problem with which we are dealing. While a special sectional interest in the salmon fishery is an important element of the situation in this country, we are certain that the apprehension of American nationals with regard to Japanese salmon fishing derives from fundamental considerations of economic welfare and that an affirmation that certain individuals may be influenced by political motives, even if true, would be only incidental to a problem of clear and definite character. The Department therefore feels that you should endeavor in such discussions as you may have with the Japanese to discourage any tendency on their part to overemphasize this and similar phases of the problem. With reference to the character and disposition of the evidence we possess of Japanese salmon fishing, the Department is of the opinion that the essential fact in this connection is that the evidence developed is sufficiently substantial to be convincing to affected fishing interests and to a large part of the American public, and that this circumstance constitutes a factor which cannot be disregarded in the situation with which we are confronted.

WELLES

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<sup>32</sup> *Foreign Relations*, 1937, vol. IV, p. 763.



711.008 North Pacific/429 : Telegram

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

TOKYO, December 19, 1938—3 p. m.  
[Received December 19—1:36 p. m.]

792. Department's 421, December 16, 7 p. m., Alaska salmon question.

1. I appreciate very much the further opportunity which the Department has given me to express my views. However, in recommending in my 727, November 15, 10 a. m., that this question be brought within the field of high general policy I endeavored to set forth as clearly as I could present them the difficulties in the way of a solution which inhere in the respective position of the American and Japanese Governments. There is no indication that those difficulties have lessened. To rediscuss them would merely serve to confuse the issue.

2. There is, however, one point with regard to which my opinion needs to be clarified. I obtain the impression from paragraph 1 of the Department's telegram under reference that the Department entertains some hope that, if the Japanese Government were made aware of the possibility of legislation prejudicial to the Japanese position and detrimental to American-Japanese relations, the Japanese Government might be disposed to conclude an agreement along the lines proposed. It would be entirely reasonable to believe that if the complete divergence between the United States and Japan in attitude and policy toward China did not exist, the Japanese Government would not permit, compatibly with preserving Japanese interests in the Siberian fisheries, the Alaska salmon question to jeopardize the important economic relations of Japan with the United States. But when American-Japanese relations are steadily retrograding in step with Japanese actions in China, and when the character and tone of those relations are being determined in the ultimate analysis by events in China, the Japanese Government would not, I think, be so ingenious [*ingenuous?*] as to suppose that by merely making the desired fishery concessions, those relations could be restored or the retrogression now in process could be arrested.

3. I have reported in several recent telegrams on the Japanese reaction to reports from the United States and elsewhere of the possibility of evidence in retaliation against Japanese actions in China and to the grant of the credit loan to the Chinese.<sup>33</sup> The Japanese habitually go far afield to look for political motives. When the leading paper in the country declares, as it did yesterday, that the loan to China and similar action by Great Britain were decided upon at this time in order to profit by the difficulties which Japan is now having

<sup>33</sup> See *Foreign Relations*, 1938, vol. III, pp. 519 ff.

with Russia over the Siberian fisheries, I think that it would not be extravagant to assume that if the Alaska fisheries question were raised by us at this time by a formal proposal that Japan make the desired concessions, such action would be regarded here as another manifestation of American reaction to the situation in China, if not an outright method of retaliation.

4. It is my opinion that given the best of good will there nevertheless exist circumstances in each country which would prevent the conclusion of any mutually satisfactory solution. To make a definitive approach to the Japanese along the lines proposed in the Department's instruction 1589<sup>34</sup> would, I think, be certain only to do much harm. I would much prefer the lesser horn of the dilemma and to proceed along the course now suggested by the Department, namely, that set forth in paragraph 3 of the telegram under reference. I do not modify the opinion that agreement is unlikely at this time, but the latter course would have certain definite advantages: (a) the question whether or not negotiations looking toward a definitive arrangement would be left to the Japanese Government to decide, and thus the Japanese Government would be less apt to assume that our approach was motivated by the Far Eastern situation than if fresh negotiations were definitely and formally proposed by us; (b) it might be possible for the Japanese Government, in the likely event of its unfavorable response, to keep from the public the fact that an approach had been made by us; (c) if the proposed law were enacted, the chances are that such enactment would not have been preceded by (probably) acrimonious and abortive negotiations conducted in an atmosphere charged with suspicion and resentment, and it would thus be less likely to affect the general body of relations than the course first proposed.

5. In the light of the considerations set forth above, it would appear that our proposed approach and memorandum to the Japanese Government would in effect merely serve to confirm the previously explained position of the American Government in anticipation of possible legislative action in the coming Congress. In order to create maximum effect I think that I should make the approach directly to the Minister for Foreign Affairs.<sup>35</sup>

6. Replying to the Department's specific inquiry in paragraph 3 of its 421 as to whether this modified procedure would seriously prejudice my relations with the Japanese authorities in other matters, my opinion must be purely conjectural. The reported deadlock in the current negotiations for renewal of the Soviet-Japanese provisional fishery agreement as indicated above is just now causing daily and

<sup>34</sup> October 17, p. 191.

<sup>35</sup> Hachiro Arita.

acute discussion in the press and among the public and is seriously worrying the Government. A present approach by us would almost certainly be interpreted by the Government as carefully timed to coincide with the difficulties raised by the Soviets. The effect on our diplomacy would, I think, be obvious. But even if the negotiations with the Soviets should shortly result in a favorable settlement, I still would not feel justified in assuring the Department that adverse repercussion would not accrue from the modified course which the Department proposes. I recognize the existence of a dilemma and can only indicate the course which, in my opinion, would be beset with fewer disadvantages.

GREW

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711.008 North Pacific/429.: Telegram

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

WASHINGTON, December 28, 1938—7 p. m.

427. Your 792, December 19, 3 p. m.

1. With regard to your paragraph 2, the chief purpose of the Department was to emphasize the importance of acquainting the Japanese Government with the viewpoint which is developing in this country and of reminding that Government of the possibility of legislative action. A further object of course was to afford the Japanese Government the fullest opportunity to continue its collaboration with the American Government toward a solution of the Alaska salmon fishery problem which would serve to remove the problem more definitely from the field of public controversy and agitation than has resulted from the understanding of March 25. In view of the uncertainty surrounding the possibility of the enactment of legislation at the next session of Congress affecting the status of off-short fisheries, you will of course appreciate the importance of keeping our record clear with the Japanese Government in regard to this aspect of the situation.

2. The Department has given careful consideration to those paragraphs of your telegram which deal with the relationship between the course of action suggested in the Department's 421, December 16, 7 p. m., and Japan's political situation in the Far East, including Japan's current fishery negotiations with the Soviet Union. We appreciate the difficulties which you mention, especially those which grow out of Japanese policies toward China and the undetermined state of the Japanese-Soviet fishery negotiations, but have reached the conclusion that the advantages and reasons for the procedure we have outlined, and which you accurately describe in paragraphs 4 and 5 of your telegram under reference, are sufficiently substantial to warrant the carrying out of that procedure. However, you may in your

discretion delay your approach until such time within the next 3 or 4 weeks as may, from the standpoint of Japan's fishery relations with the Soviet Union and of our general relations with Japan, appear to you most opportune. Further, when making the approach you are authorized, should there be any occasion to do so, to say that the action of the American Government in again bringing the salmon fishery situation to the attention of the Japanese Government is prompted by developments in the United States related specifically to the salmon fishery situation and that, therefore, this Government's action has no connection with any other problem or problems elsewhere underlying Japanese-American relations.

3. With regard to the last sentence of your paragraph 5, the Department desires to leave entirely to your discretion the form of your approach to the Foreign Office. However, your paragraph 6 prompts us to suggest, for your consideration, that an approach made by Dooman might, because of its necessarily less formal character, possibly reduce the likelihood of adverse repercussions.

WELLES

711.008 North Pacific/436a : Telegram

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

WASHINGTON, January 5, 1939—7 p. m.

5. Under date January 3 there was introduced in Congress by Delegate Dimond,<sup>36</sup> and referred to the Committee on Merchant Marine and Fisheries, a Bill (H. R. 883) "To protect and preserve the salmon fishery of Alaska". The Bill is identical in its provisions to H. R. 8344 introduced by Dimond in the last session of Congress, copy of which was mailed to you on November 26, 1937.<sup>37</sup>

The Department has not yet been asked for a report on the Bill, and you will be promptly informed of any developments which may have a material bearing upon your proposed approach to the Foreign Office with regard to the Alaska fishery.

WELLES

711.008 North Pacific/437 : Telegram

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

TOKYO, January 11, 1939—6 p. m.

[Received January 11—10:48 a. m.]

19. Department's 427, December 28, 7 p. m. and 5, January 5, 7 p. m., Alaska salmon fishery.

<sup>36</sup> Anthony J. Dimond, Delegate from Alaska.

<sup>37</sup> Instruction No. 1383, not printed.

1. As there appears to be little prospect of any opportunity more favorable than the present from the point of view of Japan's fishery relations with the Soviet Union and of Japan's general relations with the United States presenting itself within the period of 3 or 4 weeks following the receipt of the Department's telegram of December 28, Dooman today called on Yoshizawa and set forth at length the trend of opinion in the United States with regard to conservation of fishery resources, including introduction of the recent bill by delegate Dimond. He left with Yoshizawa an informal memorandum closely following the presentation set forth in the Department's instruction 1589, October 17.

2. Yoshizawa was visibly agitated. He expressed inability to understand why, in the absence of any evidence following the agreement of March 25<sup>38</sup> of Japanese operations in Alaskan waters, the question should be raised at this time. He asked what the American Government proposed should be done. Dooman made it clear that, although the American Government was not making any definitive proposal, it believes that further discussions looking toward a more comprehensive and permanent agreement than that of March 25 would be desirable, and that the American Government would be prepared to enter into such discussion at such time as might be agreeable to the Japanese Government.

3. Yoshizawa said that he would communicate to us the views of the Japanese Government in an informal letter but that he could not encourage us to anticipate a favorable response. It was his opinion that it would be impossible to obtain the approval of the Privy Council to any arrangement which carried renunciation of Japanese rights to fish on the high seas; that if the choice were to be between the enactment of the Dimond Bill and formal renunciation of Japanese fishing rights Japan would prefer the former because American domestic legislation as such would not necessarily be binding on Japan. He then went on to say that there have recently occurred in the United States developments which have created the impression in certain Japanese quarters that the economic screws were being tightened down on Japan (he mentioned specifically the refusal of the immigration authorities at Honolulu to permit a Japanese bank manager to land and the inclusion by the customs authorities at New York of rebated Japanese taxes in the dutiable value of Japanese cotton piece goods), and he considered it likely that if our present approach should become a matter of public knowledge the belief would prevail that this ap-

<sup>38</sup> See telegram No. 201, March 25, 1938, 2 a. m., from the Ambassador in Japan, p. 186.

proach was caused by the present American-Japanese dispute over the Open Door in China.

4. Dooman emphasized that technological improvements in the catching and distribution of fish as well as the activity of Japanese fishermen in Alaskan waters were responsible for the sense of insecurity felt by the affected population in Alaska and on the Pacific Coast and that our present approach has no connection whatever with the question of the Open Door in China or with any other issue lying between the United States and Japan.

GREW

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711.008 North Pacific/437 : Telegram

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

WASHINGTON, January 13, 1939—7 p. m.

11. Your 19, January 11, 6 p. m., and 21, January 12, noon.<sup>39</sup> With reference to the case of Onoda, the Sumitomo Bank manager at Honolulu, Labor Department states that Onoda was denied admission as a treaty alien under section 3 (6) of the Act of 1924<sup>40</sup> on the ground that Sumitomo Bank at Honolulu is a domestic corporation, only one third of the business of which is of an international character, but that the case is now before that Department for review.

With regard to the question of the inclusion in the dutiable value of Japanese piece goods of rebated Japanese taxes, information obtained from the Treasury Department indicates that there has been presented to that Department during the past year one case involving the status of the 10 percent control fee first imposed in Japan in October 1937. As this fee was said to have been entirely abolished about July 1, 1938, this question is no longer a source of difficulty.

There has come to the Department's attention still another case of a character which appears to have given grounds for misapprehensions. This case involved denial to certain Japanese in the United States of the personal exemptions allowable to residents in the assessment of income tax. In this case the action of the Internal Revenue authorities is now under review.

These cases are unrelated, have arisen on purely technical grounds, and have been and are being considered on their merits.

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<sup>39</sup> Letter not printed.

<sup>40</sup> Approved May 26, 1924; 43 Stat. 153.

711.008 North Pacific/444

*Memorandum of Conversation, by Mr. Leo D. Sturgeon of the  
Division of Far Eastern Affairs*

[WASHINGTON,] January 19, 1939.

Participants: Delegate Dimond  
Mr. Moore<sup>41</sup>  
Mr. Sturgeon

After obtaining the concurrence of Mr. Bland, Chairman of the House Committee on Merchant Marine and Fisheries, Mr. Moore asked Mr. Dimond to come to the Department in order that he might be given certain information assembled in the Department with regard to the problem of protecting coastal fisheries.

Mr. Moore mentioned that the Department had received from Mr. Bland a letter<sup>42</sup> in which a report on Mr. Dimond's bill (H. R. 883, a Bill to Protect and Preserve the Salmon Fisheries of Alaska, etc.) was requested and that he had obtained Mr. Bland's consent to discuss the matter orally and informally with Mr. Dimond; that Mr. Bland had further assured him that this procedure would satisfactorily take the place of a written reply.

Mr. Moore stated that he was familiar with the purport and scope of Mr. Dimond's bill and had noted that it was identical with H. R. 8344, introduced by Mr. Dimond during the last Congress. He then briefly referred to the understanding concluded with Japan on March 25, 1938, mentioned that the Japanese had thus far honored the assurances given to this Government with regard to the salmon fishing activities of Japanese nationals in Alaskan waters, and stated that by the terms of the understanding it continued in effect.

Mr. Moore then informed Mr. Dimond that the Department has continued to give study to the problem of coastal fisheries, and that the Department of Commerce had been asked to prepare data showing the extent of American interests in the offshore waters of other countries. He said that he thought it important that we give careful attention to this phase of the fishery question, in order to determine how American fishing interests would be affected should we afford other countries a precedent for the extension of their territorial jurisdiction. Mr. Moore then asked Mr. Dimond to glance over the data supplied by the Department of Commerce.

Mr. Dimond said that the data shown to him clearly indicated that American fishing interests in foreign coastal waters were extensive and that he realized that the Department must give consideration to

<sup>41</sup> R. Walton Moore, Counselor of the Department of State.

<sup>42</sup> Not printed.

this phase of the problem. He thought, however, that it had been established that the situation of salmon fisheries was in fact different from that of the general run of fisheries, and that his bill could be defended on that ground. Mr. Moore said that we were agreed that the Alaska salmon fishery could be distinguished from most other fisheries but that there was the question whether other countries would accept the distinction as material. He said that the point with which we were especially concerned was that there might be serious repercussions from unilateral action. Mr. Moore also mentioned that certain existing fishery treaties might be jeopardized—especially the Bering Sea fur seal treaty.<sup>43</sup> Mr. Dimond was informed that the American share of the fur seal catch for 1938 totaled \$293,512 net.

Mr. Dimond said that he understood the reasons for our concern, and that he appreciated the Department's position, but that the pre-occupation of Japan in China caused him to believe that now would be an admirable time to enact legislation. He said that if the Department did not oppose his bill he believed that Congress would pass it, and cited in support of this statement the fact that Senator Copeland's bill, of a more drastic nature, easily passed in the Senate during the last Congress.<sup>44</sup> Mr. Dimond stated, however, that he was thinking of revising his bill to eliminate a "loop hole" in it which had been called to his attention; that in view of this it would suit his convenience if the Department refrained from making a report until it had been submitted in revised form. Mr. Moore stated that we would be glad to keep in touch with Mr. Dimond's efforts.

The question of the Canadian attitude toward the proposed legislation was briefly discussed. Mr. Dimond said that he was doubtful about what that would be. Mr. Moore stated that the Department had kept the Canadian Legation generally informed of our efforts in the fishery matter, and that we should continue to do that. Mr. Sturgeon suggested that the views of Canada with regard to ways and means of protecting coastal fisheries may not be entirely in line with some of the views held here, and that therefore it might be well to consider how we could assure ourselves of Canadian cooperation toward our general objectives. Mr. Moore suggested that we might at an early date have a general talk with some one from the Canadian Legation.

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<sup>43</sup> Signed at Washington, July 7, 1911, between the United States, Great Britain, Japan, and Russia; *Foreign Relations*, 1911, p. 260.

<sup>44</sup> Senator Royal S. Copeland, Democrat, New York, introduced S. 3744, "To assert the jurisdiction of the United States over certain portions of the Bering Sea and the submerged land thereunder", which passed the Senate on May 5, 1938; *Congressional Record*, vol. 83, pt. 6, p. 6297.



711.008 North Pacific/443 : Telegram

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

TOKYO, January 26, 1939—6 p. m.  
[Received January 26—9:54 a. m.]

46. Our 19, January 11, 6 p. m., Alaska Salmon Fishery.

1. The following is the text in translation of an informal letter which Yoshizawa handed today to Dooman:

"My Dear Mr. Dooman: I refer to your call on me on January 11, when you spoke of the various conditions in the United States affecting the question of salmon fishing in waters near the coast of Alaska and when you handed me informally a paper dealing with that subject. You pointed out that, in view of the increasing desire for a fundamental solution of this question by legislation, there were indications that Congress would proceed to discuss and consider such legislation.

In view of your connection with this case since its inception you are aware that it was realized that the immediate need was, through mutual understanding and by exercise of patience on the part of the competent authorities of the American and Japanese Governments, and after overcoming numerous complications, to seek a practical solution which would reserve all discussions based on international law. Finally in March last year there was reached an agreement of views and a provisional solution was effected. As a result of that arrangement the survey vessel belonging to the Department of Agriculture and Forestry whose operations apparently have caused concern to the American authorities, was not despatched last year to Alaska, and it is understood that no plans are being made for it to operate in those waters during the coming season. Consequently, I firmly believe that there cannot be discovered or anticipated one fact occurring between March of last year until today which can be regarded as a direct basis for renewal of agitation with regard to this question. Toward the end of last year you stated to me informally that there were one or two members of Congress who planned to provide a fundamental and permanent solution of this question on the basis of the so-called 'Continental Shelf' claim by resort to the process of legislation. As a matter of fact, the Japanese Embassy at Washington and the Consulates in the various places which are concerned in this matter have been carefully on the alert for indications of trends in American public opinion on this question, and there have been no reports on this subject from these offices, the statement therefore that there have occurred developments in connection with this matter which make it necessary that the Department of State again raise this question could not have been anticipated; and I believe that you will understand the reasons for my astonishment when you made your recent informal suggestion.

Public opinion in the United States which, since the breaking out of the conflict with China has not hesitated to manifest antipathy toward Japan, has taken a still further turn for the worse since Ambassador Grew despatched his official note of October 6, 1938<sup>46</sup> and

<sup>46</sup> *Foreign Relations, Japan, 1931-1941, vol. I, p. 785.*

public opinion in Japan, realizing that fact, is showing indications of feeling that the attitude of the American Government which had up to that time been a comparatively fair one is undergoing a change. The frequent references recently attempted in American newspapers to application of so-called economic sanctions against Japan are also being widely noticed. If in these circumstances when there has been offered no direct reason and when less than a year has elapsed since a provisional solution was reached the question were today again to be raised suddenly various conjectures would arise with regard to the motives of the United States and I am sure that you will realize that there would be cause for apprehension of the adverse effects of such conjectures on relations between our two countries.

It is not necessary for me to dwell on the innumerable difficulties which lie in both countries in the way of formulating a so-called fundamental solution of this question. Assuming that these difficulties could be eliminated or surmounted and that a solution is not absolutely impossible the fact is that, in my opinion, the present would be most inopportune time for giving consideration to this question. For these reasons I have not transmitted your informal suggestion to my superiors or discussed it with the concerned governmental department: To have done so would not, in my opinion, have served any useful purpose. I have thus laid the facts before you frankly and hope that you will report them carefully to Ambassador Grew in order that he may place the Department of State in a position to understand the circumstances.

Sincerely yours,

Seijiro Yoshizawa"

2. Yoshizawa added orally that the sentence in his letter "assuming that these difficulties could be eliminated or surmounted and that a solution is not absolutely impossible" was not to be interpreted to mean that the Japanese Government would be disposed at some time in the future to enter discussions along the lines of the "Continental Shelf" doctrine. He said that when his letter was being considered by the Foreign Office the Treaty Bureau desired to revise the sentence under reference in order to make it clear that the Japanese Government would not in any circumstances consider unilaterally renouncing its right under international law as at present understood. However, he had obtained the Treaty Bureau's approval of his letter only on condition that he make it clear to us that the Japanese Government does not intend to enter into conversations which would lead to any discussion of such rights.

GREW



THE BRITISH COMMONWEALTH OF NATIONS  
UNITED KINGDOM

REPRESENTATIONS TO THE BRITISH GOVERNMENT ON EFFECTS OF  
IMPORT CONTROLS ON AMERICAN BUSINESS AND AGRICULTURE

600.419/626 : Telegram

*The Ambassador in the United Kingdom (Kennedy) to the Secretary  
of State*

LONDON, September 2, 1939—1 p. m.  
[Received September 2—6:31 a. m.]

1371. The House of Commons passed last night the Import and Export Customs Powers (Defence) Act<sup>1</sup> under which all exports and imports can be controlled by licence. The Board of Trade has issued an order today adding other products to those named last week requiring export licences. It is not planned to issue the list of imports requiring licences until a state of war begins.

The British Government is desirous of maintaining such exports as are possible in order to acquire foreign exchange but certain exports have been put under licence in order to (1) conserve essential products needed for prosecuting the war and (2) preventing certain essential supplies reaching the enemy.

Stanley<sup>2</sup> told me that the import list will of necessity be drastic in order to conserve available resources of foreign exchange. They will nit luxury and semi-luxury goods hard and divert to domestic production such products as need not be imported.

The full list of the products under export and import licences will be abled later.

KENNEDY

.41.006/404 : Telegram

*The Ambassador in the United Kingdom (Kennedy) to the Secretary  
of State*

LONDON, September 3, 1939—9 p. m.  
[Received September 3—3:30 p. m.]

1411. Embassy's 1383, September 2, 5 p.<sup>3</sup> Following is Board of Trade announcement dated September 3.

<sup>1</sup> *Public General Acts*, 2 & 3 Geo. 6, ch. 69, p. 1043.

<sup>2</sup> Oliver Stanley, President of the British Board of Trade.

<sup>3</sup> Not printed; it listed those raw materials and goods of importance to the United States which the United Kingdom had prohibited export (600.419/627).

"The Board of Trade announce that they have made an order under the Imports Exports and Customs Powers (Defence) Act 1939 which was passed into law on Friday last prohibiting imports of certain goods except under licence. The object of the order is to limit with effect from the 5th September imports of luxuries and of goods of which there are sufficient home supplies in order to conserve exchange for the additional purchases of other products required in war time. The main categories of goods covered by the order are pottery and glass, cutlery, clocks and watches, textile goods and apparel (including footwear), certain chemicals and paints, soap, office machinery (including typewriters), motor cars, musical instruments, perfumery and toilet requisites, toys and games and luxury foodstuffs.

Enquiries should be addressed to the Import Licensing Department, 25 Southampton Buildings, Chancery Lane, London, WC2".

I have received a proof copy of the order and two related schedules which are not to be published before tomorrow. As they cover eight fine print pages they will not be telegraphed unless requested.

KENNEDY

841.4061 Motion Pictures/182 : Telegram

*The Ambassador in the United Kingdom (Kennedy) to the Secretary of State*

LONDON, September 12, 1939.

[Received September 12—12:48 p. m.]

1614. Discussion with Board of Trade today with reference to possible emergency defence control measures for the film industry elicited following information.

(1) Board of Trade considering suspension of quota provisions. Producers group here adopted resolution last week opposing any suspension of quota provisions. A memorandum to this effect has been presented to the Board of Trade. Embassy informed today that Board is now checking certain sections of producers memorandum. Definite impression received that major portion of quota provisions will probably be suspended. Entire Board of Trade personnel film section already transferred to other duties.

(2) Board of Trade intimated that import of foreign films may be subject to licence in order to equalize imports to reduced theatre requirements. Anticipated blackouts will seriously curtail cinema attendance resulting in some theatres closing permanently and other operating shorter hours.

(3) Board of Trade raised question of foreign exchange control with Allport<sup>4</sup> on September 9. He was warned that in view of an avoidable shortage of dollar exchange it may be necessary to consider suspension of transfer abroad of earnings of American film companies in the United Kingdom. Board of Trade state that Import Licensing

<sup>4</sup> Fayette Ward Allport, representative in London of Motion Picture Producer and Distributors of America, Inc.

Board and Treasury are arranging for a conference on this subject with American interests here.

(4) Board of Trade further state no plans made as yet regarding number of first run theatres which will remain open.

Not for public release. Advise Commerce.

KENNEDY

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811.61331/35 : Telegram

*The Ambassador in the United Kingdom (Kennedy) to the Secretary of State*

LONDON, September 13, 1939—1 p. m.

[Received September 13—8 a. m.]

1620. Answering your 926, September 12, 6 p. m.<sup>5</sup> I talked with Oliver Stanley, President of the Board of Trade, this morning. He told me no action had been taken or was contemplated by the British Government with reference to emergency restriction of imports of tobacco from foreign countries, notably Turkey, and that as a matter of fact there is none against the United States.

The restriction is not through regulation or legislation but through the employment of Britain's purchasing power. Tobacco as well as other products will be affected on the one hand by the British Government's desire to conserve its sterling resources and on the other hand by its desire to increase its influence over countries in the war area and to prevent supplies from reaching Germany.

KENNEDY

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811.61331/35 : Telegram

*The Secretary of State to the Ambassador in the United Kingdom (Kennedy)*

WASHINGTON, September 13, 1939—9 p. m.

949. Your 1620, September 13, 1 p. m. Please convey to Stanley that abrupt curtailment of British purchases of American tobacco has had distinctly adverse repercussions on the American industry. Please add, however, that while the action taken by the British Government is naturally disappointing to us, this Government recognizes the immediate difficulties confronting the United Kingdom. If you deem it appropriate, will you express the earnest hope that there will be at least a partial resumption of tobacco purchases from the United States. Report by telegraph.

HULL

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<sup>5</sup> Not printed.

811.61331/36: Telegram

*The Ambassador in the United Kingdom (Kennedy) to the Secretary of State*LONDON, September 15, 1939—3 p. m.  
[Received September 15—10:08 a. m.]

1659. Department's 949, September 13, 9 p. m. Stanley reiterates contents of my 1620, September 13, 1 p. m. and points out that it is not that they do not want to buy tobacco from us but that they just have to conserve their exchange for things they need now, not 3 years from now. My own impression is that if they can resume tobacco purchases they will, but at present I see very little hope.

KENNEDY

561.311 F1 Advisory Committee/964: Telegram

*The Ambassador in the United Kingdom (Kennedy) to the Secretary of State*LONDON, September 19, 1939—7 p. m.  
[Received September 19—3 p. m.]

1720. With my permission Steere<sup>6</sup> and Butterworth<sup>7</sup> yesterday participated, on the invitation of officials of the British Food Ministry and the British Treasury, in a discussion of what might be described as British policy with respect to purchases of foodstuffs and feedstuffs. Considerable differences of opinion have obviously developed among the British as to the expediency of trying to play one country against another and of trying to drive hard bargains on prices without much regard for the future economic, political and financial implications; and those who counsel the adoption of a longer range view involving payment of fairer prices and having more regard for the normal sources of supply are for the moment at least gaining something of an upper hand. It is not unlikely that this is due in part to shipping considerations which are conspiring to make less attractive wheat shipments from Australia and Argentina and more attractive those from Canada and the United States.

While discussions were largely confined to generalities and did not give rise to any positive statement of the point of view of the British Government the Food Ministry officials indicated that they are authorizing Cairns (the Secretary of the Wheat Advisory Committee), who

<sup>6</sup> Loyd V. Steere, Agricultural Attaché at London.

<sup>7</sup> William W. Butterworth, Second Secretary of Embassy at London and Special Representative of the Treasury Department for Stabilization French Operatives.

has accepted a temporary unpaid assignment in the Ministry, to undertake immediate informal discussions (see No. 1540, September 8, 7 p. m.<sup>s</sup>) with representatives on the Preparatory Wheat Committee of the four overseas exporting countries, regarding the desirability of resuming the wheat discussions which were adjourned on August 25. The implication is that the British Government would be prepared to cooperate more actively in reaching some form of international wheat agreement, in which its chief interest, for the time being at any rate, would be the maintenance of reasonable prices, but which, in the long run, would involve helpful cooperation toward avoidance of generally unhealthy developments. The Ministry of Food now regards the matter as an urgent one, and it is therefore hoped that we may have early instructions in the light of recent developments.

On the matter of the general discussion the Embassy represented two considerations:

(1) that it was highly desirable both from the British point of view and our own for the United States to have as complete a picture as possible of the purchasing plans of the British Government, that whereas information, say, about wheat or dried fruits or tobacco was in itself helpful from a management point of view it was really necessary to see the larger canvas in order to meet insofar as possible the situation which British purchases and non-purchases would entail.

(2) that it would be disadvantageous to Great Britain as well as the United States if immediate considerations are allowed to dictate a price policy for British purchases which would have the effect of depressing world prices and thus increasing the burden of debt in raw material producing countries which is already too heavy and still mounting.

KENNEDY

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641.116/2509 : Telegram

*The Ambassador in the United Kingdom (Kennedy) to the Secretary of State*

LONDON, October 2, 1939—11 p. m.  
[Received October 2—9:30 p. m.]

1901. As reported in my 1842 of September 27, 6 p. m.,<sup>s</sup> the Ministry of Food intends, when it meets with the packers, to raise the question of payment in either "sterling or goods". It seems to us a dubious policy for American interests at this time to consider accept-

<sup>s</sup> Not printed.



ing payment for American goods in sterling under the terms which would mean an abnormal extension of credit particularly since the Embassy is engaged in facilitating the repatriation of American sterling assets. There is also as yet no reason why a British Government department has to resort to barter to cover dollar purchases. That stage may come but it is surely in America's broader interest to stave it off as long as possible.

Since the discussions may result in the creation of precedent case what attitude shall Steere adopt when in accordance with your 1112, of September 29, 3 p. m.<sup>10</sup> he attends the meetings of the Ministry of Food with the packers? Incidentally the American packers are in a generally strong position and they can use their strength here in the national as well as their own interest.

I might add that we have the impression that the Ministry of Food does not know yet really where it stands with the British Treasury in the matter of allocation of dollar assets and therefore such suggestions as above are being undertaken by the Ministry of Food in the expectation that the Treasury would approve of any resulting arrangement which had the effect of saving on increasing dollar assets.

KENNEDY

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841.4061 Motion Pictures/187 : Telegram

*The Ambassador in the United Kingdom (Kennedy) to the Secretary of State*

LONDON, October 9, 1939—1 p. m.

[Received October 9—8:40 a. m.]

1975. I had a talk with Stanley this morning. He is talking with film people this afternoon and probably will not give them yet the exact proposition affecting American films and American withdrawals. He may ask them to produce a plan based on very small percentages of money to be permitted to be withdrawn from this country.

He told me however in strictest confidence that the ultimate plan will probably be to permit the Americans to withdraw 50% of their collections on films already in this country and about \$5,000,000 a year on the new films to be brought in. As I see it this is very close to destruction for the American film industry and I should think a catastrophe for the theaters in England.

These figures must not yet get out at least for the present.

KENNEDY

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<sup>10</sup> Not printed.

841.4061 Motion Pictures/187: Telegram

*The Secretary of State to the Ambassador in the United Kingdom  
(Kennedy)*

WASHINGTON, October 12, 1939—5 p. m.

1209. Your 1975, October 9, 1 p. m. Hays<sup>11</sup> has been studying problem with heads of various companies and is hopeful of an early agreement which would make possible certain proposals which it is believed would be acceptable to the British Government and still be sufficient to safeguard the present and future needs of the industry. Mr. Hays is hopeful therefore that no final decision will be made by the British before further proposals covering minimum withdrawals necessary for continued operations can be presented by the American interests which should be within the next few days. Hays has asked me to express to you his deep appreciation for your splendid efforts on behalf of the motion picture interests.

Unless you perceive an objection to such a course, it is suggested that you immediately bring the foregoing considerations to the attention of the British authorities.

HULL

841.4061 Motion Pictures/189: Telegram

*The Ambassador in the United Kingdom (Kennedy) to the Secretary  
of State*LONDON, October 13, 1939—3 p. m.  
[Received October 13—1:29 p. m.]

2023. Your [My] 1975, October 9, 1 p. m. I talked with Stanley at once about waiting for proposition from America. He is agreeable. My own belief is that the proposition the English put up is so drastic that we should not consider it. In the first place it means the end of the motion picture industry in the United States in its present set up. The mere fact that they permit the industry to use sterling for supplementary exports is a joke. There is nothing they could buy with that unless they want to buy land or houses in England.

The far reaching effects of the British proposition, as far as the picture business in the United States is concerned, is overwhelming. When you consider that the foreign market is practically closed to the industry and that 30 million dollars comes out of England, which is probably three times the entire profit made in film production by the whole industry, you can see where the picture industry is going to finish. In addition to that, with the loss of foreign income, the terrific investments of American citizens in theaters and real estate in

<sup>11</sup> Will H. Hays, president of Motion Picture Producers and Distributors of America, Inc.

our own country will be shot to pieces, because it is going to take a long time before those gentlemen in California are going to be able to make pictures for half the money they have been spending that will be satisfactory to the tastes of the American public after what they have been educated to. Of course I realize there is a sinful waste in the business and when that is corrected it will take up some of the slack, but it cannot possibly take up the whole of it. That being the case and because it is not only a question of profit to the film companies but the serious collapse of the investment of millions of dollars in the United States, it strikes me that we have got to be very tough.

If the films were something that the British did not have to have, then they could do business on their own terms, but American films to England still continues as important for the morale of their people as any purchase of war materials they can make in the United States.

Of course if the English can confiscate all the American pictures that are here and pay us in sterling, they have got us for at least a year because there are plenty of pictures here to take care of them for that length of time, but it strikes me that would be a very unpolitic thing for them to do, but you can advise me as to whether that is possible. If it is not possible, then I would certainly tell them that they could not have the pictures unless they pay for them. At least it may furnish a basis for a fair settlement.

I have given very serious consideration to this problem and this is my best considered judgment. Also, since the British know all about the telegrams that come in from the companies, they are in a fairly good position to know what the American parent companies are thinking. I would therefore suggest that Hays' proposition be sent to me in the confidential code and then I can express my opinion on it before it is handed over, but if it is once sent through to the offices here, the British will just laugh at me.

As far as fulfilling the quota requirements is concerned, I would tell the British that the American companies are of course prepared to fulfill their requirements, provided they can get all their money out of England and provided the British can guarantee them the staff to work in their pictures and furnish some method of continuing production while air raids are on and all the other attendant difficulties that go with it. They cannot expect Americans to come over here to work under present conditions.

I realize this is a very drastic piece of advice and it is quite likely that the British will tell us to go chase ourselves, but if they cannot take the present films they have got here, they have a tough proposition to work out. I do not think this is unfair at all, because their suggestions and propositions strike a body blow at an industry that will cause untold losses to our people in the United States.

KENNEDY

641.116 Fruit/23 : Telegram

*The Secretary of State to the Ambassador in the United Kingdom  
(Kennedy)*

WASHINGTON, October 14, 1939—2 p. m.

1223. Your 1946, October 6, 1 p. m.<sup>12</sup> I think that your general attitude should be one of deep concern over any measure which affects trade in American products to the extent which you apprehend for raisins,<sup>13</sup> particularly if they are trade agreement<sup>14</sup> items and if the final effect could be such as (1) loss of identity and good will of brands; (2) change over of public taste from established American brands to other brands; (3) inability to restore the normal flow of trade in American products after the war.

You should also express concern at other measures which cause immediate or permanent trade losses, such as the fixing of the domestic price of lard at a figure so low as to render American sales unprofitable. This lard question is particularly disturbing to our Department of Agriculture.

I think the British Government should be brought to realize that, since we are already under pressure by domestic producers to revise or terminate the agreement under the exchange clause, and since pressure from our exporters will certainly follow reduction or disappearance of the benefits which they expected to receive under the agreement, we will be faced with a difficult domestic situation.

HULL

841.4061 Motion Pictures/139 : Telegram

*The Secretary of State to the Ambassador in the United Kingdom  
(Kennedy)*

WASHINGTON, October 16, 1939—7 p. m.

1232. Your 2023, October 13, 3 p. m. The matter has been discussed with Hays who has expressed gratification with the manner in which you are handling the situation. I am in full accord with the position you have taken with Stanley, and you may be assured of my full support in your continued vigorous representations. You may say to Stanley that we have every confidence that he appreciates the importance of a fair decision which is much more than an exchange

<sup>12</sup> Not printed.

<sup>13</sup> The Sun Maid Raisin Growers had complained to the Embassy of regulations against shipping raisins in packages, thus destroying the valuable Sun Maid trade-mark and good will.

<sup>14</sup> For correspondence on the trade agreement between the United States and the United Kingdom, signed November 17, 1938, see *Foreign Relations, 1938*, vol. II, pp. 1 ff; for text of agreement, see Department of State Executive Agreement Series No. 164, or 54 Stat. 1897.

question and will actually have numerous ramifications here. It would seem important not to cause adverse repercussions in circles which are now most cooperative with British interests. So far as I can judge, our American companies are quite prepared to go half way in recognizing Britain's problem, and they are prepared to make sacrifices, but I fully agree in their view that the British should endeavor to understand the potential disaster confronting the American industry.

With reference to your inquiry whether the British could confiscate all American pictures now in the United Kingdom and pay in sterling, I am afraid that they could do this unless British law itself would afford protection to the American interests concerned. It seems advisable to stress policy on this point. I cannot believe the British would go that far. It would certainly be a shortsighted policy because the American companies would surely be forced to cut off future supplies, and the exhibition branch of the industry in Britain would soon be in difficulty.

I agree with your suggestions in respect of fulfilling the quota requirements, although I think the British would do well to abandon this quota set-up. It is bad enough for them to force American companies to produce in the United Kingdom in peacetime. Under present circumstances it is impossible.

HULL

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841.4061 Motion Pictures/191 : Telegram

*The Ambassador in the United Kingdom (Kennedy) to the Secretary of State*

LONDON, October 18, 1939—7 p. m.

[Received 8:55 p. m.]

2081. Your No. 1233, October 16, 8 p. m.<sup>15</sup> I have just spent an hour with Simon<sup>16</sup> and Stanley and their two topside men discussing this picture situation. Not one man of the four has the slightest idea of what it is all about. Everytime you mention getting any money out of the country, they talk about the length of the war and that they must protect themselves by not sending American dollars, in spite of the fact that I proved to them that, from a strictly commercial and financial point of view, the picture business would generate a volume of business here that could not be ignored.

I think that based on the figures given me by Griffith that the figures given in your 1233 are wrong. Theatre attendance was 50% when the theatres first opened, but now the receipts are 90% of normal,

<sup>15</sup> Not printed.

<sup>16</sup> Sir John Simon, British Chancellor of the Exchequer.

so that I made them a proposition following your general outline as follows: that the American companies be permitted to retain for one year 100% of the receipts, applicable for export to America in the normal state of affairs, until that sum has reached 75% of the average of the last 2 years remittance to America. This should be approximately \$30,000,000 and 75% of that would be \$22,500,000; since I have no faith in being able to work out quota pictures, that the quota be done away with and that perhaps the American companies then would set aside £500,000 of the 25% that is left in England for loans or making some pictures in England provided they could be guaranteed that there was a reasonable chance of getting their money back. I thought since the whole decision affected the American industry and the British industry this proposition was about as close as the industry could afford to come without complete bankruptcy. At the same time they would be given a chance to work off their inventories and live under much reduced budgets.

Of the latter they hollered "murder". The most they ever saw going out of here the first year was \$10,000,000 tops and after that possibly \$5,000,000.

I have been very stiff about it and I have told them I would not recommend any alternative proposition that they submitted and that if I were the picture companies I would tell them to take it or leave it. However, they will go over it and of course they will make some kind of a proposition and when they do I will send it along with my recommendations. If you are not going to get enough money out to do you any good in maintaining the industry, you might just as well fight about it.

KENNEDY

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841.4061 Motion Pictures/194 : Telegram

*The Ambassador in the United Kingdom (Kennedy) to the Secretary of State*

LONDON, October 26, 1939—7 p. m.

[Received October 26—3: 09 p. m.]

2177. I had a long talk with Stanley this morning on the films situation and he has given me the following outline of agreement. It is a terrific improvement on anything they have intimated up to the moment but have the American people go over it without letting it get out to the public and let me have their reactions as quickly as possible. In the meantime I will be thinking it over and will have my suggestions ready when I get the reactions from America.

"1. Period of the agreement. The agreement to run for 1 year beginning 1st October, 1939.

2. First 6 months. During this period the American renting companies will be authorized to remit in dollars 60 percent of their net takings on the basis of past trading. For this purpose the figure of £7,000,000 mentioned by the American Ambassador is accepted as a fair estimate.

The allocation of this sum as between companies would be made on the basis of a scheme to be drawn up by the companies.

Net takings means the amount left after subtracting all expenses of the renting organization here including the money spent on acquiring films for quota purposes.

To ensure the continuance of film production in Great Britain the renters quota will be maintained at its present level but consideration would be given to alternative proposals that would ensure full use being made of the available facilities for production.

The necessary power would be taken to treat this period as continuous with the preceding period (April to September, 1939) for the purpose of fulfilling the quota obligations under the Films Act.

3. Second 6 months. In this period the amount to be remitted in dollars will be reduced from 60 percent to 40 percent, the basis of calculation remaining the same.

Consideration would be given to the possibility of replacing the quota by arrangements under which the American companies would agree to make available a certain sum of money, roughly equivalent to their obligations under the quota, i. e., for film production in this country. This money might be paid into a fund and guaranteed a fixed rate of interest. This interest could be exported in the form of dollars.

It would also seem desirable that the American companies should agree not to increase prices beyond the present levels. Cases of dispute would be referred to a joint committee of renters and exhibitors in the first instance and, if necessary, to a single arbitrator appointed by both parties in agreement.

4. Sterling balances. Arrangements for dealing with the remainder of the accumulated sterling balances are under consideration by the Treasury. It is clear that some means must be found for "freezing" them effectively. If this took the form of some special kind of Government security carrying a fixed rate of interest, the interest so earned could be exported in the form of dollars".

I also received the following personal note from Stanley which refers to getting some productions started here without of course prejudice to any agreement that might be signed. I think he needs this for political purposes and he called me up and stressed its importance. Will you have Hays and the group consider it. I think it might be good business for any further adjustments we may need.

"My dear Ambassador, I enclose a note of the proposals I put to you this morning. I quite appreciate that these proposals must be carefully considered on the other side and that this may take some time. On the other hand I am, as you know, being very hard pressed by the producing side of the industry here to put an end to the uncertainty which is reflecting in widespread unemployment of labor and resources generally.

If there is any likelihood of negotiations being protracted, do you think anything could be done to get over the difficulty by persuading some of the American companies, without prejudice, of course, to the outcome of the negotiations, to release a few orders and relieve the present stagnation? I am told that there are contracts actually in being that would have been signed some weeks ago but for the intervention of the war. Yours sincerely, Oliver Stanley."

KENNEDY

641.116/2519 : Telegram

*The Ambassador in the United Kingdom (Kennedy) to the Secretary of State*

LONDON, November 1, 1939—1 p. m.  
[Received November 1—10:45 a. m.]

2232. For the President, Secretary of State and Secretary of the Treasury. I had a talk with Sir John Simon this morning in which he stuck closely to the text of a memorandum which obviously had been prepared for him a copy of which I obtained on leaving. It really embodies all he had to say.

"The amount of gold and other foreign exchange resources at our disposal for the necessary purchases abroad for the prosecution of the war are by no means unlimited. The United States Government has been kept informed generally as to our gold resources, and the amount of our readily mobilisable foreign exchange securities has recently been discussed with you. Additional foreign exchange assets can, broadly speaking, only be obtained from the sale of exports, including newly mined gold, abroad, and it is inevitable that our export trade should be seriously restricted by war time conditions.

On the other hand, British Government purchases abroad are bound to be greatly increased. It is impossible at the present stage to make more than a very preliminary estimate of what these purchases will be, but on the basis of such estimates as we have been able to make United Kingdom expenditure in the United States is likely, during the first year of the war, to be round about 100 million sterling in excess of what is likely to be spent by the United States in the United Kingdom, and this figure will probably increase as the war goes on.

A similar position holds as regards Canada, where it is probable also that British expenditure will exceed Canadian expenditure in Great Britain, all transactions visible and invisible included, by not far short of 100 million pounds in the first year of war.

In view of magnitude of this excess expenditure it has been, as you know, necessary for us, in order to concentrate the dollar resources available to us on the purchase of commodities essential for the prosecution of the war, to prohibit the importation, except under license, of a large variety of goods. Faced as we are by the very grave exchange situation explained above, we feel that at a time when we have had actually to refuse dollars to the fighting services for purchases which they would otherwise have made abroad, we could not defend the further purchase in the United States of commodities not



strictly required in this country and we propose to add a certain number of further items including apples and pears as from an early date to the list of goods which can only be imported under license. (Machinery is also being added to the list, but this is for the purpose of regulating not reducing the total imports.) We have already explained our position in respect of films and tobacco.

It is with the greatest regret that we feel bound to take action of this nature and you will appreciate that it is dictated solely by necessity, having regard to the state of our dollar resources. We have no intention whatever of using the reduction of certain imports from the United States which is forced upon us by the war for the purpose of altering permanently the channels of trade and we intend as soon as may be possible to return to our normal peace time commercial policy as laid down in the Trade Agreement with the United States, but as the war goes on and as the pressure upon our exchange resources increases it will be inevitable that even more stringent restrictions should be imposed. As explained above there will be no overall reduction of imports, but purchases of certain goods must be reduced in order to enable other purchases to be increased. We wish to give the United States Government the earliest possible advance notice of the position and we confidently trust that the United States Government will appreciate the position in which we are placed and will understand that no discrimination against the United States is in our minds other than what is forced upon us by the exigencies of the war."

KENNEDY

641.116/2523 : Telegram

*The Ambassador in the United Kingdom (Kennedy) to the Secretary of State*

LONDON, November 13, 1939—10 p. m.

[Received November 13—4 : 56 p. m.]

2344. Embassy's 2232, November 1, 1 p. m. Board of Trade advises that it expects to announce Wednesday night a prohibition on all imports of apples and pears shipped from the United States on and after November 20. The Board will advise later the exact time when this information may be made public.

Trade advises that Bank of England already refusing exchange for new orders.

Advise Agriculture.

KENNEDY

641.116/2523 : Telegram

*The Acting Secretary of State to the Ambassador in the United Kingdom (Kennedy)*

WASHINGTON, November 14, 1939—6 p. m.

1429. Your No. 2344, November 13, 10 p. m. Please make a strenuous protest against proposed British prohibition of imports of apples

and pears from the United States. In view of the very important proportion of the domestic commercial production of both apples and pears that are normally exported and the high percentage of our exports that go to the United Kingdom, the proposed prohibition would be a severe blow to our producers. The prohibition would nullify important concessions made in the trade agreement and weaken our position against the strong interests which are urging denunciation of agreement through invoking the exchange depreciation article.

The apple producers have made recent representations that the exchange article in the Canadian Agreement<sup>17</sup> be invoked so that imports of Canadian apples into the United States can be restricted. They contend that the shortage of tonnage for transporting Canadian apples to Europe and the restricted demand in Europe will result in dumping of Canadian apples on the already seriously depressed domestic market. The announcement of the United Kingdom restrictions will certainly intensify agitation for action affecting both the Canadian and United Kingdom agreements.

WELLES

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641.116/2526 : Telegram

*The Ambassador in the United Kingdom (Kennedy) to the Secretary of State*

LONDON, November 15, 1939—8 p. m.

[Received November 15—5 p. m.]

2367. Department's 1429, November 14, 6 p. m. Vigorous representations were made today to Overton of Board of Trade, with emphasis upon the seriousness of complete prohibition of such important products as apples and pears, as contrast with mere restriction, and the steadily undermining effect upon the trade agreement of the increasingly numerous measures of this character. The repercussions upon Canadian-American trade were learned with some surprise and apparent discomfiture.

Overton offered little defense other than the usual reference to war conditions and shortage of exchange but when it was pointed out that some hope of relaxation had previously been offered for later in the season, he promised that consideration would be given to that possibility.

The Board of Trade (import of goods prohibition order No. 8) tonight prohibited the importation, except under license, of fresh

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<sup>17</sup> Article XIII of reciprocal trade agreement between the United States and Canada, signed November 17, 1938. For correspondence on the agreement, see *Foreign Relations*, 1938, vol. II, pp. 164 ff; for text, see Department of State Executive Agreement Series No. 149, or 53 Stat. 2348.

apples and pears, pepper, and apricot and peach kernels; order effective November 20, but goods despatched to United Kingdom before that date do not require license. The announcement states

“no applications will be entertained, until further notice, for import licenses in respect of these commodities, but as regards apples and pears and pepper, an open general license has been issued permitting importations from Empire countries until further notice. Arrangements are being made with the Canadian Government for a limitation of the shipments of apples from Canada to the United Kingdom during the remainder of the current season”.

KENNEDY

841.4061 Motion Pictures/205: Telegram

*The Ambassador in the United Kingdom (Kennedy) to the Secretary of State*

LONDON, November 18, 1939—10 p. m.  
[Received November 18—4:40 p. m.]

2397. Embassy's 2331, November 10, 9 p. m.<sup>18</sup>

1. Following is the final text of the film agreement. It has been accepted by Stanley and approved by me subject to the companies' final O. K. Allport has been consulted and he likewise approves text.

Stanley is unfortunately being subjected to very considerable pressure to make some announcement in regard to films just as soon as possible. I would like to help him and would therefore appreciate receiving the assent of the companies by Monday<sup>19</sup> afternoon if at all possible.

Does the Department wish me to accept in behalf of the companies or will this be done by Allport? In the latter case I suggest Hays cabling Allport, through Embassy, full powers.<sup>20</sup>

TEXT OF AGREEMENT

*“1. Period of agreement.*

(a) Agreement to run for 1 year. For the purposes of dollar remittances, the year will begin on 1st November, 1939. For the purposes of quota, it will run from 1st October, 1939.

(b) If it should be necessary to consider a further agreement, at the expiration of the present arrangement, discussions will be opened at least 3 months before the termination of this agreement.

(c) The term ‘companies’ as employed in this agreement means the seven distributing organizations listed in appendix ‘A’ to the agreement.

<sup>18</sup> Not printed; it transmitted an outline of the film agreement, and in telegram No. 1444, November 16, 10 p. m., the Department reported the concurrence of eight motion picture companies (841.4061 Motion Pictures/200, 207a).

<sup>19</sup> November 20.

<sup>20</sup> This was done in telegram No. 1465, November 21, not printed.

## *2. Financial conditions.*

(a) During the period 1st November 1939, to 31st October, 1940, the companies will be authorized to remit in dollars an amount not exceeding \$17.5 millions. This figure represents 50 per cent of \$35 millions, which is understood to be the average of their remittances over the last 3 years. The allocation of this sum as between companies would be made on the basis of a scheme to be drawn up by the companies. During the first 6 months of the period, i. e., 1st November, 1939, to 30th April, 1940, each company will be entitled, should it so desire, to remit up to 75 per cent of its share of the \$17.5 millions. During the second 6 months of the period, each company will be entitled to remit the rest of its allocation, the total dollar remittances for all companies during the period 1st November, 1939, to 31st October, 1940, not to exceed \$17.5 millions.

(b) Measures will be agreed between the companies and the Treasury and the Board of Trade which will effectively prevent the unauthorised transfer of their remaining revenues. For this purpose a control organisation will be set up representing the companies and the Board of Trade.

(c) Any foreign exchange accruing to the companies as a result of the distribution overseas of pictures made (by them) in the United Kingdom may be retained by the companies or an equivalent amount of dollar exchange will be placed at their disposal for transfer from the United Kingdom in addition to the \$17.5 millions specified in this agreement.

## *3. Quota conditions.*

(a) To ensure the continuance of film production in Great Britain, the renters' quota will be maintained at its present level from 1st October, 1939, until 31st March, 1940. The necessary power would be taken to treat this period of 6 months as continuous with the preceding renters' quota period (1st April to 30th September, 1939) for the purpose of fulfilling the quota obligations under the films act.

(b) Powers will also be taken to make such other changes in the quota act as the Board of Trade may deem desirable in the interests of British production.

(c) The quota provisions of the films act will be administered with due regard to the various obstacles that war time circumstances may cause to production.

(d) Immediate consideration will be given to the possibility of replacing the quota provisions in the second period of 6 months by alternative arrangements under which the companies would spend an amount equivalent to the monetary obligations that they would have incurred during that period under the Cinematograph Films Act, 1938, this amount either to be spent directly on film production in this country or made available by way of guaranteed loan for financing such production.

## *4. Supply of films.*

It is understood that the companies will, in so far as lies within their power, continue to export their films to this market to the same extent as before and that under no circumstances will an artificial shortage of films be created by the companies. If for unavoidable

reasons there should be a substantial shortage in the number of films available to exhibitors, the companies agree not to take advantage of this position, if it arises, to raise film rentals above their present levels." End of text of agreement.

2. With regard to second half of quota year covered by paragraph 3 (*d*) this paragraph has been worded in very general terms on the urgent request of the Board of Trade in order to permit the Board to broach this matter in its own way to the British film interests here.

I have however obtained a specific commitment from Mr. Stanley in a letter written to me personally accompanying the agreement, whereby Stanley agrees to replace the quota provisions of the films act on April 1, 1940, by one of the following two plans or by an alternative arrangement mutually agreeable to both the Board of Trade and the American renters:

Plan 1. The quota to be replaced by arrangements under which the companies would agree to make available for film production in the United Kingdom a sum of money equivalent to their obligation under the quota, the money to be guaranteed as to principal and interest. The interest on such a fund could be remitted in the form of dollars to the United States.

Plan 2. The quota to be replaced by an undertaking of the companies to spend collectively on the production of British films for domestic and international distribution between 1st April, 1940 and 30th September, 1940 an amount equivalent to the monetary obligations which the companies would have incurred during that period under the quota act.

3. Paragraph 3 (*b*) was inserted in the agreement at the request of Allport. He has formulated some changes in quota law which he is now discussing with Board of Trade which should facilitate fulfilment of quota act by American companies.

4. With regard to non-remittable balances, I had Allport accompany Steyne in his discussions concerning the details of this matter with the Treasury. Paragraph 2 (*b*) was drafted specifically to meet Allport's wishes. Allport urgently requested that no hard and fast framework covering the disposal of non-remittable balances be made until he could discuss the matter with the companies' accountants and present their joint scheme to the Treasury.

For your confidential background information, the Treasury informed me that it must insist that the non-remittable balances of the American distributors here be kept under some sort of Treasury supervision to prevent any unauthorized indirect or direct transfers. Their normal control restriction, they frankly admit, are as yet full of loopholes. The control of non-remittable balances may therefore even possibly extend to the requirement that some kind of special account be set up in the Bank of England for each company unless Allport,

after consultation with the companies' accountants, can produce an alternative control scheme satisfactory to the Treasury. I am not too sanguine that this will be possible. While it must be anticipated that the utilization of these non-remittable balances, for purposes other than the companies' normal business and production requirements, will only be permissible in agreement with the Treasury, I have been assured that this agreement will not be withheld except when necessary to prevent direct or indirect transfer, of these non-remittable balances by means not approved by the Treasury.

5. As to companies' worry that they do not wish to spend on quota more than they have tied up in sterling, my suggestion is that if the 17.5 million dollars should represent all their take and they have no exchange left for quota, they might borrow sterling here to pay off on the big amount they will have from this year on. My advice is for them to get all the money they can while the going is good.

KENNEDY

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641.116 Fruit/36a : Telegram

*The Secretary of State to the Ambassador in the United Kingdom  
(Kennedy)*

WASHINGTON, November 24, 1939—5 p. m.

1493. The following letter has been received from a member of the New York Produce Exchange:

"We have noted with satisfaction that the State Department has lodged a protest with the British Government against the embargo placed on apples and pears from the United States.

"The Associated Press quotes the British Food Ministry officials as saying that 'Britain can hardly squander her foreign currencies in fruit when there are such things as war materials to be bought and paid for in America'.

"In other words, we and other legitimate business firms, as well as American agriculture, are being penalized for the lifting of the arms embargo.

"We hope that your Department will be able to obtain a modification of the embargo otherwise we and our growers and packers will most certainly bring pressure to bear upon our congressional representatives in order to obtain a correction of this situation. We are convinced that the British Empire, as well as France, are not in such desperate straits at this time as to force them to take such a step."

The foregoing is typical of the reactions in this country to the policy of the Food Ministry as embodied in the Associated Press quotation from the alleged utterance of an official thereof. Please take a suitable occasion to impress upon officials the possible consequences of such shortsighted policy.

HULL

641.116/2557 : Telegram

*The Chargé in the United Kingdom (Johnson) to the Secretary of State*

LONDON, December 20, 1939—4 p. m.

[Received December 20—2 p. m.]

2672. Sir Arnold Overton<sup>21</sup> made occasion to advise the Embassy informally of the steps that are being taken in the matter of purchasing Greek and Turkish tobacco. After referring to the Chancellor of the Exchequer's statement contained in the Ambassador's telegram No. 2232 of November 1, 1 p. m., and explaining under what reluctant necessity the British Government was taking these steps, due to the political importance of Greece and Turkey in the war situation, he gave the following facts. Great Britain has contracted to take service on one of its loans to Turkey by acquiring Turkish tobacco to the extent of slightly less than pounds 1,000,000 per annum over a 20-year period. Likewise the French have contracted to take about two-thirds of this amount. General commercial negotiations are pending with Greece which will probably result in Great Britain taking about pounds 500,000 of Greek tobacco over a 3-year period and France will acquire a substantial but lesser share. No steps have been taken to purchase Bulgarian tobacco. The British purchases from Greece and Turkey will probably aggregate 20 million pounds or about 10% of the British requirements.

A British mission will shortly leave for Turkey which will include British tobacco company buyers and a Government official. The British Government is holding the weapon of compulsory admixture over the heads of the British tobacco companies in the hope that they will be able to work out voluntarily a satisfactory admixture scheme and the British tobacco interests intend to buy for this purpose not highly scented but "neutral" Turkish tobacco. It is expected that it will take almost a year before these projected purchases are ready to be moved into consumption.

Needless to say the Embassy expressed grave concern over the injury to American tobacco interests which such action would entail, particularly in the change in taste of the British public for pure American tobacco and Overton again emphasized the reluctance with which this step was being taken and the extent of Turkish pressure to find a substitute market for Germany which is reducing its Turkish purchases and the importance of Turkey's position to the British and French in their "life and death struggle with Germany."

JOHNSON

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<sup>21</sup> Second Secretary of the British Board of Trade.

641.116/2557: Telegram

*The Secretary of State to the Chargé in the United Kingdom  
(Johnson)*

WASHINGTON, December 22, 1939—7 p. m.

1662. Your 2672, December 20, 4 p. m. Please send a note to the Foreign Office<sup>22</sup> as soon as possible protesting in the strongest possible terms against the discriminatory policies of the Board of Trade with respect to tobacco purchases, pointing out that the Government of the United States considers these policies to be incompatible with British obligations under the Trade Agreement. You should state orally that all the trade control measures and policies adopted by the United Kingdom Government are being given careful study with a view to determining their effects on American trade and their relation to the contractual obligations existing between the two countries.

HULL

641.116/2557: Telegram

*The Secretary of State to the Chargé in the United Kingdom  
(Johnson)*

WASHINGTON, January 26, 1940—9 p. m.

172. This Department and Department of Agriculture need further details of the arrangement between the British and Turkish Governments regarding tobacco purchases. If an agreement has been concluded, transmit copies by mail if available and also copies of all other pertinent documents. Cable replies to the following: (1) Are purchases of Turkish tobacco to be made by the British Government or through private traders? (2) Does arrangement require use in Britain or permit resale or reexport? (3) With reference to second paragraph of your 2672, December 20, 4 p. m., have there been any further developments on the admixture scheme? This information is needed in connection with extensive discussions of the question between the British Embassy here and the Department, the substance of which will be cabled to you shortly.

HULL

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<sup>22</sup> In telegram No. 194, January 20, 1940, 4 p. m., the Chargé in the United Kingdom reported that this instruction had been embodied in a note to the Foreign Office on December 28 (641.116/2568).



NEGOTIATIONS BETWEEN THE UNITED STATES AND THE UNITED KINGDOM FOR THE EXCHANGE OF STRATEGIC AGRICULTURAL PRODUCTS AND RAW MATERIALS; AGREEMENT SIGNED JUNE 23, 1939, FOR EXCHANGE OF COTTON FOR RUBBER

811.24 Raw Materials/83b: Telegram

*The Secretary of State to the Ambassador in the United Kingdom  
(Kennedy)*

WASHINGTON, April 18, 1939—noon.

267. This Government is in urgent need of adequate emergency reserve stocks of certain raw materials. Bills are under consideration in Congress which would authorize the purchase of such materials but it is now clear that it will be impossible to secure immediately adequate funds for direct purchase. It is probable that the maximum amount that can be expected this year will be \$10,000,000, whereas more than \$100,000,000 would be needed to secure even the minimum essential reserves.

This Government would undertake, however, to place itself in a position to make available any quantity of cotton and wheat desired by other governments for emergency reserve stocks, in exchange for stocks of strategic materials to be held in reserve here.

You are requested to discuss with the British Government the possibility of arranging at once for an exchange of cotton and wheat for strategic materials, particularly rubber and tin. The matter seems to the President and to me important enough to carry before the highest officials of the British Government if necessary.

It is suggested that you stress the following points:

1. The feeling here of urgent need of stocks of rubber and tin as reserves for national emergencies, especially in view of the limited stocks of these commodities readily available to the market under the control of the existing intergovernmental regulatory agreements, in which the British have such a prominent part.

2. The belief that large reserves of cotton and wheat would be of great value to the British Government in case of an emergency, not only assuring adequate supplies but also relieving emergency demands on shipping and the Navy which might be of critical importance. Reserve stocks of rubber and tin in this country also would lessen shipping requirements in time of emergency over long and hazardous trade routes.

3. As to price, it is believed that the British Government could arrange through the international control committees to secure rubber and tin from producers at a figure below existing market prices, since this extra-market demand would be particularly welcome to them at this time of low production quotas, and this increase of production would lessen unit costs. In this way the actual money outlay by the

British Government for stocks of cotton and wheat might be lessened and, without question, would be notably lower than costs of necessary supplies in time of emergency.

4. Consummation of an agreement along these lines would be tangible evidence of the willingness of the British Government to manifest its interest in facilitating our task of preparation for emergencies, and also its disposition to help us deal with the problem created by existing wheat and cotton surpluses.

From the standpoint of this Government, one of the essential features of such an arrangement would be a commitment on the part of the British Government to hold the stocks acquired in reserve for war emergencies and to provide adequate safeguards against the movement of any of these supplies into commercial markets at any other time. This Government would be prepared to make such commitments with respect to the stocks which it desires to acquire.

The details of such an arrangement, covering quantities and specifications, prices, safeguards against interference with commercial markets, conditions of release and so forth, can be worked out later. It would be encouraging if the British Government would immediately accept the proposal in principle and express its willingness to proceed with the discussion of details.

This Government now holds, as collateral for loans to producers, over 11,000,000 bales of cotton and approximately 80,000,000 bushels of wheat. In the case of each commodity the total stocks in the United States are much in excess of a normal reserve stock. It is expected that this Government could acquire the necessary title to, and obtain legal authority to make available any desired quantity of these commodities to supply emergency reserve stocks abroad in exchange for supplies of strategic materials for emergency reserves here. It is believed that such legislation could be secured without difficulty; it would not be introduced, however, until treaties embodying arrangements for such exchanges may be submitted to the Senate. Drafting of the agreements in the form of treaties will avoid any question of Executive authority.

You will be interested in Consul George Tait's despatch no. 242 from Manchester, March 29, 1939,<sup>23</sup> regarding the pressure of textile interests upon the British Government to provide cotton reserve stocks of roughly a million bales. Consul Tait's informant was under the impression that such purchases would be made.

Background material is being sent to you in the pouch due April 26. The following summary regarding United States requirements of strategic materials may be useful to you in the meantime.

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<sup>23</sup> Not printed.

The principal materials essential to American industry and national defense, which are available in insufficient quantities in the United States or nearby, are rubber, tin, manganese, chromite, and tungsten.

In the case of supplies from the United Kingdom and British colonies, the principal possibilities would appear to be, first, rubber and tin and, secondarily, manganese and chromite. If rubber and tin are to be supplied in considerable quantities, it would be essential that arrangements be made through the international control committees for additional quotas to provide these supplies over and above supplies available to the commercial market. In view of this Government's willingness to give adequate assurance that the stocks acquired would be withheld from commercial markets, it would expect that arrangements would be made to prevent the supply of these stocks from influencing prices to consumers or supplies otherwise available to the commercial markets.

It is considered possible that the Netherlands Government will be interested in similar exchanges and be prepared to propose similar arrangements with the international control committees for extra purchases of rubber and tin.<sup>24</sup>

It is probable that tin producers outside of British and Netherlands territories, who are also covered by the International Agreement,<sup>25</sup> would wish to share in the additional extra-market quotas provided under the proposed arrangements. Should this problem arise, it will be dealt with as the discussions progress.

The Secretary of Agriculture has authorized Dr. A. G. Black, Director of Marketing and Regulatory Work, who is now in London for the meeting of the Preparatory Wheat Committee, to extend all possible assistance to you.

HULL

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811.24 Raw Materials/84 : Telegram

*The Ambassador in the United Kingdom (Kennedy) to the  
Secretary of State*

LONDON, April 19, 1939—7 p. m.

[Received April 19—2:02 p. m.]

521. Your 267, April 18, noon. I have had a talk with Oliver Stanley<sup>26</sup> and Leith-Ross<sup>27</sup> and have urged strongly that the Government

<sup>24</sup> See vol. I, pp. 858 ff. and pp. 906 ff.

<sup>25</sup> See British Cmd. 4325: *Papers Relating to the International Tin Control Scheme* (London, 1935).

<sup>26</sup> President of the British Board of Trade.

<sup>27</sup> Sir F. W. Leith-Ross, of the British Board of Trade.

cooperate with us in this matter. On the wheat question Stanley informed me, and it was verified later by Leith-Ross, that their storage facilities are packed at the moment, but I urged them to approach the whole problem as wanting to do something rather than offering any excuses. I think we will hear something shortly.

Both of them are very pessimistic about the general situation.

KENNEDY

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811.24 Raw Materials/85a: Telegram

*The Secretary of State to the Ambassador in the United Kingdom  
(Kennedy)*

WASHINGTON, April 25, 1939—5 p. m.

293. With reference to the Department's No. 267 of April 18, noon, and our conversation this morning, both the President and I will be greatly interested in your report on the response of the British Government. In presenting the matter it is legitimate to mention the various fields in which we are doing something of interest to the British Government. A responsive attitude on their part with respect to the proposed commodity exchanges would command interest and attention on the part of the public here.

HULL

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811.24 Raw Materials/86: Telegram

*The Ambassador in the United Kingdom (Kennedy) to the  
Secretary of State*

LONDON, April 26, 1939—noon.  
[Received April 26—9:18 a. m.]

558. Thank you for your telegram 293, April 25, 5 p. m., with which I could not agree more. I shall certainly do everything I can to put this across.

In the meantime it would be helpful if I could have for my own background information an idea of the dimensions of the deal you would like; what have you in mind as to the amount of rubber and tin we would want to have?

KENNEDY

811.24 Raw Materials/86 : Telegram

*The Secretary of State to the Ambassador in the United Kingdom  
(Kennedy)*

WASHINGTON, April 26, 1939—5 p. m.

295. Your 558, April 26, noon. The War and Navy Departments have recommended minimum reserve stocks of approximately 250,000 short tons of crude rubber and over 50,000 long tons of pig tin. Larger stocks of both materials would be useful, however. Discussion of desirable rubber stocks has recently turned around a figure of 500,000 tons or more, so as to provide a reserve for at least 12 months' consumption. There would also be logic in providing a reserve of tin in excess of 70,000 tons, equal to 12 months' requirements. As a matter of fact, the War and Navy Departments would be prepared to consider the acquisition of stocks equal to 2 years' requirements, particularly in the case of tin, which would not require rotation in storage.

For your information, even though appropriations for direct purchase of strategic materials be made under pending legislation, no funds would be available for purchase of rubber; if necessary, some direct purchases of tin might be made, though they would be very limited because other strategic materials are also needed.

HULL

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811.24 Raw Materials/110a : Telegram

*The Secretary of State to the Ambassador in the United Kingdom  
(Kennedy)*

WASHINGTON, May 3, 1939—3 p. m.

321. Mr. Viles<sup>28</sup> is sailing on the *Normandie* May 2. The Department has informed him fully regarding the proposal to exchange American commodities for rubber and tin and he will be prepared therefore to discuss the matter informally with members of the international rubber committee. He may be of some use to you with regard to all aspects of the matter affecting rubber, since he has studied jointly with War and Navy and other Government officials this country's requirements of rubber in time of emergency and ways of acquiring and holding adequate rubber reserves. He possesses the trust and esteem of the members of the International Rubber Regulation Committee and various officials of the British and Netherlands Governments.

HULL

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<sup>28</sup> A. L. Viles, president of Rubber Manufacturers' Association and American representative on the Advisory Panel of the International Rubber Regulation Committee.

811.24 Raw Materials/113 : Telegram

*The Ambassador in the United Kingdom (Kennedy) to the Secretary of State*

LONDON, May 4, 1939—2 p. m.

[Received May 4—11 a. m.]

607. The following is the statement the Prime Minister<sup>29</sup> will make this afternoon in reply to a question, unless something happens between now and 3 o'clock, with three changes I have suggested, as explained below:<sup>30</sup>

“Question: to ask the Prime Minister if he can make a statement regarding the proposed barter of materials between His Majesty's Government and the Government of the United States of America.

Proposed answer: the Government of the United States of America have recently inquired whether His Majesty's Government would be prepared to consider the exchange of certain raw materials, required as strategic reserves by the United States Government, for other commodities of which the United States Government have surpluses and which would be a useful addition to our own stores against the contingency of war. His Majesty's Government are fully alive to the importance of the suggestion.

His Majesty's Government have replied that while they fully share the United States Government's objections to attempts to substitute barter for the ordinary processes of international trade, they agree that in the special circumstances of the present time the bartering of materials which would not enter into normal commerce is not open to the same objections, provided that world prices are not thereby increased. His Majesty's Government have expressed their readiness to enter into discussions as to the means by which the obvious practical difficulties which arise in such a transaction should be surmounted. Discussions have accordingly already been opened with the United States Government.”

I have suggested three changes: (1) in the question itself the word “exchange” to be substituted for “barter”; (2) in the second paragraph of the proposed answer, first sentence, the expression “the bartering of materials” to be changed to “the exchanging of materials”; (3) in the final sentence, the opening word to be “negotiations” instead of “discussions”.

The first two changes were made considering your feeling about the word “barter” and as regards the word “discussions” I asked Sir John Simon<sup>31</sup> this morning what in heaven's name we had been doing for the last 10 days and said that it was not “discussions” we wanted but “negotiations” from now on. Simon has agreed to these changes and they are now up for approval by the Prime Minister.

KENNEDY

<sup>29</sup> Neville Chamberlain.

<sup>30</sup> The Prime Minister made the statement with the suggested changes as reported.

<sup>31</sup> British Chancellor of the Exchequer.

811.24 Raw Materials/111 : Telegram

*The Secretary of State to the Ambassador in the United Kingdom  
(Kennedy)*

WASHINGTON, May 4, 1939—10 p. m.

330. Reference is made to your conversation with Mr. Welles<sup>32</sup> and your 604, May 4.<sup>33</sup>

There is no rigid view here as to price arrangements which we recognize would probably be to some extent a matter of bargaining.

A simple and uniform formula for determining the relative values of the various commodities is greatly to be desired. We suggest that consideration be given to utilization of base market prices derived as an average of the daily market prices that have prevailed during the first 4 months of 1939 for each commodity (with the exception of wheat under certain circumstances, explained below).

As to the particular market price, we would greatly prefer using New York prices for cotton and wheat and London prices for rubber and tin, but we would recognize the force of the argument that delivered prices might be more reasonable. We would be prepared, therefore, to accept New York prices for rubber and tin and Liverpool prices for cotton. In the case of wheat, however, Liverpool prices during the past few months have been extremely low and the Department of Agriculture is not willing to dispose of further large quantities of wheat during the current season on that basis. If delivered prices on wheat are to be used they should be an average of some period prior to August 1938, an agreed-upon arbitrary price, or the minimum price established by the International Wheat Committee in the event that Committee reaches an agreement on this point.

We are studying the problems involved in arrangements for delivery, particularly the division of the carrying business, and will telegraph our suggestions shortly.

Using current prices as the basis would avoid haggling over the relative value of cotton and rubber. If the British Government is inclined to press for lower cotton prices, you may call their attention to the logical expectation that producers of rubber and tin would accept prices considerably below the current market for orders of this nature, particularly since this will be an entirely extra-market demand and will provide increased production at a time when it is most needed. We would be willing, however, for the British Government (and also the Netherlands and the Belgian Governments, if they join in the arrangement) to secure materials from the producers at whatever figure they can negotiate, entering these commodities in the

<sup>32</sup> Sumner Welles, Under Secretary of State.

<sup>33</sup> Not printed.

exchange with us at the market price, providing of course that our cotton and wheat is also accepted at the market price.

In connection with the discussion of price, you may consider it wise to emphasize again the point that we would expect the international control committees to provide additional quotas covering the amounts to be furnished this Government in connection with these exchanges so that the supplies available to the commercial market, and market prices, would be in no way affected.

With respect to the period of time during which the two Governments would be committed to hold the acquired stocks off the market, the best arrangement would appear to be commitments on the part of both Governments to hold the stocks acquired as reserves against war emergencies. It would be most desirable to agree that in the absence of such an emergency the stocks would be held for an indefinite period of time. If the British Government is unwilling to make such an arrangement, we suggest that the agreement provide for a reexamination of the question after an initial period of at least 5 years.

The agreement can include necessary arrangements for rotation of semi-perishable commodities.

It is hoped that the discussion of 500,000 bales of cotton represents only the first stage of a much more extensive deal. The Department of Agriculture has entertained the hope that as much as 1,500,000 bales of cotton and 30,000,000 bushels of wheat could be included in the proposed exchanges.

HULL

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811.24 Raw Materials/111: Telegram

*The Secretary of State to the Ambassador in the United Kingdom  
(Kennedy)*

WASHINGTON, May 10, 1939—noon.

343. Department's No. 330, May 4, 10 p. m. We recognize fully that you must have discretion to arrange the best possible deal with the British Government. In an effort to be helpful to you, we have been considering a number of points which must be dealt with in an agreement and, in consultation with the Department of Agriculture and the Maritime Commission, we offer the following suggestions on these points:

1. *The Quantities to be Exchanged.* Certainly as regards cotton we would be in a position to provide as large quantity as the British authorities might desire. Confidentially for your own information, the Secretary of Agriculture would like to provide up to 2,000,000 bales. The total amount of wheat we would be willing to supply is a matter that would have to be discussed further. We will be glad to



have as much rubber and tin as can be procured by providing cotton. (Within the next few days we will discuss with the War and Navy Departments their preferences as to the division between rubber and tin).

2. *Terms of Exchange.* The price formulas suggested in Department's No. 330 of May 4, or whatever price formulas may finally be agreed upon, can advantageously be regarded merely as a basis for determining the ratio of exchange between the quantities of the commodities involved.

The questions of arrangements for making the commodities available and of provisions for transporting them can then be dealt with separately. On these subjects we proffer the following suggestions:

3. *Ports of Shipment and Destination.* The agreement will presumably have to deal with the question of ports of shipment and destination for each commodity. The ports of shipment which suggest themselves are (a) in the case of cotton, Gulf and South Atlantic ports; (b) in the case of rubber, mainly Singapore; (c) in the case of tin, Singapore and Liverpool. The agreement would have to provide arrangements for handling the details of this question and be flexible enough to be practical.

The form in which we at present visualize the undertaking is that in the case of each commodity the commitment of the supplying government in this field would be to make the specified quantities available at the designated ports of shipment in conformity with whatever time schedule may be agreed upon.

4. *Time Schedule.* The entire amount of cotton could be made available almost immediately, and the time schedule could be based, therefore, on the speed with which the British Government would wish to receive it in the United Kingdom, and the practical necessities of the shipping situation. In the case of both rubber and tin, it seems to us essential that additional export quotas be arranged by the international control committees covering the amounts to be supplied to this country and that sufficient time be allowed for this additional production to meet these export quotas; a time schedule which would call for quantities available for shipment more rapidly than they could be produced might affect supplies available to the commercial market and tend to increase prices.

5. *Division of the Carrying Business Between the Merchant Marines of the Two Countries.* There can be no doubt but that the shipping interests of each country will wish to secure maximum participation in the transportation of the commodities to be exchanged. From the point of view of the American Merchant Marine, a fair arrangement would appear to be a fifty-fifty sharing of the tonnage of each commodity to be transported, although on this point the agreement should

be elastic and provide for the adjustment of this general formula in the light of specific situations which might arise. The agreement should provide for consultation between the United States Maritime Commission and the corresponding British agency to effect the shipping arrangements and make the necessary adjustments. American lines now operate regularly from the Straits and are prepared to carry rubber and tin at going freight rates and on a regular schedule. Likewise, American lines operate from the Gulf to British ports, and are prepared to carry cotton. The agreement should stipulate that transportation should be provided at reasonable rates, no higher than going rates on such cargoes, and on a schedule which would occasion no unreasonable delay. It is believed that the prompt delivery of these stocks, on the time schedule arranged, would be a matter of importance to both governments, and that therefore, should it prove to be impossible to secure adequate tonnage at reasonable rates under the two flags, consideration should then be given to the limited use of vessels of other flags.

6. *Division of the Expenses of Transportation, Insurance, et cetera.* As far as we can visualize the transaction now, these expenses would present a separable question, since they are likely to involve both governments in a separate outlay. It may prove in the course of your discussions that the question of agreeing upon a division of these expenses is best handled in connection with the determination of the price formula, or some wholly independent basis may be advisable. At this moment, therefore, the Department will not attempt to suggest any rigid basis of negotiation on this point. However, it appears highly advisable to keep in mind that Congress when considering the agreement is likely to have direct interest in this matter and that therefore the nearer we can come to seeing that the outlay of the American Government for shipping expenses goes to compensate American shipping, the more satisfactory the agreement will be from the point of view of Congress.

HULL

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811.24 Raw Materials/104: Telegram

*The Secretary of State to the Ambassador in the United Kingdom  
(Kennedy)*

WASHINGTON, May 10, 1939—4 p. m.

345. Your No. 578, April 29, noon.<sup>34</sup> You can state that there is no favorable prospect of securing sufficient funds to make possible the direct purchase of any rubber or of large stocks of tin. Although the

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<sup>34</sup> Not printed.

House of Representatives passed a bill authorizing appropriations of \$100,000,000, no time period for such appropriations was specified, and the bill in any event must be considered by a conference committee along with the Senate bill, which authorizes only \$10,000,000 a year for 4 years.<sup>35</sup> In any event it is unlikely that more than \$10,000,000 will be available this year, and there is still uncertainty as to whether even this amount will be appropriated.

No purchases of rubber were contemplated under the original program of \$100,000,000. Tin would be included but it would be the most costly item and \$10,000,000 would supply only a fraction of the amount required. Only a part of a \$10,000,000 appropriation could be used for tin purchases, however, since we are also in urgent need of other strategic materials.

HULL

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811.24 Raw Materials/120: Telegram

*The Secretary of State to the Ambassador in the United Kingdom  
(Kennedy)*

WASHINGTON, May 10, 1939—8 p. m.

349. The price basis for the rubber-tin, cotton-wheat deal must be a fair one, otherwise all the good results hoped for from this agreement will be jeopardized. I certainly hope that the British authorities will not try to burden us, in determining the terms of exchange, with the extremely high prices that the tin control in particular has created during the past few months by its excessively severe limitation of production. The same is true only to a lesser degree in the case of rubber. In marked contrast is the fact that the prices of cotton and wheat during the same period have been abnormally low and quite below the costs of production. General recognition of the fact that prevailing prices for cotton and wheat have been unjustifiably low is indicated by the universal expectation, in consuming countries as well as elsewhere, that the fair price ranges to be sought in connection with international control agreements affecting cotton and wheat, if they can be established, would be substantially higher than recently prevailing prices.

Disappointment will result if the quantities exchanged are not substantially greater than those that would result from the exchange of only 500,000 bales of cotton and corresponding amounts of rubber and tin. If and as the British Government substantially enlarges its ideas on the acquisition of cotton, consideration may be given to adjustments in the basis of exchange.

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<sup>35</sup> For text of Act pertaining to acquisition of strategic and critical materials, approved June 7, 1939, see 53 Stat. 811.

Many completely reliable indications have come to the Department that various private interests, particularly rubber traders in London, are busily at work criticizing the contemplated exchange and also conjuring up false fears as to its effect upon ordinary trade in the commodities concerned. They are actually busily contacting the press in this country. Whether their moving motive is the thought that they might lose a certain amount of commission business, or whether their interest is in speculative price movements I will not attempt to judge. However, if you find it useful, you may mention to the British Government the unpleasant impression produced by the evidences of their activity.

HULL

811.24 Raw Materials/127 : Telegram

*The Ambassador in the United Kingdom (Kennedy) to the Secretary of State*

LONDON, May 11, 1939—7 p. m.  
[Received May 11—4:45 p. m.]

668. In the course of an exploratory conversation permanent officials of the Board of Trade indicated that it was now necessary for them to approach Sir John Campbell<sup>86</sup> in view of the proximity of the Rubber Committee meeting and seek his advice regarding ways and means of obtaining extra quota supplies. They wish to regard the 500,000 bales as a "firm offer" and to leave the question of enlarging this amount and the question of wheat for further consideration and consultation. They asked about the proportion of tin and rubber and stated that their own rough calculations came to 12-13,000 long tons of tin and 36,000 short tons of rubber. They wish to know our proportion as between tin and rubber as soon as possible and they were promised it in a day or two.

They emphasize particularly the monetary and exchange problems involved and they obviously hope to persuade the Dutch and other producers to permit the British to supply most if not all of the required supplies. However they foresee Dutch opposition and that the Dutch may fear, in their relations with Germany, the precedent which this would establish; heretofore the Dutch have been able to resist German requests for bartered tin and rubber by pointing to the fact that their production of these commodities is controlled by international bodies.

The Board of Trade officials gave it as their offhand opinion that rubber would be an easier deal for them to do than tin. Do you by

<sup>86</sup> Chairman of the International Rubber Regulation Committee.

any chance wish to confine this 500,000 bale deal to a bilateral cotton and rubber affair? On a price basis it would be more favorable and later we could take out in tin any further concessions we can obtain on cotton and on wheat.

The Board of Trade expressed the view that it was very difficult to ascertain the price basis for an exchange until they knew what could be done with the regulation committees; that if we used the figure for which they were able to obtain the rubber, they would necessarily have to obtain the cotton at a figure below the market price, otherwise they could not defend securing cotton under an obligation to hold it at a price which even the Liverpool market now considered sufficiently high that it was not buying.

Unless it is urgent for Dr. Black to leave London next week I hope that you can arrange that Agriculture permit him to stay on to help as was implied in the last paragraph of your 267, April 18, noon.

KENNEDY

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811.24 Raw Materials/123 : Telegram

*The Secretary of State to the Ambassador in the United Kingdom  
(Kennedy)*

WASHINGTON, May 12, 1939—3 p. m.

355. Your 657, May 10, 7 p. m.,<sup>37</sup> and your 668, May 11, 7 p. m., and your telephone conversation with Welles. A deal involving only 500,000 bales would be disappointing but we would be prepared to agree on that amount if that is all that can be secured at the present time. The Department of Agriculture is quite willing to leave wheat out of the picture.

This Government will wish to secure stocks of both rubber and tin in return for cotton. We have no specific instructions as to the proportion to be represented by each except to say that the War and Navy Departments would want a considerable fraction in tin. In the case of a deal limited to 500,000 bales of cotton, we would prefer one-half in tin but if necessary will agree to one-third; we would be prepared to consider an even smaller proportion in tin, however, if the British will take 1,000,000 bales. You should use your own discretion in working out this phase of the deal, submitting your recommendations after discussion with the British authorities.

You can assure the Board of Trade, on the basis of our 330, May 4, 10 p. m., that we would have no intention of insisting upon using, for purposes of determining quantities, special prices which they may be able to arrange for their purchase of rubber and tin. To avoid

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<sup>37</sup> Not printed.

all such difficulties we strongly favor the use of market prices and suggest averages for the first 4 months of this year as a fair basis. The British may arrange for special prices for the purchase of rubber and tin from producers without any protest from us.

It is most important that the British Government be committed to securing the rubber and tin to be furnished this Government from new production, quite outside of production and stocks now available to the commercial market, so that the market may not be influenced. We should guard fully against any possibility of drawing upon existing stocks of either rubber or tin, including stocks of rubber on the estates and tin at the mine-heads.

In the case of rubber it is important that we receive fresh supplies because of the problems of storage and rotation of stocks here. We suggest, therefore, a commitment that rubber made available at ports of shipment should not be more than 4 months old, counting from the time of tapping. Viles is prepared to advise as to the grades of rubber required.

As to the tin required, which should all be Grade A, we would suggest roughly the same division between Straits and Standard taken by the United States over any recent period of time, say the year 1938. If there would be any difficulties involved in this division, for instance in supplying such a high proportion of Straits, we would be prepared to consider adjustments.

HULL

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811.24 Raw Materials/134: Telegram

*The Secretary of State to the Minister in the Netherlands (Gordon)*

WASHINGTON, May 16, 1939—6 p. m.

43. The British Government is bringing before the International Rubber Committee, meeting in London today, the problem of arranging for special export quotas in connection with the proposed exchange of rubber and tin for cotton. You are requested to inform the Netherlands Government promptly that we would greatly appreciate any action it can take, through its representatives on both the rubber and tin committees, to facilitate arrangements for the proposed exchange between Great Britain and the United States. Such action would be welcome evidence of the desire of the Netherlands Government to cooperate in our efforts to secure reserves of strategic materials. It is particularly desirable in view of the inability of the Netherlands to enter into a direct exchange agreement with this Government.<sup>38</sup>

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<sup>38</sup> See pp. 656 ff.

As you know, we will insist that the tin and rubber to be supplied to this Government, for reserve stocks here, shall be new production entirely in addition to production required for the commercial market, and shall be covered by special export quotas over and above the quotas set for export to the commercial market. The British Government may prefer to draw the rubber and tin to be furnished this Government from British producing areas only. This position would have much to justify it.

HULL

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811.24 Raw Materials/156a : Telegram

*The Secretary of State to the Ambassador in the United Kingdom (Kennedy)*

WASHINGTON, June 1, 1939—11 a. m.

400. Department would appreciate report on status discussions with the British Government regarding cotton-tin-rubber deal.

We had hoped the matter might be concluded in time to submit agreement and necessary legislation to this session of Congress. Present circumstances seem more propitious for concluding deal than future circumstances may be. Further delay would probably mean change in relative market situations of the commodities compelling modifications in the terms of the agreement.

Conclusion of this deal would I think have good general effect on American opinion in regard to various other matters likely to come before Congress in the near future.

HULL

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811.24 Raw Materials/157 : Telegram

*The Ambassador in the United Kingdom (Kennedy) to the Secretary of State*

LONDON, June 2, 1939—2 p. m.  
[Received June 2—12:50 p. m.]

763. Your 400, June 1, 11 a. m. My silence has not meant inactivity. It merely reflects the difficulties that have arisen. I have cautiously pressed for action and urged as large a deal as possible and have drawn on the arguments supplied in your various telegrams. I have discussed the matter several times with the Prime Minister, Halifax,<sup>39</sup> Simon, Tobin and various other officials. But the fact of

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<sup>39</sup> Lord Halifax, British Secretary of State for Foreign Affairs.

the matter is frankly that none of the important British officials, permanent or political, have any enthusiasm for this proposition and Chamberlain and Halifax are the only two who are at all willing to push it. Although I continue to take the line that the deal is not barter but an exchange of [apparent omission] for war emergency purposes, I think you should know that the word barter has stuck and that it is criticized—and aside from the vested interests—more or less sincerely—as contrary to the spirit of your commercial policy.

I have not yet been able to get them to go beyond the 500,000 bales but despite some backsliding tactics this remains a firm offer. However, it may be necessary to take all this out in rubber. Simon and his Treasury officials have their eye very much on the exchange problem and in the case of rubber they can buy in the London market, which normally obtains most of its supplies from British areas which in any case produce a larger proportion of rubber than tin. I am reliably informed that 60 percent of any tin to be bought would entail losses for sterling. The British are prepared to take up with the rubber committee the matter of enlarging the quotas so as not to cause any permanent net reduction in commercial stocks by this deal.

Under the Ministry of Supply Bill, which has already had its first reading in the House of Commons, the British Government will have power not only to buy commodities to hold but to buy them to exchange for other commodities. Naturally they want to use the available funds for acquiring those commodities which are most necessary for them and rubber is not one of these. They therefore want to know how they can proceed to buy rubber in the market until they are sure that we are really the ultimate purchaser. They state that if the agreement has to be ratified by the Senate, given their past experience, they are unwilling to move until after the ratification. In that case what price basis could be used? Is it possible for you to get an enabling amendment added to the commodity bill now in joint committee, which would permit us to do this deal without prior ratification? Incidentally with wheat and whale oil the British found it advantageous to buy before the market knew what they were really doing.

The British state that they expect to present more or less concrete proposals on Tuesday but they would like apparently to have the answer to this ratification question by then. I should also like to know whether we are prepared to insist on some quantity of tin. I will do my best to get it for you if you really want it but there is a chance that if we dig our toes in they may use this as a way out.

KENNEDY



811.24 Raw Materials/157 : Telegram

*The Secretary of State to the Ambassador in the United Kingdom  
(Kennedy)*

WASHINGTON, June 3, 1939—3 p. m.

404. Your 763, June 2, 2 p. m. It appears necessary, or at least very desirable, to submit the agreement when completed to Congress either in the form of a treaty or as a joint resolution. Amendment of the strategic materials purchase bill is impossible since Congress is now acting upon the conference report on that bill; in fact the House of Representatives have already passed it. It might be possible to meet the British concern over ratification, however, by providing that the agreement should lapse if not ratified within a stipulated period of time, say 1 year.

It should be possible to work out some price formula which would be agreeable to the British. If they are unwilling to accept a specific base period of market prices, then we would be willing to consider 1 year or a given period of months prior to the final consummation of the deal as a base period, or it might even be possible to leave the question of price open for final adjustment after ratification. We would have no desire to insist upon a price formula which might result in losses to the British Government if ratification were delayed here. However, the importance of the British Government in the international rubber regulation scheme should make it possible for them to guard against price advances; for instance, an announcement by the International Committee that export quotas were to be enlarged by a given percentage to meet the specific requirements of the British Government in connection with this deal should discourage attempts to run the price up.

Although we should like to secure tin as well as rubber we would be prepared to accept rubber only if there is no other way to secure an agreement.

HULL

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811.24 Raw Materials/160 : Telegram

*The Ambassador in the United Kingdom (Kennedy) to the  
Secretary of State*

LONDON, June 5, 1939—1 p. m.  
[Received June 5—8:40 a. m.]

775. Your 404, June 3, 3 p. m. I understand the Board of Trade is going to come through with more or less concrete proposals tomorrow.

The Government's position is that it has no tin and rubber. Any supplies will have to be bought on the open market. They are un-

willing to undertake such purchases prior to the conclusion and if necessary the ratification of any agreement. I feel reasonably sure that they won't want to deal on the basis of a price for rubber and tin fixed on a past period; they will no doubt insist on being reimbursed in terms of cotton for their actual out of hand costs for rubber or tin.

Therefore, what formula do you suggest which might make it "possible to leave the question of price open for final adjustment after ratification" and which would prove acceptable to Congress. I assume that any general and reasonable formula which would be acceptable to Congress would probably be acceptable to the British Government, particularly in view of the powers which the British Government will have under the new Ministry of Supply legislation.

I hope you can give me an answer to this before tomorrow so that I can talk turkey with them.

KENNEDY

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811.24 Raw Materials/160: Telegram

*The Secretary of State to the Ambassador in the United Kingdom  
(Kennedy)*

WASHINGTON, June 5, 1939—5 p. m.

407. Your 775, June 5, 1 p. m.

1. It is suggested that you urge strongly acceptance of a specific past base period of prices, using arguments which you believe would be most effective. This would have the great advantage of certainty and it is believed would be received most favorably in Congress.

2. If absolutely necessary we might agree to prices (for the purpose of determining quantities to be exchanged) prevailing during the period of delivery of each commodity; the period of months over which delivery would be made should be specified in the agreement although this period of time would not necessarily be the same for all commodities.

3. In the event that the agreement specifies such an uncertain future price basis, a clause should be added to the effect that the two governments would consult regarding a modification of this price basis should the price movements during the stipulated period of time prove to be abnormal.

4. If future prices are to be used, you will wish to emphasize the point that we will expect the British Government to arrange for such action by the International Rubber Regulation Committee as will prevent price increases resulting directly or indirectly from that Government's purchases.

HULL

811.24 Raw Materials/182: Telegram

*The Ambassador in the United Kingdom (Kennedy) to the Secretary of State*

LONDON, June 20, 1939—midnight.

[Received June 20—7 p. m.]

864. The following is the proposed final draft of the agreement between the Governments of the United Kingdom and the United States of America for the exchange of cotton and rubber.<sup>40</sup>

“(1) The United States Government will supply to the Government of the United Kingdom, delivered on board ship, compressed to high density, at New Orleans, Louisiana, and at other Gulf and Atlantic deep water ports to be agreed upon between the two governments, 600,000 bales of raw cotton of the grades and staples which will be specified by the Government of the United Kingdom. The United States Government will make available in adequate quantities for such purpose cotton from the stock on which the United States Government has made advances to growers.

(a) The price will be fixed on the basis of the average market price as published by the Bureau of Agricultural Economics for middling  $\frac{7}{8}$  inch during the months of January, February, March and April, 1939 for spot delivery at New Orleans, plus 0.24 cent per lb. for cost of compression and delivery on board ship, with adjustments in price for other grades and staples according to differences above or below middling  $\frac{7}{8}$  inch quoted in that period.

(b) The cotton will be inspected to determine its classification in accordance with the universal cotton standards for grade and the official standards of the United States for staple, and will be accepted, by experts appointed by the Government of the United Kingdom. Any disputes which may arise will be settled by boards of referees constituted of three members, of whom one shall be nominated by the Government of the United Kingdom.

(c) Samples representing the cotton of the grades and staples specified by the Government of the United Kingdom will be made available for inspection and acceptance during a period of 6 months beginning 15 days after the entry into force of this agreement, and such inspection and acceptance will be made within a reasonable time after the cotton is so made available. Delivery at the warehouse at the port of sailing with provision for free delivery on board ship at high density will be made within 15 days after inspection and acceptance, and storage and insurance charges will be borne by the United States Government for a period of 2 weeks but no more after delivery at the warehouse at the port of sailing.

(d) All cotton will be invoiced and accepted on gross weights at the time of delivery.

(2) The Government of the United Kingdom will supply to the Government of the United States, delivered on board ship at Singapore by agreement between the two governments, at other convenient ports,

<sup>40</sup> A British proposed draft transmitted to the Department by the Ambassador in the United Kingdom in telegram No. 803, June 8, 4 p. m., and a revised draft contained in the Department's reply, No. 432, June 12, 1 p. m., are not printed.

rubber in bales, of the grades which will be specified by the Government of the United States, to a value equivalent to that of the total value of the cotton to be supplied in accordance with paragraph 1 of this agreement. In determining such equivalent value, the rate of exchange between Straits Settlements dollars and United States dollars shall be deemed to be the average of the buying rate during the months of January, February, March and April, 1939, in the New York market, at noon, for cable transfers payable in Straits Settlements dollars, as certified by the Federal Reserve Bank to the Secretary of the United States Treasury and published in *Treasury Decisions*.

(a) The quantity of rubber will be calculated upon the average market price, as published by the Department of Statistics in the Straits Settlements, for No. 1 ribbed smoked sheets, during the months of January, February, March and April, 1939, for spot delivery at Singapore plus 0.25 Straits Settlements cent per lb. for cost of baling and delivery on board ship, with adjustments in price for other grades according to differences quoted in that period.

(b) The rubber will be inspected and accepted by experts appointed by the United States Government. Any disputes will be settled in accordance with the normal custom of the trade.

(c) The rubber will be made available for inspection and acceptance by experts appointed by the Government of the United States during a period of 6 months beginning at a date to be agreed upon by the two governments, and such inspection and acceptance will be made within a reasonable time after the rubber is so made available. Delivery at the warehouse at the port of shipment with provision for free delivery on board ship will be made within a period of 15 days after inspection and acceptance, and storage and insurance charges will be borne by the Government of the United Kingdom for a period of 2 weeks but no more after delivery at the warehouse at the port of shipment.

(3) If either government should find that delivery in accordance with the arrangements specified in paragraphs 1 and 2 is likely to restrict supplies available to commercial markets unduly or to stimulate undue price increases, the two governments will consult with a view to postponing delivery or taking other action in order to avoid or minimize such restriction of supplies or such price increases.

(4) The intention of the Government of the United Kingdom and of the United States Government being to acquire reserves of cotton and rubber, respectively, against the contingency of a major war emergency, each government undertakes not to dispose of its stock (otherwise than for the purpose of replacing such stocks by equivalent quantities insofar as may be expedient for preventing deterioration) except in the event of such an emergency. If, however, either government should at any future date decide that the time has come to liquidate its stock of cotton or rubber, as the case may be, it may do so, only after

(a) consulting the other government as to the means to be employed for the disposal of such stock and

(b) taking all steps to avoid disturbance of the markets. In no case may either government dispose of such stocks, except in the case of a major war emergency, before a date of 7 years after the coming into force of this agreement.

(5) The Government of the United Kingdom will use their best endeavors to secure that the export is permitted under the international rubber regulation scheme of an amount of rubber approximately equivalent to the amount of rubber to be supplied to the United States Government under this agreement in addition to the amount of rubber which would under the normal operation of the scheme be released to meet current consumption needs.

(6) Each government undertakes, in shipping to its own ports the stocks of cotton and rubber respectively provided for in this agreement, so far as may be possible to distribute the tonnage equally between the ships of the two countries, provided that the shipping space required is obtainable at reasonable rates. Consultation with the purpose of giving effect to this paragraph shall be between the Board of Trade and the United States Maritime Commission.

(7) Should the United States Government, before the delivery is completed of the cotton provided for in paragraph 1 of this agreement, take any action which has the effect of an export subsidy, they will deliver to the Government of the United Kingdom an additional quantity of cotton proportionate to the reduction in price below that provided in paragraph 1 caused by such action.

(8) This agreement shall come into force on a date to be agreed between the two governments."

The British do not wish to put the explanatory matter into a formal exchange of notes because this would entail publication with the agreement in a white paper which would therefore necessitate precise and formal drafting and lend force to the view that the agreement would have to be considered by Parliament. They have suggested and we have concurred, subject to your approval, in following the precedent established in connection with the United States-United Kingdom trade agreement<sup>41</sup> (see final minute of November 17, 1938, especially paragraph 18<sup>42</sup>) they do not object to publication of these minutes but do not wish them published as part and parcel of the agreement. The minutes are as follows:

"1 (c). It was agreed that the cotton should be chosen in the first place by reference to the existing samples. The cost of any resampling requested by the representatives of the Government of the United Kingdom would be borne, up to a maximum of 0.01 cent per pound of the total quantity to be delivered, by the United States Government. Should this maximum be exceeded the total cost of resampling would be divided equally between the two governments.

(2) The representatives of the United States Government assured the representatives of the Government of the United Kingdom that between 80% and 90% of their requirements of rubber would be for ribbed smoked sheet, though not necessarily all of number 1. They might require between 5% and 10% of pale crepes.

2 (c). The representatives of the United States Government expressed the opinion that, with a view to avoiding increase of price,

<sup>41</sup> See *Foreign Relations*, 1938, vol. II, pp. 1 ff.

<sup>42</sup> *Ibid.*, pp. 72, 76.

the Government of the United Kingdom should not begin purchasing rubber until additional quotas had been made available by the International Rubber Regulation Committee. The representatives of the Government of the United Kingdom replied that it was equally in the interest of the two governments to avoid any undue rise in the price of rubber and that their government would do everything possible to avoid any such price increase. Accordingly, they took sympathetic note of the view of the United States Government.

(7) It was agreed that if any action of the kind contemplated in paragraph 7 were to be taken by the United States Government in the form of a direct payment, or the remission of indebtedness, to growers of a definite sum, the maximum compensation to be accorded to the Government of the United Kingdom shall be measured by the amount of the sum paid or remitted. The Government of the United Kingdom would not regard the fixing, for the 1939-40 crop, of a loan rate less than that fixed for the 1938-39 crop as, by itself, constituting action which has the effect of an export subsidy within the meaning of paragraph 7.

(8) It was agreed that the aim of the two governments would be to bring the agreement into force as soon as possible after the necessary legislative power was in their hands. The representatives of the Government of the United Kingdom explained that they might have to ask for a delay for a few days in order to complete the arrangements for sending experts to the United States of America for inspecting and accepting cotton."

As regards (2) : Following your suggestion, although the question of fresh rubber is not incorporated in the minutes, the British and American representatives took note of the situation in the following terms: in purchasing rubber the Government of the United Kingdom will take into consideration the American desire to obtain fresh rubber and will recognize that special attention will be paid to this point by the American inspectors.

As regards 2(c) : It is a compromise to encompass your idea and yet not prejudice the British Government's relations with the International Rubber Regulation Committee, the susceptibilities of which they are anxious not to offend because they need their active cooperation.

As regards 7 : This formula was worked out in the hope of overcoming the difficulties inherent in the situation and referred to in your 459, June 19, midnight.<sup>43</sup> It is designed to mean that if, for purposes of example, government action of the kind envisaged in paragraph 7 of the agreement were taken and the price of cotton did not fall below the average base price no compensation would be due; if action were taken which involved a payment or remission of indebtedness of say two cents and the price of cotton only fell one cent below the base price then the British would get the one cent; if such action

<sup>43</sup> Not printed.

were taken and the price fell three cents below the base price, the British would only get the two cents. You will note that your suggested changes in paragraphs 1, 3, 4, 6 and as regards paragraph 8 have all been met. The exchange rate matter is being checked by the British Treasury but it is not anticipated that there will be difficulty on this score. The British are convinced that their information is correct as regards packing the rubber etc., and are prepared to make the necessary adjustment should this information prove incorrect. They are rechecking. Incidentally they realize that one quarter of a cent Straits Settlements is a moderate price for packing and putting on board ship. I earnestly hope that you will find it possible to clear the agreement and minutes tonight, otherwise given the time differential we will not receive and be able to decode your answer until Thursday morning London time.

KENNEDY

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811.24 Raw Materials/182 : Telegram

*The Secretary of State to the Ambassador in the United Kingdom  
(Kennedy)*

WASHINGTON, June 20, 1939—11 p. m.

464. Your 864, June 20, midnight. Every effort has been made to give careful study to the draft agreement and the appended minutes. I wish to express my admiration of the skill with which you have conducted this negotiation and to thank you for your great effort in the matter.

The text you submit and the accompanying minutes have been carefully studied in the Department and I am prepared to recommend immediate signature. However, I believe it essential to clear the whole agreement in its final form with the President, and also to secure the assent of the Secretary of Agriculture to the new form of the minute explanatory of the compensation arrangement in regard to cotton. Unfortunately, I can reach neither tonight. I will discuss this subject with them as early as possible in the morning, and upon securing their judgment will immediately telephone you.

On my own account, I would like to urge (1) the omission of the last sentence in the minute on 2 (c). This appears to me to weaken the whole force of the minute and also to be quite unnecessary.

I also suggest (2) that, if the British authorities are willing to consider it, it would be mutually beneficial to provide, as part of the minute dealing with paragraph 7, that in the event of any difference of opinion concerning the matter of compensation, arbitration should be employed. But I would not insist on such an addition.

I also think (3) that it is advisable, in order to avoid possible misunderstanding, definitely to assure that the British Government agree that, if it should be deemed by us either necessary or advisable to submit the minutes to the Senate, either in whole or in part, as part of the treaty, we should be free to do so.<sup>44</sup>

HULL

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[For text of the Agreement Between the United States and the United Kingdom for the Exchange of Cotton and Rubber, signed at London June 23, 1939, and notes exchanged August 25, 1939, putting the agreement into effect on that date, see Department of State Treaty Series No. 947, or 54 Stat. 1411.]

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811.24 Raw Materials/218

*The Netherland Minister for Foreign Affairs (Patijn) to the American Minister in the Netherlands (Gordon)*<sup>45</sup>

[Translation]

No. 19849

THE HAGUE, June 24, 1939.

MR. MINISTER: Referring to the *Aide Mémoire*, dated May 17 last,<sup>46</sup> which Your Excellency handed me concerning the proposed exchange of raw materials between the Government of the United States and the Government of Great Britain, I have the honor to inform Your Excellency that the Netherlands Government is disposed in principle to exercise its influence in the International Rubber and Tin Committees, with a view to effecting a reduction of the restriction percentages to the extent deemed necessary to enable the Government of the United State to obtain the desired stocks of the abovementioned products.

In making this declaration the Netherlands Government assumes that the basis on which the restriction agreements are established will be duly taken into account.

The Netherlands Government equally assumes that the Government of the United States will come to a direct understanding with the two interested Committees regarding the price at which the stocks shall be acquired and the commercial methods by which they will be formed, as well as the manner in which they will continually be kept off the market.

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<sup>44</sup> The changes in the minutes suggested by the Secretary of State were agreed to by the British, and both the agreement and minutes were signed June 23, 1939.

<sup>45</sup> Transmitted to the Department by the Minister in the Netherlands as an enclosure to his despatch No. 806, June 26; received July 8.

<sup>46</sup> Not found in Department files, but see telegram No. 43, May 16, 6 p. m., to the Minister in the Netherlands, p. 247.



Finally, the Netherlands Government desires to observe that its collaboration in this matter remains subject to the condition that the International Rubber and Tin Committees agree that the acceptance of the American proposal will oblige them to consider with the same benevolence requests of a similar nature which may be addressed to them by any other Government.

I avail myself [etc.]

J. PATIJN

811.24 Raw Materials/301

*Memorandum on the Arrangements for Implementing the Agreement for the Exchange of Cotton and Rubber*<sup>47</sup>

COTTON

*Specification and Ports of Shipment.*

(1) In accordance with the terms of Article 1 of the Agreement the Government of the United Kingdom has submitted to the United States Government the following specifications as to grades and staples:—

	Strict low middling Bales	Middling Bales	Strict mid- dling Bales	Good mid- dling Bales	Total Bales
$\frac{7}{8}$ " staple . . . . .	-----	42, 000	30, 000	18, 000	90, 000
$\frac{15}{16}$ " staple . . . . .	-----	78, 000	60, 000	18, 000	156, 000
1" staple . . . . .	30, 000	72, 000	72, 000	30, 000	204, 000
$\frac{11}{16}$ " staple . . . . .	30, 000	48, 000	48, 000	24, 000	150, 000
Total . . . . .	60, 000	240, 000	210, 000	90, 000	600, 000

(2) It is understood that the majority of the  $\frac{7}{8}$ " and  $\frac{15}{16}$ " staples will come from Texas, Oklahoma and Arkansas and of the 1" and  $\frac{11}{16}$ " staples from the Memphis district. At the same time the United States Government will endeavour to include a proportion of  $\frac{7}{8}$ " and  $\frac{15}{16}$ " staple cotton from Georgia, Alabama and the Carolinas so far as it is practicable to do so.

(3) Classing of the cotton to be made available by the United States Government will proceed as rapidly as possible. As soon as additional information regarding the class of cotton in storage is available the United States Government will provide estimates of quantities of cotton which will be made available at ports to be specified and the dates at which it will be available. The United States Government will notify the Government of the United Kingdom or its agent of the specific amount of cotton available for shipment from each port from time to time as the cotton becomes ready for delivery

<sup>47</sup> Copy transmitted as enclosure to despatch No 3269, August 25, from the Ambassador in the United Kingdom, received September 5. Correspondence regarding the drafting of this memorandum is not printed.

following classing. The United States Government has informed the Government of the United Kingdom that such cotton is expected to be available for shipment from October 1st, 1939, and the Government of the United Kingdom has stated that, notwithstanding the earlier entry into force of the Agreement, they will not regard the United States Government as incurring any liability to make cotton so available before that date. If, however, earlier shipments are possible the United States Government will inform the Government of the United Kingdom without delay.

*Sampling and Shipment.*

(4) In accordance with Article 1 (c) of the Agreement the United States Government will make cotton available at the warehouse at the port of sailing and notification will be given to the Government of the United Kingdom or its agent that such cotton is available for shipment. The United States Government will pay storage and insurance charges for a period of fourteen days subsequent to the date of such notification; any storage charges thereafter will be paid to the warehouse at the port of sailing by the Government of the United Kingdom. The United States Government will weigh and load cotton conforming to the above specifications on ships to be provided by the Government of the United Kingdom in accordance with the arrangements set out in Article 6 of the Agreement. The Government of the United Kingdom will, if they so desire, arrange for their agents to be present at such weighing and loading. The bales of cotton will be freshly marked and the relevant samples, so labelled as to be identifiable against the bales, will accompany each shipment. The United States Government will make out the necessary shipping documents, transmitting the originals to the agent appointed by the Government of the United Kingdom and retaining copies for its own records.

(5) The samples will be checked on arrival in the United Kingdom and any samples of which the classification is disputed will be submitted to a Board of Referees constituted as laid down in Article I (b) of the Agreement, and acting in the United Kingdom.

(6) The expenses of the United States representatives on the Board of Referees will be borne, if the United States Government so desires, by the Government of the United Kingdom.

(7) The Government of the United Kingdom by waiving its right to inspect the samples at port of shipment, thereby waives its right to reject bales of cotton falling outside the specifications shown in paragraph (1) above, but the United States Government agrees that any such bales may be replaced by purchases of cotton of United States origin of correct specification and that this replacement shall be considered as a replacement within the terms of Article 4 of the Agreement.

*Transfer of Ownership.*

(8) It is confirmed that the property in the cotton passes to the Government of the United Kingdom after it has been placed on board at the port of shipment, and documents evidencing such loading obtained.

**RUBBER***Date of Purchase of Rubber.*

(9) It is agreed that the period of six months referred to in Article 2 (c) of the Agreement shall begin 15 days after the date at which there becomes available any rubber released by the International Rubber Regulation Committee in response to a request made by the Government of the United Kingdom under Article 5. The Government of the United Kingdom intends so far as possible both to regulate its purchases of rubber in accordance with such releases and to arrange that the rubber shall be delivered at regular intervals. Nevertheless, with a view to avoiding any difficulties which the United States Government would experience in providing before March 1st, 1940, storage accommodation for more than half the quantity of rubber to be delivered under the Agreement, the Government of the United Kingdom will use their best endeavours to secure that not more than half the quantity of such rubber arrives in the United States before that date.

*Specification.*

(10) In accordance with Article 2 of the Agreement the United States Government has informed the Government of the United Kingdom that it desires that all rubber supplied under the Agreement shall be of grade No. 1-X Ribbed smoked sheets (United States Rubber Manufacturers' Association grading) but that if during the period of purchase unusual price differentials develop, it will be prepared to make some modification of this specification, preferably limited to the acceptance of not more than 20 per cent. of the total in the form of No. 1 Ribbed smoked sheets, the remainder to be No. 1-X Ribbed smoked sheets.

(11) It is agreed that if rubber of grades lower than No. 1-X Ribbed smoked sheets is accepted it may be replaced by rubber of Grade No. 1-X Ribbed smoked sheets and that this replacement shall, as in the case of cotton, be considered as a replacement within the terms of Article 4 of the Agreement.

(12) The United States Government desires that all rubber shall be supplied in cases of 10 to the ton, but it is prepared to accept a small proportion in cases of 9 to the ton should any be shipped.

*Inspection and Shipment.*

(13) In order to facilitate the purchase of rubber by the Government of the United Kingdom, the United States Government waives its right to inspect the rubber at Singapore or other ports of shipment. The Government of the United Kingdom will therefore purchase on the basis of the normal c. i. f.<sup>48</sup> contract (subject to any modifications or amendments necessary to carry out the arrangements set out in paragraphs 16 and 18 of this memorandum) on through Bill of Lading to New York or other ports in the United States. The United States Government will inspect the rubber at port of entry, but retains the right to reject any rubber found on inspection to be outside the desired specification, subject to the arrangements agreed upon in paragraph (10) above. Any disputes will be settled, as contemplated in Article 2 (b) of the Agreement, in accordance with the normal custom of the trade relating to c. i. f. contracts providing for delivery in the United States of America.

(14) The United States Government will supply, as soon as possible, information as to the ports of entry into the United States and the approximate quantities of rubber to be shipped to each port.

(15) The expenditure incurred by the Government of the United Kingdom for freight or insurance shall be refunded by the United States Government. It is agreed that, in refunding the cost of freight to the Government of the United Kingdom, the amount shall be calculated on the basis of the rate payable on rubber in bales.

(16) In arranging for shipment by the sellers of the rubber the Government of the United Kingdom will, in accordance with Article 6 of the Agreement, distribute the tonnage equally between the ships of the two countries, provided that the shipping space required is obtainable at reasonable rates.

*Transfer of Ownership.*

(17) It is confirmed that the property in the rubber passes to the United States Government after it has been placed on board at the port of shipment and documents evidencing such loading obtained.

*Insurance.*

(18) The United States Government will, if it so desires, arrange for the insurance of rubber that has passed into its ownership, in which case the Government of the United Kingdom will supply the United States Government with full information regarding cargoes of rubber shipped, such information to be transmitted in a form to be agreed upon.

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<sup>48</sup> Cost, insurance, and freight.

800.6176/95: Telegram

*The Ambassador in the United Kingdom (Kennedy) to the Secretary of State*

LONDON, September 4, 1939—11 p. m.

[Received September 4—4: 15 p. m.]

1442. Since sending my 1424, September 4, 1 p. m.,<sup>49</sup> I have continued to try to make progress with the agreement rubber problem but it has proved impossible to get in touch with Campbell, and the other officials concerned do not know whether he still intends to adhere to the previous arrangements of arranging for action by the Rubber Committee on September 7. The rubber market is scheduled to open on that same day and they obviously do not know what the probable market reaction will be or whether ships will be available, etc., etc. However, Ministry of Supply which has taken over the rubber-cotton agreement asked whether the United States Government now intends to hold such rubber as is made available under the agreement as a reserve or to make it available to the trade. It seems to me that it is obviously in our interest to build up this reserve stock (which we will be free to liquidate if need be) and continue to urge that commercial rubber be made freely available. The Ministry of Supply would appreciate a prompt answer if possible.

Ministry of Supply anticipates that shortages of cases will occur since they are imported from Sweden and therefore asks for greater latitude in the number of nine boxes to a ton purchases and at the same time issues a warning that baled rubber may of necessity have to be supplied at some given point.

Ministry of Supply also asks if we will accept some No. 1 rubber since at least initially they will be beginning their purchases under unusually difficult conditions and they wish to avoid as much as possible disturbance or differentials and therefore require latitude.

Ministry of Supply also desires that the United States consuls in the east when they give a receipt for the copy of the bill of lading and weight notes will also issue a certificate accepting responsibility for war risk. This is required so that the documents can be negotiated. Otherwise the banks would refuse to accept them. Incidentally this is a usual practice when blanket insurance is taken out and the National City Bank in Singapore would have a form which would undoubtedly be acceptable to all concerned.

KENNEDY

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<sup>49</sup> Vol. I, p. 928.

811.24 Raw Materials/308: Telegram

*The Secretary of State to the Ambassador in the United Kingdom  
(Kennedy)*

WASHINGTON, September 6, 1939.

811. Your 1424, September 4, 1 p. m.,<sup>50</sup> and 1442, September 4, 11 p. m. Reporters here claim to have rumors that the British Government does not wish to proceed with the rubber-cotton agreement. We have expressed the opinion strongly that there can be no foundation for this report, and have pointed out that both Governments will now be even more anxious than before to build up stocks.

There is of course concern in the markets as to whether the stocks acquired will now be held as reserves. You can assure the Ministry of Supply that this Government has every intention of holding the stocks acquired in reserve. So far as we can see, the only situation which would counsel release of these stocks would be a cutting off or drastic reduction of current supplies of rubber from the East. It might be useful for us to have some indication from the British Government as to its intentions with respect to the stocks of cotton to be acquired under the agreement.

The Maritime Commission is of the opinion that sufficient United States shipping could be made available to carry the normal supplies of rubber and tin from the East to this country as well as all the rubber supplied under the agreement, provided these commodities are available in reasonable quantities at reasonable intervals, and subject always of course to the possibility that unforeseen situations may develop requiring prior allocation of available tonnage. Before definite commitments could be made for such movements, it would be essential to have information specifying amounts, ports of shipment, destinations, and loading dates. Word from Singapore indicates that a temporary shortage of bottoms is likely, despite precautionary British measures, but that American and Netherland vessels now plying between Singapore and the United States afford sufficient space for all normal tin and rubber shipments.

Regarding cases, this Government will accept no. 9 cases to the extent necessary, although it strongly prefers no. 10's for storage and rotation purposes. Further communication from the British Government will be appreciated if it eventually appears necessary to ship in bales.

Also, this Government is prepared to accept some no. 1 rubber if it is considered unwise to limit purchases to no. 1-X at present. This Government requests, however, that the amount of no. 1 be limited to 20 percent of the total, the rest to be no. 1-X, for shipment during the

<sup>50</sup> Vol. I, p. 928.

first month or two, and that the situation be reexamined before further purchases of no. 1 are made. In this regard, you should secure confirmation of the understanding set forth in our no. 759, September 2, 1939,<sup>51</sup> before agreeing to the modification requested. It will also be appreciated if the British will supply us with information from time to time as to actual or prospective market reactions.

United States consuls in the East will be instructed to issue a certificate accepting responsibility for war risk when they receive copies of bills of lading and weight notes. Inquiry is being made regarding the form used by the National City Bank in Singapore.

For your information, Singapore advised, on August 30,<sup>52</sup> that rubber interests anticipate and favor continuing restriction during war conditions, with at least 10 percent increase of quota on outbreak of war. They expect no shortage of supplies for the United States unless English reserves necessitate requisition, which they consider improbable. They report that tin smelting interests expect abandonment of quota control during war but that traders anticipate the maintenance of restriction with an immediate 10 percent quota increase on outbreak of hostilities. All agree that mine head stocks equivalent to 10,000 tons will be permitted to move freely and will be adequate for several months.

Batavia advised, on August 31,<sup>53</sup> of the general belief there that the international rubber agreement will be suspended if actual hostilities occur. Some rubber producers believe that quotas will be increased from 60 to 70 percent in the last quarter of this year and to 80 percent in the first quarter of 1940.

HULL

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811.24 Raw Materials/330 : Telegram

*The Secretary of State to the Ambassador in the United Kingdom  
(Kennedy)*

WASHINGTON, September 27, 1939.

1089. With reference to the interpretation of "a major war emergency" in Article 4 of the Cotton-Rubber Agreement, discussed in your 1832, September 26;<sup>51</sup> and your 1776, September 22, 6 p. m.:<sup>54</sup> There is no disposition here on the part of any governmental agency concerned to interpret this phrase in such a way as to place this Government in a position to release rubber for the purpose of influencing commercial markets. There is full agreement that the stocks are to be acquired as a reserve against a real war emergency for this Government,

<sup>51</sup> Not printed.

<sup>52</sup> Telegram of August 30, 5 p. m., not printed.

<sup>53</sup> Telegram of August 31, 11 a. m., not printed.

<sup>54</sup> Vol. I, p. 879.

that is, an emergency arising out of war which would affect the supplies of rubber to this country in a major way; there is every intention to hold the reserve stocks acquired until such time as normal supplies from abroad shall be cut off in whole or in major part, thus necessitating the use of this reserve. This Government would not wish to draw upon its reserve, even were it engaged in a major war itself, if it were able to meet current requirements by imports from abroad. This interpretation has been cleared here with all agencies concerned, and the British Government may be so informed. The same information is being transmitted to The Hague, since the Department is informed that the Netherlands Government is agitated over the report that this Government considers itself free to use currently the rubber to be acquired under the Agreement.

For your information, it would be impossible to accept an interpretation of Article 4 which would make the stocks of rubber acquired available only in case this country were at war. It has been the intention of this Government in all of its plans for reserve stocks to protect itself against interrupted supplies from abroad in time of major warfare, irrespective of whether this Government were a neutral or a belligerent; should the present war in Europe result in cessation or a major interruption of supplies of rubber from the East, this Government would of course expect to be free under the terms of Article 4 to use its reserve.

Regarding the rumor reported in your no. 1776, September 22, to the effect that American manufacturers have been buying "hand over fist" in London and in the Middle East, Viles has informed Campbell that a survey of purchases by American manufacturers indicates clearly that the only purchases being made in the East are those normally made there by some manufacturers and that only an occasional purchase of a C. I. F. New York contract has been made in London. Manufacturers continue to remain out of the New York market and are of the opinion that a resumption of normal purchases in the market will cause speculative price increases unless the International Committee announces an extra 10-percent fourth quarter release.

HULL

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811.24 Raw Materials/419: Telegram

*The Secretary of State to the Ambassador in the United Kingdom  
(Kennedy)*

WASHINGTON, November 13, 1939—6 p. m.

1424. Department's 1259, October 20, 8 p. m.<sup>55</sup> In view of the provisions of the Neutrality Act of 1939, approved November 4,<sup>56</sup> this

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<sup>55</sup> Not printed.

<sup>56</sup> 54 Stat. 4.



Government is now in a position to agree formally to an adjustment of transportation arrangements under article 6 of the agreement, this Government relinquishing the right of American ships to participate in carrying the cotton and the British Government relinquishing the right of British ships to participate in carrying the rubber. Please arrange the necessary exchange of communications, clearing with the Department before they are signed.<sup>58</sup>

HULL

[There was some discussion between American and British officials in April and May 1940, with respect to an agreement for a further exchange of rubber for American agricultural products. In telegram No. 888, May 17, 1940 (811.24 Raw Materials/956b), the Ambassador in the United Kingdom was informed that "The Department is not yet in a position to authorize you to negotiate a further agreement involving the exchange of rubber for American agricultural products . . ." There is no record in the files of further proposals along this line. It had been suggested in telegram No. 875, May 16, 1940 (811.24 Raw Materials/944b), that the need for rubber could be met by arrangements of the rubber manufacturing industry.]

REPRESENTATIONS TO THE BRITISH GOVERNMENT WITH REGARD  
TO CENSORSHIP OF AMERICAN MAIL

841.711/2752: Telegram

*The Ambassador in the United Kingdom (Kennedy) to the Secretary  
of State*

LONDON, October 7, 1939—5 p. m.

[Received October 7—11:27 a. m.]

1971. Following is text of circular Foreign Office note dated October 6, regarding postal censorship:

"His Majesty's Government in the United Kingdom find it necessary, owing to the state of war existing between this country and Germany, to examine certain seaborne mails on ships calling at, or diverted to, British ports in order to ascertain that they do not contain articles of contraband or obnoxious documents.

A. His Majesty's Government in the United Kingdom desire to conduct this operation with as little inconvenience as possible to foreign nations. If it proves impracticable to send the mails on by the same vessel, they will be conveyed after examination to the port from which they can be most conveniently re-shipped. His Majesty's Government

<sup>58</sup> As early as September 18, the British Board of Trade had offered to renounce the right of British ships to carry half the rubber if the United States would renounce the right to carry half the cotton. Proposals for an exchange of notes to this effect continued under discussion until March 1940, but without agreement as to form. No correspondence on the subject beyond that time has been found in the files of the Department.

are prepared, as an act of grace, to grant exemption from examination to

- (a) Letters and postal packets which are addressed to or bear an external indication that they emanate from, (a) State Department, [b?] Embassy or Legation of any power not at war with His Majesty.  
 (b) Official diplomatic and consular bags."

KENNEDY

844G.711/6

*Memorandum of Conversation, by the Chief of the Division of European Affairs (Moffat)*

[WASHINGTON,] October 24, 1939.

Mr. Mallet, Counselor of the British Embassy called this afternoon. Among other things he brought up the question of the censorship in Trinidad of transit mail carried by Pan American Airways, concerning which the Secretary of State had spoken to the Ambassador by telephone on September 26.<sup>59</sup>

Lord Lothian had this morning received a telegram from Lord Halifax<sup>60</sup> that the British Government had decided that no transit mails arriving in the West Indies by sea or by air shall be censored. The Governors of the British Colonies have been informed. While saying this Lord Halifax added that the decision was based on a desire to be as accommodating as possible to the United States Government, and to place as liberal an interpretation as possible on regulations necessary for the prosecution of the war. Nevertheless as regards the legal principles involved the British Government "must maintain its right to apply censorship regulations to mails on ships or aircraft which voluntarily arrive in British territory."

I thanked Mr. Mallet for the information given me as to the West Indies, but added that this did not necessarily mean agreement with the legal principles stated. In fact, I was fearful that the question of the treatment of American mails might have to loom fairly large in our conversations.

PIERREPONT MOFFAT

841.711/2791: Telegram

*The Acting Secretary of State to the Ambassador in the United Kingdom (Kennedy)*

WASHINGTON, November 17, 1939—7 p. m.

1448. The Department is receiving numerous complaints concerning the censorship by the British authorities of American mails in-

<sup>59</sup> Secretary Hull in the telephone conversation of September 26 told Lord Lothian, the British Ambassador, that the legal staff of the State Department did not feel that the British had any right to interfere with such mail. Memorandum of the conversation not printed (844G.711/3).

<sup>60</sup> British Secretary of State for Foreign Affairs.

cluding diplomatic and consular mails. Among the latter class of complaints are the following:

1. From the Treasury Department transmitting an envelope bearing following return address: "Department of State, U. S. A., Official Business (American Consular Service), Madras, India", and addressed as follows: "To the Collector of Customs, at Philadelphia, Pa., United States of America. (Triplicate copies of invoices)." This envelope bears the stamp of the British censor at Madras showing that it was opened and re-sealed by him.

2. Despatch from the American Consul General at Frankfort on the Main, Germany, transmitting two envelopes and a post card addressed to him in his official capacity, all intercepted by the British censor, the two envelopes showing that they had been opened and re-sealed.

3. A despatch from the American Consul at Bremen, Germany, transmitting five envelopes addressed to the Consulate or to the Consul and Vice Consul, all in their official capacities, each of which bears evidence of having been opened and re-sealed by the British censor.

4. Despatch from the American Minister at Athens reporting the censorship by British authorities of a communication addressed to the Minister personally. In this latter case the Minister discussed the matter orally with his British colleague who, after discussing the matter with his Government, advised the American Minister that he had been instructed "to express the sincere regret of His Majesty's Government at this unfortunate mistake".

These incidents involving improper censorship by the British authorities apparently in London or Gibraltar and other parts of the British Empire seem to suggest the necessity of general instructions to British censorship officials directing them to desist from further interference with American diplomatic and consular mails. Please make such a request to the British Foreign Office and advise the Department promptly of the results thereof.

WELLES

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841.711/2812: Telegram

*The Ambassador in the United Kingdom (Kennedy) to the Secretary of State*

LONDON, November 21, 1939—5 p. m.

[Received November 21—1:35 p. m.]

2416. A note based on your 1448, November 17, 7 p. m., has been sent to the Foreign Office.<sup>61</sup> I had previously taken up personally with Lord Halifax the question of interference by naval and censor-

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<sup>61</sup> Copy of note No. 1563, November 20, 1939, was sent to the Department by the Ambassador as an enclosure to his despatch No. 4548, February 3, 1940; neither printed.

ship authorities with my personal mail, three instances of which have occurred, but I have not yet received a reply from him.

KENNEDY

841.711/2854

*The Chargé in the United Kingdom (Johnson) to the Secretary of State*

No. 4023

LONDON, December 4, 1939.

[Received December 18.]

SIR: Referring to this Mission's telegram No. 2148 of October 24, 8 p. m.<sup>62</sup> regarding contraband contained in parcels sent from the United States to Germany and the possible provision by the British authorities of specific data as to the names and addresses of the senders of such mail, I have the honor to enclose a memorandum<sup>63</sup> provided the Embassy by the British Foreign Office regarding the character of such parcel post mail examined by the British Censor and the British Government's attitude with respect to its seizure.

The Foreign Office, it will be noted, observes that a striking aspect of this traffic is the fact that it appears to be entirely impersonal; that the parcels contain an occasional note of good wishes, but that hardly a letter is to be found; and that it is evident that a very considerable pre-arranged traffic is taking place. It advances the view that the conclusion can hardly be avoided that a well established system exists in the United States for sending large quantities of contraband in small parcels to Germany as the easiest way of evading the British blockade. In support of its contention regarding the organized character of this traffic, the Foreign Office has provided the enclosed clipping from the *New Yorker Staatszeitung und Herold* of October 4, 1939.<sup>62</sup>

In the circumstances, the Foreign Office takes the view that while the British Government might not have objected to a limited number of parcels of conditional contraband being sent to individuals in Germany by their acquaintances in the United States, it is reluctant to allow the present traffic to continue in view of the evidence of organization, the presumption that the German Government is directly or indirectly privy to the scheme, and the further presumption that it may be taking steps to divert the goods to its own account, where it is used not for the relief of distress but for the prosecution of the war.

Respectfully yours,

HERSCHEL V. JOHNSON

<sup>62</sup> Not printed.

<sup>63</sup> Dated November 23, not printed.

841.711/2868a : Telegram

*The Secretary of State to the Chargé in the United Kingdom*  
(Johnson)

WASHINGTON, December 22, 1939—9 p. m.

1664. Please present the following to the Foreign Office:<sup>65</sup>

"The United States Department of State has been advised that British authorities have removed from British ships and from American and other neutral ships American mails addressed to neutral countries and have opened and censored sealed letter mail sent from this country.

"The following cases among others have come to the Department of State's attention: On October 10 the British authorities took from the steamship *Black Gull* 293 sacks of American mail addressed to Rotterdam and 10 sacks addressed to Antwerp. On October 12 authorities in the Downs removed from the *Zaandam* 77 sacks of parcel post, 33 sacks of registered mail, and 156 sacks of ordinary mail addressed to the Netherlands, as well as 65 sacks of ordinary mail addressed to Belgium, 4 to Luxemburg, 3 to Danzig and 259 to Germany. On October 12 authorities at Weymouth removed from the *Black Tern* 94 sacks of American mail addressed to Rotterdam, 81 to Antwerp and 184 to Germany. On October 24 authorities at Kirkwall removed from the *Astrid-Thorden* 468 bags mail from New York to Gothenburg and 18 bags from New York to Helsinki. Many individual instances of British censorship of American mails have come to the Department's attention.

"This Government readily admits the right of the British Government to censor private mails originating in or destined to the United Kingdom or private mails which normally pass *through* the United Kingdom for transmission to their final destination. It cannot admit the right of the British authorities to interfere with American mails on American or other neutral ships on the high seas nor can it admit the right of the British Government to censor mail on ships which have involuntarily entered British ports.

"The eleventh Hague Convention<sup>66</sup> recognizes that postal correspondence of neutrals or belligerents is inviolable on the high seas. The United States Government believes also that the same rule obtains regarding such correspondence on ships which have been required by British authorities to put into a British port. This view is substantiated by Article 1 of the Convention which stipulates: 'If the ship is detained, the correspondence is forwarded by the captor with the least possible delay.' The United States Government regards as particularly objectionable the practice of taking mails from vessels which ply directly between American and neutral European ports and which through some form of duress are induced to call at designated British control bases. This is believed to be a clear violation of the immunity provided by the Hague Convention.

<sup>65</sup> Presented as note No. 1730 on December 27.

<sup>66</sup> Convention relative to right of capture in naval war, signed at the Second International Peace Conference held at The Hague October 18, 1907, *Foreign Relations*, 1907, pt. 2, p. 1236.

"The United States Government feels compelled to make a vigorous protest against the practices outlined above and to express the hope that it will receive early assurances that they are being discontinued."

HULL

841.711/2868

*Memorandum of Conversation, by the Chief of the Division of  
European Affairs (Moffat)*

[WASHINGTON,] December 26, 1939.

The British Ambassador called this morning and left an *aide-mémoire*<sup>67</sup> stating for the confidential information of the State Department that the British Government had decided to apply the British censorship regulations to the mails which are carried on the Pan-American Clippers to and from Europe via Bermuda. The system will be to allow mail sacks addressed to England or France to continue on the Clipper which leaves New York all the way to their destination, where they will be censored. Mail bags addressed to any other place will be taken off the Clipper at Bermuda, censored, and the mail sacks forwarded by the following Clipper ship.

I said that I was sorry to hear that Great Britain had decided on this step. The Ambassador said that there was no question of the legality of Britain's decision as the Clipper ships came voluntarily within British jurisdiction. I told him of the protest we had made about the mails in our telegram to London of last Friday, and agreed that we had protested primarily against the British forcing neutral ships by some form of duress into their ports, where the mail was immediately censored.

The Ambassador made the specific request that we do not give this information to any one, including the Pan-American Airlines, before tomorrow, as they did not wish the Germans to be tipped off in advance and remove their mail. The Ambassador again remarked that almost all the parcel post examined which was going from the United States to Germany contained contraband. He said that he had persuaded his Government not to interpose censorship on mail between North America and South America, but that mail between North America and Europe must undergo censorship.

He remarked that the war was tightening up all along the line. He said he believed that Germany was going to make a tremendous attack with all its strength in the spring. He said the prize that would come with victory was so great that he could not imagine the Germans would forego the gamble. If it failed, then Germany might make a sincere offer of peace.

<sup>67</sup> Not printed.

As he was leaving, the Ambassador inquired when the Neutrality Committee of the Latin American states<sup>68</sup> was going to meet to consider the protest about the misuse of the neutral zones. I telephoned the Latin American Division, and repeated to the Ambassador the information given me by Mr. Briggs that the Neutrality Committee would meet in Rio on January 15, but that it was not yet clear whether or not the Committee would consider this particular matter.

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841.711/2868a : Telegram

*The Secretary of State to the Chargé in the United Kingdom  
(Johnson)*

WASHINGTON, January 2, 1940—7 p. m.

2. Please send Legation The Hague by mail a copy of Department's 1664, December 22, 9 p. m.

HULL

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**OPERATION OF THE BRITISH CENSORSHIP OF AMERICAN TELECOMMUNICATIONS TO AND FROM BRITISH TERRITORY**

841.721/3 : Telegram

*The Ambassador in the United Kingdom (Kennedy) to the Secretary of State*

LONDON, August 31, 1939—10 p. m.

[Received August 31—4:20 p. m.]

1340. Cable, telephone and press censorship imposed this evening. Censor stationed in every telegraph office. All wireless telephony and all telephone service to the Continent and overseas prohibited. Exception made for telephone and telephony calls to and from this Embassy and the Department, and for the Bank of England to and from the United States. Arrangements already made for American commentators to broadcast from Great Britain to the United States will be allowed to proceed.

KENNEDY

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841.721/6 : Telegram

*The Ambassador in the United Kingdom (Kennedy) to the Secretary of State*

LONDON, September 1, 1939—6 p. m.

[Received September 1—2:05 p. m.]

1361. My 1340, August 31, 10 p. m. Following is text of circular note dated August 31 received from the Foreign Office regarding government censorship over telecommunications:

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<sup>68</sup> For correspondence regarding the establishment of this committee, see vol. v, section entitled "Establishment of the Inter-American Neutrality Committee."

“(IMPORTANT).

The Secretary of State for Foreign Affairs<sup>69</sup> presents his compliments to the United States representative, and has the honour to state that it has become necessary for His Majesty's Government in the United Kingdom of Great Britain and Northern Ireland to avail themselves of the powers which are accorded under Article 27 of the International Telecommunication Convention of 1932<sup>70</sup> to all states who either signed or acceded to that instrument, and to exercise the right of censorship over telecommunications.

2. Notice of the establishment of the censorship has been duly given through the Bureau of the International Telecommunication Union, Berne, to all the powers who are parties to the International Telecommunication Convention.

3. His Majesty's Government in the United Kingdom desire however to minimize the inconvenience which the censorship might cause to the diplomatic representatives of foreign states in London, and in the circumstances directions have been given that until further notice telegrams in code, cypher or any language exchanged between the United States representative and the United States Government shall be passed without delay or censorship, provided that the telegrams fulfill certain conditions which will be a guarantee to the censors of their authenticity.

4. The first condition is that every telegram to the United States Government emanating from the United States Embassy should be certified by the actual signature of either the United States representative or a member of his staff empowered by him so to act, and, so certified, be handed in either at the Central Telegraph Office in the city or at the Leicester Square Telegraph Office.

5. The Secretary of State has therefore the honour to request that the United States representative will be so good as to forward to him at his earliest convenience, for transmission to the Postmaster-General, specimen signatures of those members of his staff, not exceeding two in number (or of himself and one member of his staff), who are authorized to frank the official messages of the United States Embassy and that he will give the necessary orders for handing such messages in at either of the above-mentioned offices.

6. The second condition is that every telegram should include the official designations in plain English or French, of both addressee and sender, e. g., address 'Minister for Foreign Affairs' and signature 'London'.

The object of this precaution is to ensure that British censors at intermediate telegraph stations may recognize the nature of the telegram and pass it on at once. The code address of the Ministry for Foreign Affairs in a foreign capital and the name of a foreign representative in London might not be known to a British censor at an intermediate station, and in such a case considerable delay would probably result.

7. As the second condition also applies to telegrams in the reverse direction, the United States representative is requested to be so good

<sup>69</sup> Viscount Halifax.

<sup>70</sup> *Foreign Relations*, 1932, vol. 1, p. 873.



as to ask his Government to issue instructions that such telegrams shall conform to the same requirements.

8. The Secretary of State regrets that no message in code, cypher or any language other than English or French can be accepted for transmission by wireless telegraphy."

KENNEDY

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841.721/10: Telegram

*The Ambassador in the United Kingdom (Kennedy) to the Secretary of State*

LONDON, September 27, 1939.

[Received September 27—12:30 p. m.]

1841. My 1361 September 1, 6 p. m. Following is text of Foreign Office circular note of September 26 regarding censorship over telecommunications:

"His Majesty's Principal Secretary of State for Foreign Affairs presents his compliments to the United States representative and, in continuation of his circular note of 31 August 1939 regarding the establishment of censorship over tele-communication, has the honor to state that His Majesty's Government in the United Kingdom, desiring to minimize the inconvenience caused to the diplomatic representatives of foreign states in London, have given instructions that until further notice telegrams in code, cypher, or any language may be exchanged between the United States representative and the United States representative in any allied or neutral country, as well as the governor of any possession or dependency of his country.

2. The United States representative may also exchange telegrams in code, cypher, or any language with the diplomatic or senior consular representative of his own country in Canada, the Commonwealth of Australia, New Zealand, the Union of South Africa, Eire, India, Burma, Newfoundland, or any British colony, protectorate, or territory under mandate.

3. In all British colonies, overseas territories, protectorates and territories under a mandate exercised by His Majesty's Government in the United Kingdom, where there is no diplomatic representative, the senior consular representative may correspond in code, cypher, or any language, not only with his Government, with the diplomatic representatives of his country in allied and neutral countries, and with other consular representatives of his country in that territory, but also with the governor of any territory or dependency belonging to his own country, and with other senior consular representatives of his country who enjoy the privileges laid down in paragraph 2 above.

4. It is understood that the position in this respect is generally similar in the Dominions and India."

KENNEDY

841.731/2115 : Telegram

*The Secretary of State to the Ambassador in the United Kingdom  
(Kennedy)*

WASHINGTON, September 30, 1939—5 p. m.

1130. American business interests are suffering severe losses due to the requirement of the British authorities that the use of code and cipher be prohibited as well as the use of cable addresses and abbreviated signatures in telegraphic correspondence between the United States and Great Britain.

Under date of September 27, 1939, the Department was informed by the American Embassy in Paris <sup>71</sup> that the following is a revised list of the codes accepted by the French authorities in telegraph messages between the United States and France :

Code National Français;  
Bentley's complete phrase code;  
Cogef Lugagne 1929;  
Acme Commodity and phrase code;  
Peterson Banking code third edition;  
New Boe code and appendix.

Telegrams in code must carry a word announcing which code is used and must contain no words in any code other than the one announced.

The Merchants' Association of New York has reminded the Department that prior to April, 1917, the British Government allowed business firms not only to address and sign cable messages in code but also to use for the message itself a limited number of designated codes. See in this connection your Embassy's telegram 1291, December 18, 1914,<sup>72</sup> which stated that the use of code would be permitted in telegrams between the United Kingdom on the one hand and countries outside the European telegraph system on the other, with certain minor exceptions, and which authorized the following codes :

ABC fifth edition;  
Bentley's complete phrase code (not including the separate mining and oil supplements);  
Broomhall's imperial combination code (not including the special rubber edition);  
Liebers code;  
Meyers Atlantic Cotton Code (thirty-ninth edition);  
Scott's Code tenth edition;  
Western Union Code.

In view of important commercial relations between the United States and Great Britain, of severe losses being suffered by American

<sup>71</sup> See telegram No. 2203, p. 542.

<sup>72</sup> *Foreign Relations*, 1914, supp., p. 528.

business interests, of the present policy pursued by the French authorities in the matter of codes, and of the British precedent quoted above, it is earnestly hoped that the British authorities will see their way to relax the existing regulations to the extent now permitted by the French authorities or by the British authorities in 1914.

Please bring matter immediately to the attention of the British authorities and urge their immediate and sympathetic consideration of the suggestions contained herein.

HULL

841.731/2122 : Telegram

*The Ambassador in the United Kingdom (Kennedy) to the Secretary of State*

LONDON, October 16, 1939—1 p. m.  
[Received October 16—7:40 a. m.]

2050. Your 1130, September 30, 5 p. m. Following note from Foreign Office dated October 14:

“His Majesty’s Principal Secretary of State for Foreign Affairs presents his compliments to His Excellency the United States Ambassador and with reference to Mr. Kennedy’s note No. 116 of the 3rd October last regarding the use of codes, telegraphic addresses and abbreviated signatures in telegraphic communications between Great Britain and the United States has the honor to inform His Excellency that arrangements are now being made to enable the under mentioned commercial codes to be used shortly:

Bentley’s second phrase.  
Bentley’s complete.  
A. B. C. sixth edition.  
Peterson’s third edition.

2. The general use of telegraphic addresses has not up to the present been found possible but the matter is under examination by the authorities concerned.

3. Lord Halifax fears, however, that the question of abbreviated signatures is unlikely to be given favorable consideration.”

KENNEDY

841.731/2122 : Telegram

*The Secretary of State to the Ambassador in the United Kingdom (Kennedy)*

WASHINGTON, October 17, 1939—8 p. m.

1238. Your 2050, October 16, 1 p. m. Department gratified that British authorities will allow codes and commends you for your success in this matter. Before replying to numerous inquirers concerning

present action of British, Department desires to be informed exact date upon which new regulations will be effective and to have its understanding confirmed that new regulations will apply equally to radiotelegrams and cables.

Please endeavor to obtain this information immediately and telegraph it to the Department.

HULL

841.731/2122: Telegram

*The Secretary of State to the Ambassador in the United Kingdom (Kennedy)*

WASHINGTON, October 18, 1939—7 p. m.

1245. Department's 1238, October 17, 8 p. m. Acme Code Company anxious to have their code included in the list of permissible codes referred to in your 2050, October 16, 1 p. m. French administration has included Acme in their list of permissible codes. Unless you perceive objection to such a course, please ascertain whether British would be willing to include Acme in codes permitted in telegraphic messages between United States and Great Britain.

HULL

841.731/2159: Telegram

*The Ambassador in the United Kingdom (Kennedy) to the Secretary of State*

LONDON, November 2, 1939.

[Received November 2—8:10 a. m.]

2246. Your 1331, October 30, 8 p. m.,<sup>73</sup> and 1238, October 17, 8 p. m. We have been pressing the Foreign Office for some time for favorable and quick action and I discussed the situation personally with Lord Halifax on October 31. We have now received a memorandum setting forth in full the views of the British authorities in this matter and it is quoted below. The Foreign Office informs me that these authorities would welcome any practical suggestions we might be able to make to meet the difficulties set forth in the memorandum.

“The treatment of code telegrams under censorship conditions presents special problems to the Censorship Organization and to the telegraph service. In 1914 public codes were not admitted until about 3 months after the institution of censorship and it was generally assumed that some similar interval would elapse on a future occasion.

<sup>73</sup> Not printed; it asked for an early answer to No. 1238, October 17, 8 p. m. (841.731/2149).

The reasons for such an interval may be summarized as follows:

(1) The Censorship Organization must settle down to working expeditiously under plain language conditions before the extra burden of handling code traffic is placed upon it. All code telegrams must be decoded or a decode supplied with the original and with something like 16,000 code telegrams a day this is a problem of considerable magnitude.

(2) A few codes must be selected with due regard to the current needs of the business community as a whole and adequate supplies of code books must be made available at all censorship stations within the Empire. The facilities must be made as general as possible to avoid giving an unfair advantage to some firms.

(3) The censorship is coordinated throughout the Empire and it is a complicated business introducing modifications.

(4) It is necessary to recruit and train an adequate staff of decoding clerks to assist the censors. The number of clerks necessary will depend partly upon the extent to which the telegraph companies are able to transmit by wire decodes of outward telegrams between their provincial stations and London. Discussions with the companies of the technical difficulties involved are proceeding.

The Post Office, in collaboration with other Government departments concerned, has been actively pursuing the code question since the early days of the war.

(5) The censorship is concerned not only with stopping improper information but also with detecting infringements of the many restrictions on exports, imports and currency operations. For this and other reasons it is not practicable to use a permit system for so-called 'reputable' firms to use code. A good deal of valuable information as to firms' activities is derived from an examination of their cables which must, therefore, all be decoded.

(6) It would be no use introducing code if the delay in the decoding were likely to be excessive. The emergency arrangements must settle down before concessions are made.

(7) General Post Office must notify all foreign countries as to what sort of telegrams they will accept. It is obviously impossible to do this piecemeal.

(8) The International Telegraph Service is governed by comprehensive international regulations to which this country is a party. These regulations, which are essential as a *modus vivendi*, are not academic but are based on the practical needs of the service. They are in the main strictly observed throughout the world and we impose them on the telegraph companies operating in this country. If we did not proceed in accordance with the regulations we should have difficulties with the companies; our telegrams might be challenged abroad and we might be faced with reciprocal action.

(9) There are something like 14,000 offices all over the country and each one has to have specific instructions as to what is permitted and what is not. We could not possibly contemplate anything except a reasonably stable scheme if it is to work at all satisfactorily. The admission of private codes would involve even more serious difficulties in decoding and is not contemplated.

The telegraph companies, and particularly Cable and Wireless Ltd. are anxious to postpone the introduction of code for a month or so.

It would be unfortunate if we reintroduced code and then had to stop it again because we could not handle it.

Registered addresses. It is essential for a censor to know for whom a telegram is intended and by whom it is sent, partly for security and partly for information purposes. A registered abbreviated address does not normally afford any clue to the identity of the holder or of his trade or profession, and since it is impossible to supply the censorship stations with up-to-date particulars of all registered addresses in the world, the censorship regulations forbid the use of a registration, either as the address or as the signature of a telegram.

It might be practicable to supply censors in this country with directories of addresses registered in the United Kingdom, although it would be very difficult to keep such lists up-to-date. We could not ask administrations abroad to accept registered addresses in telegrams for this country and to refuse to accept outward telegrams with such addresses.

The inconveniences involved in these prohibitions is fully appreciated. On the other hand it is better to have a reasonably reliable and quick service in plain language than a very erratic service in code."

KENNEDY

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841.731/2183 : Telegram

*The Ambassador in the United Kingdom (Kennedy) to the Secretary of State*

LONDON, November 23, 1939—8 p. m.  
[Received November 23—4:14 p. m.]

2433. My 2050, October 16, 1 p. m., and Department's 1245, October 18, 7 p. m. The censorship department of the General Post Office has informed me that a notice will be broadcast this evening and published tomorrow that the use of the commercial codes mentioned in my 2050 will be authorized shortly. It was stated confidentially that the new regulations will be effective in about 2 or 3 weeks, the exact date to be announced later. I have been pressing strongly for inclusion of the Acme Code in this list but the authorities tell me that they regret that it is not possible to give any authorization at the present time for any others than the ones named. I have been encouraged to believe, however, that favorable consideration may be given later to inclusion of the Acme Code.

The Acme Code is not the only code which for various reasons the telegraph censorship does not feel it necessary to authorize at present, and an official said there are three or four British code firms who have been put entirely out of business as a result of the new censorship regulations.

The Embassy will continue to press the matter of the Acme Code and will keep the Department advised.

KENNEDY

841.731/2200a : Telegram

*The Secretary of State to the Chargé in the United Kingdom  
(Johnson)*

WASHINGTON, December 20, 1939—10 p. m.

1649. Under date of December 15 Commercial Cable Company has issued notification that effective January 1, 1940, following codes permitted to and from United Kingdom, British Dominions and Colonies: Bentley's Second Phrase, Bentley's Complete Phrase, ABC Sixth Edition, Peterson's International, Third Edition.

Please ascertain whether foregoing information is correct and whether British administration intends to file 15 days notice with Bureau of International Telecommunication Union at Bern. Also ascertain whether code addresses and signatures will be allowed and whether codes may be used on radiotelegraph as well as cables. Please also advise concerning likelihood Acme Code will be allowed subsequently. From information received by Department it would seem clear that use of Acme Code in telegraphic traffic with Great Britain is desired by large section of American business world. Please expedite reply.

HULL

841.731/2201 : Telegram

*The Chargé in the United Kingdom (Johnson) to the Secretary  
of State*

LONDON, December 21, 1939—6 p. m.

[Received December 21—1:10 p. m.]

2691. Department's 1649, December 20, 6 [10] p. m., and Embassy's 2433, November 23, 8 p. m. Your first paragraph, information is correct.

British Administration sent notice this morning to the Bureau of International Telecommunication Union at Bern. As the new British regulation is effective January 1, 1940, they realize this notice falls short of 15 days but the head of the Telecommunication Censorship Department told me that they did not consider that this shortage of time seriously matters.

In regard to radio telegraph the official stated that the radio could be used and pointed out that it was the only possible means of communication in some cases. This will not, however, include permission to communicate by radio either to or from a ship at sea.

Having launched these four commercial codes the next question that the censorship control will take up will be code addresses and

signatures. They are trying to do one thing at a time it was explained and get the new code system working perfectly and coordinated before they add anything else.

They are also now taking up the question of additional codes to the original list and from my conversation with the censorship department I am reasonably certain that the Acme Code will eventually be included. I think there is a sincere disposition on the part of this particular censorship authority to meet as far as is practicable all of the needs of American business and it was suggested to me this morning that they would welcome from us any indication as to a relative priority for codes with which American business is most concerned.

If the Department has any suggestions to make in this connection I hope they may be telegraphed.

JOHNSON

841.731/2302 : Telegram

*The Secretary of State to the Chargé in the United Kingdom  
(Johnson)*

WASHINGTON, January 13, 1940—4 p. m.

86. Your 2691, December 21, 6 p. m. Department has informally contacted various private and Government agencies to ascertain commercial codes most usually used by American interests in international correspondence. It has received a communication from the International Communications Committee, an organization affiliated with the National Foreign Trade Council, Inc., whose members include most of the substantial users of international cable and radio. Following is quoted from its letter:

“Naturally, the Committee hesitates to state dogmatically what codes, in order, should next be admitted to use since the omission of any of them means a hardship to certain users and it is impossible to give a completely accurate ranking without having more information as to actual amount of traffic involved, taken in conjunction, perhaps, with the relative importance of the industry which may be affected. It would seem, however, that the Committee, on the basis of the information before it, is justified at this time in particularly urging admission of the following:

Acme Commodity & Phrase  
Western Union  
Universal Trade  
Hartfield  
Buenting Second  
New Boe  
Tanners' Council



It would seem that, where a particular code is in general use in any one industry, and the number of houses in that industry are few, there should be no great practical difficulty involved for the censorship authorities."

Department has received a few letters concerning some of the codes listed above, but continues to receive daily numerous communications urging use of Acme Code.

It is suggested that you transmit informally to the British authorities the information furnished by the International Communications Committee, stating that the Department is not in a position to indicate a relative priority for codes with which American business is most concerned but that it hopes that the information above mentioned may be of assistance to the British authorities. You may add that the Department hopes that the British authorities will see their way to permit the inclusion of some additional codes primarily used by American business interests in the list of codes whose use is now permitted in telegraphic traffic between the United States and Great Britain.

Please continue to keep the Department advised concerning developments in this matter which are of great interest to American business firms engaging in international commerce."

HULL

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INVESTIGATION CONCERNING THE RESPONSIBILITY FOR THE SINKING OF THE BRITISH S. S. "ATHENIA", SEPTEMBER 3, 1939, WITH LOSS OF AMERICAN LIVES

841.857 Athenia/1 : Telegram

*The Ambassador in the United Kingdom (Kennedy) to the Secretary of State*

LONDON, [undated].

[Received September 3, 1939—8: 50 p. m.]

Foreign Office has just telephoned that it is releasing to press report SS *Athenia* of Donaldson Line torpedoed 200 miles off Malin Head with 1400 passengers aboard. S. O. S. received. Ship sinking fast.

KENNEDY

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"In telegram No. 707, March 21, 1940, 2 p. m., the Ambassador in the United Kingdom reported that it had been decided to authorize three additional codes: the Acme Commodity and Phrase, the New Standard three- and five-letter, and the Lombard General and Shipping Code (841.731/2323).

841.857 Athenia/11 : Telegram

*The Ambassador in the United Kingdom (Kennedy) to the Secretary of State*

LONDON, September 4, 1939—11 a. m.

[Received September 4—5:20 a. m.]

1419. The following communiqué re *Athenia* was issued by Admiralty before news just telegraphed regarding those saved:

Among the passengers on board the *Athenia* which was sunk by a German submarine early this morning were 65 United States citizens from Belfast, 101 from Liverpool and 145 from Glasgow. The destroyers which were sent off at full speed to pick up survivors are proceeding to the scene.

It will be recollected that in 1935 [1936] Germany as one of the first powers to do so agreed to abide by part IV of the London Naval Treaty 1930<sup>75</sup> in perpetuity. These articles state—

The following are accepted as established rules of International Law:

(1) In them [*their action*] with regard to merchant ships, submarines must conform to the rules of International Law to which surface vessels are subject.

(2) In particular, except in the case of persistent refusal to stop on being duly summoned, or of active resistance to visit or search, a warship, whether surface vessel or submarine, may not sink or render incapable of navigation a merchant ship [*vessel*] without having first placed passengers, crew and ship's papers in a place of safety. For this purpose the ship's boats are not regarded as a place of safety unless the safety of the passengers and crew is assured, in the existing sea and weather conditions, by the proximity of land, or the presence of another vessel which is in a position to take them on board.

It may be pointed out that by this deliberate disregard of the voluntary declaration made by Germany at the time of her adhesion to the London Naval Treaty of 1930 to the effect that she renounced of her own free will the right to make use of unrestricted submarine warfare in any future campaign and that this renunciation was outside and in addition to any undertakings which she might make in the London Naval Treaty or any other treaty even if such were at any time to be denounced.

KENNEDY

841.857 Athenia/61 : Telegram

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

BERLIN, September 4, 1939—1 p. m.

[Received September 5—9:15 a. m.]

1059. State Secretary Weizsaecker called me to the Foreign Office today at 12:15 and after showing me a report from London to the

<sup>75</sup> *Foreign Relations*, 1930, vol. I, pp. 107, 123. For accession of Germany to the treaty on November 23, 1936, see League of Nations Treaty Series, vol. CLXXXIII, p. 355.

effect that a Donaldson Steamship Liner *Athenia* carrying passengers many of whom were Americans was sunk 200 miles northwest of the Hebrides asked me to inform my Government immediately that the German naval authorities have declared that there are no German submarines in that area and that furthermore German naval vessels have received strict instructions to treat merchant vessels in accordance with international rules.

Telephoned at 12:30 p. m. to American Embassy Paris via American Legation Hague for transmission to Department.

KIRK

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841.857 *Athenia*/33: Telegram

*The Ambassador in the United Kingdom (Kennedy) to the Secretary of State*

LONDON, September 4, 1939—9 p. m.  
[Received September 4—2:45 p. m.]

1441. The Admiralty has informed the Embassy regarding the *Athenia* as follows:

Survivors in one of the rescuing ships state that submarine was clearly seen and have no doubt that ship was torpedoed. From evidence up to date about 1000 have been saved out of a possible 1400, including crew. Every effort is being made to find out if any United States citizens are killed or injured. The Admiralty state that no British mines were laid in the vicinity. Evidence of Chief Officer is that ship was torpedoed without warning. Submarine fired a round at ship on surfacing.

KENNEDY

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841.857 *Athenia*/68: Telegram

*The Minister in Ireland (Cudahy) to the Secretary of State*

DUBLIN, September 5, 1939—noon.  
[Received September 5—9:25 a. m.]

24. Just interviewed Captain of the *Athenia*, members of crew, and a number of American passengers who establish beyond question that ship was submarined. Am investigating further and will report in more detail. Request emergency fund be placed at disposal of Legation for approximately 250 American survivors. Many have lost all possessions. Am relaying this message from Galway.

CUDAHY

841.857 *Athenia*/95 : Telegram*The Ambassador in the United Kingdom (Kennedy) to the Secretary of State*LONDON, September 6, 1939—2 p. m.  
[Received September 6—9:20 a. m.]

1463. For the President and Secretary. My 1444, 5th.<sup>76</sup> Report of Commander Hitchcock, Assistant Naval Attaché, and agreed to by Captain Kirk,<sup>77</sup> who together made investigation regarding *Athenia* survivors landed at Galway, follows:

"We proceeded immediately to Galway, Ireland, where we landed in an improvised field and proceeded to the dock where the tender was disembarking the refugees from the *Athenia*.

The officers and crew of the *Athenia* talked freely to Captain Kirk and myself. They were courteous, and under close questioning no conflict in their stories could be discerned.

It was established by the evidence of the Commander of the *Athenia*, the Officer of the Watch, the Assistant Officer of the Watch, the Quartermaster of the Watch, the Quartermaster off duty but on the bridge, the Chief Engineer and Assistant Engineer Officer and several other crew members that at evening twilight, 3 September, a torpedo struck the port side of the *Athenia*, slightly abaft midships in the way of the bulkhead between the fireroom and the engineroom.

The explosion caused a large volume of water in the outside of the ship to be blown into the air; destroyed the bulkhead between the fireroom and the engineroom, shattering the oil tank and destroying access of stairs from the third class and tourist dining saloons to the upper decks. It was impossible for the passengers trapped in the dining rooms to escape and they were drowned below decks.

From evidence given by a Quartermaster not on watch, submarine conning tower broke surface about 800 yards on the port quarter of the *Athenia*. A gun or explosive signal was fired from the conning tower platform. If a gun, it was of small calibre according to one of these men who had served for years as a gun layer in the Royal Navy.

As the submarine was on the weather side of the *Athenia* the smoke from this discharge blew down over the *Athenia* and a distinct smell of cordite was recognized. No witness heard a shell in the air; no witness heard a shell strike the ship: only one such discharge was seen. The flash was distinctly reported by three witnesses; the smoke of the discharge was seen by the Commander and many witnesses. No splash of the projectile was seen. The Commander of the *Athenia* stated that it occurred to him that the submarine might be attempting to destroy their radio but said that any statement by him that this was so was an error as he had no evidence to this effect.

Immediately after the explosion which sank the *Athenia* the Officer of the Watch sounded eight short blasts and one long blast of the whistle and the submarine submerged and was not again seen.

<sup>76</sup> Not printed.<sup>77</sup> Alan G. Kirk, Naval Attaché in the United Kingdom.

The Officer of the Watch immediately closed the 'long arm watertight doors' which apparently prevented the ship sinking for many hours. All officers and crew and a few passengers interviewed indicated there was no panic aboard the ship and women and children passengers, as well as the crew and men passengers were calm in going to their boat stations and in abandoning ship.

Some little difficulty was had in lowering the starboard side life boats as the ship primarily took a considerable list to port, but all boats got off without casualty. One boat alongside the rescue ship, *Knute Nelson*, drifted aft into the propellers and was sunk, resulting in the loss of several of the occupants.

The Irish authorities kept a careful list of all survivors disembarking at Galway."

KENNEDY

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841.857 Athenia/95 : Telegram

*The Secretary of State to the Ambassador in the United Kingdom  
(Kennedy)*

WASHINGTON, September 6, 1939—8 p. m.

823. Your 1462, September 6, 1 a. m.<sup>78</sup> and 1463, September 6, 2 p. m. Please advise whether affidavits of any of the people interviewed by Commander Hitchcock and Captain Kirk were obtained. Please also instruct Consul Glasgow to endeavor obtain affidavits from a representative group of American survivors on circumstances of the sinking and particularly on the report that the disaster was caused by a submarine.

This information will be extremely important in connection with efforts to fix responsibility.

A similar telegram is being sent to Dublin.

HULL

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841.857 Athenia/116 : Telegram

*The Minister in Ireland (Cudahy) to the Secretary of State*

DUBLIN, September 7, 1939.

[Received September 7—8:30 a. m.]

25. Your No. 15.<sup>79</sup> Read my open telegram from Galway 2:25 p. m. September 5th<sup>78</sup> in which I made report after interviewing several officers, members of crew and number of passengers of *Athenia*. My despatch setting forth more detailed statement should reaffirm beyond question that *Athenia* was torpedoed, this conclusion confirmed by

<sup>78</sup> Not printed.

<sup>79</sup> Telegram No. 15 dated September 6, not printed.

Captain Alan Kirk, Naval Attaché London, who made independent investigation. Believe any further statement by affidavit will be purely cumulative. Legation has American addresses of all Galway survivors.

CUDAHY

841.857 Athenia/146 : Telegram

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

BERLIN, September 8, 1939—noon.

[Received 1:18 p. m.]

1135. My 1059, September 4, 1 p. m. The German news agency publishes this morning the following statement by the high command of the German Navy.

"1. The German fleet including every single unit thereof is in possession of orders to abide by international obligations in every instance during the conduct of sea warfare.

"2. In the area in question in which the steamer *Athenia* sank there were no German naval units.

"3. It is therefore absolutely out of the question for the German sea force to be connected in any way with the loss of the steamer *Athenia*.

"4. The attempt to charge the German fleet with the sinking of the steamer *Athenia*—continued and repeated despite official German refutation—represents a typical product of atrocity agitation."

Accompanying editorials declare that this statement serves finally to absolve Germany from all guilt in the sinking of the *Athenia* and it is openly charged that "none other than Churchill<sup>80</sup> himself had the *Athenia* sunk" as a desperate utterly unscrupulous device to arouse the American public against Germany. Chamberlain<sup>81</sup> is bitterly condemned for supporting Churchill in his nefarious undertaking before the House of Commons.

KIRK

841.857 Athenia/116 : Telegram :

*The Secretary of State to the Minister in Ireland (Cudahy)*

WASHINGTON, September 8, 1939—2 p. m.

19. Your 25, 7th. Unless by "testimony" in your telegram September 5<sup>82</sup> is meant signed statements by officers and American pas-

<sup>80</sup> Winston Churchill, British First Lord of the Admiralty beginning September 3, 1939.

<sup>81</sup> Neville Chamberlain, British Prime Minister.

<sup>82</sup> Unnumbered telegram from Galway, not printed.

sengers, it is considered desirable that such statements should if possible be obtained from any of the American passengers who may be available and who have first-hand information whether the attack was by a submarine. Such evidence is deemed essential in establishing claims of American nationals for death and injury resulting from the disaster.

HULL

841.857 *Athenia*/207 : Telegram

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

BERLIN, September 12, 1939—5 p. m.  
[Received September 13—1:45 a. m.]

1219. My 1189, September 11, 1 p. m. and 1202, September 12, 11 a. m.<sup>84</sup> An official of the German Ministry of the Navy gave the Naval Attaché to this Embassy today the German texts of the exchange of telegrams between Von Wiegand and Grand Admiral Raeder of which the following are translations.

"Amsterdam September 7, 1939. To General Raeder, Berlin. As is historically known Grand Admiral von Tirpitz took me into his confidence at the time of the beginning of the submarine war. Indignation is surging through America because of the alleged torpedoing of the passenger liner *Athenia* by a German submarine. Could Your Excellency give me statement by telegram for my press. Where was nearest German submarine relative to the place of sinking? What is attitude of German Navy Department toward American steamer and orders to submarines relative thereto? Would be grateful to Your Excellency for answer. Von Wiegand, chief correspondent Carleton Hotel".

"Berlin, September 8, 1939. Navy Department. To Mr. von Wiegand, Amsterdam, Carleton Hotel. I welcome your desire to clarify in the American press the attitude of the German Navy Department and to counter the abominable lie that the sinking of the British steamer *Athenia* which was bound from England to Canada was caused by torpedoing without warning by a German submarine. I refer you to the official statement of the Navy Department relative to the *Athenia* case published by me today. For reasons which will be readily understood I cannot give you the positions of the German submarines at the time of the sinking of the *Athenia* but I can assure you that the submarine nearest to the place of sinking was at the time 170 sea miles distant from it. Moreover, I reiterate that my submarine commanders as well as the entire armed forces of Germany have strictest instructions to conform absolutely to international law and treaties and to respect in every way the rights of neutral states. The treatment accorded all ships in the war on commerce is laid down in the German prize rules published by the Reich. It is self-evident that

<sup>84</sup> Neither printed.

the merchant ships of the United States are in no danger whatsoever if they do not oppose the operations of the prize rules. Raeder Grand Admiral?"

Inform Navy.

KIRK

841.857 Athenia/292 : Telegram

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

BERLIN, September 21, 1939—1 p. m.

[Received 2:02 p. m.]

1349. My 1275, September 16, 3 p. m.<sup>85</sup> As alleged proof of the preparations made by the British for the sinking of one of their own ships in order to influence American public opinion against Germany this morning's DAZ<sup>86</sup> publishes on its front page a facsimile of an instruction issued under date of August 29, 1939 by the Berlin headquarters of the Cunard White Star Company directing the branch office in Frankfurt to suspend German bookings on a number of ships including in particular the *Athenia*. The instruction of which copies were also apparently sent to branch offices in Cologne, Munich, Stuttgart and Leipzig first lists the sailings of the *Athenia* on September 2, the *Aurania* on September 2, the *Andania* on September 8 and the *Ascania* on September 9, and then states as follows:

"We have been instructed by our central office due to changes in the schedules for the above sailings [not] to make bookings and also to refrain from transporting to the port of embarkation any passengers who [are] already booked. Kindly inform us what bookings if any you have made for the above sailings—so that we may inform you to what other steamers they may be transferred. Yours faithfully, Cunard White Star Travel Agency GMBH."

The following conclusions are drawn from an appended commentary published in the DAZ.

1. The statement made that bookings should be suspended owing to an alleged change in sailing schedules is merely a pretext inasmuch as the *Athenia* sailed on September 2 according to plan.

2. Inasmuch as the instruction is dated August 29 Churchill and his comrades therefore on August 27 at the latest, that is to say at the time when the British Government was allegedly doing everything to meet the Fuehrer's generous peace proposals, had already formed the plan to start off the war against Germany which they had prepared long ago in advance with a new *Lusitania* case.<sup>87</sup>

<sup>85</sup> Not printed.

<sup>86</sup> *Deutsche Allgemeine Zeitung*.

<sup>87</sup> For correspondence regarding the sinking of the *Lusitania*, May 7, 1915, see *Foreign Relations*, 1915, supp. pp. 384 ff. *passim*.



3. Churchill wished to have no German witnesses on board the *Athenia* for his criminal maneuver to stir up American public opinion. A contributory factor may have been the wish to hold open as many places as possible for American citizens in order that American reaction would be all the greater over the sinking.

4. The fact that a number of other ships were mentioned in the instruction shows that Churchill was keeping other ships in reserve in case the *Athenia* plot miscarried.

5. The question arises as to whether the *Athenia* ever had a regular passenger list or as to whether "the supernumeraries in this ship owe their part of the adventure to the stage management of the First Lord of the British Admiralty."

The commentary concludes ["we counsel the world and in particular the responsible statesmen of the United States to read with the greatest attention the document reproduced herewith, for, we are convinced that it is a political document of the greatest importance which furnishes irrefutable evidence that one man Churchill is responsible for arranging the sinking of the *Athenia* with countless Americans aboard.["]

KIRK

841.857 *Athenia*/442

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

No. 461

WASHINGTON, October 30, 1939.

SIR: The attention of His Majesty's Government in the United Kingdom has been drawn to various allegations published in this country regarding the circumstances in which the British steamship *Athenia* was sunk on September 3rd last, and in particular to a statement made by Mr. Gustav Anderson<sup>88</sup> of Evanston, Illinois, and printed in the *New York Times* of October 23rd. In this statement Mr. Anderson alleged that as a result of his conversations with the Chief Officer of the *Athenia*, Mr. B. M. Copland, he had reason to believe that the ship's cargo included a certain number of guns and that it was intended to fit the ship out as a raider on the return journey and that for this purpose her decks had been strengthened. Mr. Anderson furthermore implied in his statement that the *Athenia* had finally been sunk by gunfire from one of His Majesty's ships to prevent her becoming a danger to navigation.

I have been instructed by His Majesty's Principal Secretary of State for Foreign Affairs to convey to you on behalf of His Majesty's Government in the United Kingdom a formal assurance that the S.S. *Athenia*, on the voyage in the course of which she was sunk, carried

<sup>88</sup> One of the survivors from the sinking of the *Athenia*.

no guns, munitions of war or explosives, either as cargo or stores; nor did she carry either bullion or securities. At the time of her sinking the *Athenia* was neither armed nor stiffened to receive armament of any kind, and it was not intended to use the vessel as an armed raider, armed merchant cruiser or in any other offensive capacity at the end of the voyage on which she was sunk. The *Athenia* was not sunk by contact with a British mine, by a British submarine, by gunfire from one of His Majesty's ships or by internal explosion; according to the evidence in the possession of His Majesty's Government she was sunk by a submarine.

I am furthermore instructed to inform you that Chief Officer Copland has sworn in an affidavit that he never discussed with Mr. Gustav Anderson the question whether or not there were guns on board the *Athenia*. Mr. Copland's affidavit also contains a sworn statement that there were in point of fact no guns or other munitions carried as cargo in the ship on the voyage in question.

I have [etc.]

LOTHIAN

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841.857 *Athenia*/449: Telegram

*The Ambassador in the United Kingdom (Kennedy) to the Secretary of State*

LONDON, November 3, 1939.

[Received November 3—7:40 a. m.]

2260. Your 1356, November 2, 5 p. m.<sup>89</sup> The B.B.C.<sup>90</sup> in a news broadcast on September 22 stated:

“The Cunard White Star Shipping Company, from their Liverpool headquarters, (acting on behalf of the Donaldson Atlantic Line) have issued a statement denying the allegation in a German newspaper that they had requested that no further passenger bookings should be taken for the *Athenia*, *Aurania*, *Andania*, and *Ascania* with the object of making sure that no German witnesses were on board but as many Americans as possible. The company's statement says that in the ordinary course of business a telegram was sent by the company to certain offices abroad telling them that the passengers who were hoping to get their formalities through so that they could sail in the mentioned vessels were not to be forwarded until further advice. This was to protect space for passengers transferred from other sailings which had to be cancelled. It is customary for advices of this character to ‘be sent to offices and agents when sailings are cancelled so that passengers shall not be transferred to ships which are already booked’”.

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<sup>89</sup> Not printed.

<sup>90</sup> British Broadcasting Company.

In point of fact, as a reference to the passenger list of the S.S. *Athenia* forwarded in despatch No. 439 of October 21, 1939,<sup>91</sup> of Consul General at Glasgow will reveal, there were many German refugee immigrants on board the *Athenia* and it may be assumed that the Cunard bookings in Germany were principally of this class.

KENNEDY

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841.857 *Athenia*/468: Telegram

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

BERLIN, November 8, 1939—4 p. m.

[Received 8:54 p. m.]

1982. My 1948, November 4, 2 p. m.<sup>91</sup>

1. In reply to an inquiry which the Naval Attaché to the Embassy had the opportunity to make informally yesterday an official of the German Ministry of the Navy said that the Navy's investigation of the *Athenia* case had consisted in inquiring of each U-boat commander upon his return to port whether his submarine had sunk this vessel. As stated in my 1275, September 16, 3 p. m.,<sup>91</sup> Grand Admiral Raeder informed the Naval Attaché that all commanders had reported in the negative and the German official stated that once it had thus been definitely established that no German U-boat had torpedoed the *Athenia* the investigation was considered closed as far as the Navy was concerned and the Navy now has only an academic interest in how the ship was sunk.

KIRK

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841.857 *Athenia*/500

*The Secretary of State to Senator Morris Sheppard*<sup>92</sup>

WASHINGTON, November 25, 1939.

MY DEAR SENATOR SHEPPARD: The receipt is acknowledged of your letter of November 15, 1939<sup>91</sup> in which you inquire if the State Department has published any statements as to the facts concerning the sinking of the S.S. *Athenia* and the responsibility therefor, or if no such statements have been made, if the Department knows of any like action to be taken by any other government.

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<sup>91</sup> Not printed.

<sup>92</sup> Chairman of the Senate Committee on Military Affairs.

To date the Department has made no statement as to the responsibility for this disaster. With a view to establishing such responsibility, the Department is now engaged in obtaining facts from American survivors here and abroad which it is anticipated will require some time. After it has assembled these facts, the Department will, if its conclusions so warrant, extend to American citizens concerned appropriate assistance looking to the preparation of a claim for their losses.

Sincerely yours,

CORDELL HULL

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841.857 Athenia/651: Telegram

*The Secretary of State to the Chargé in the United Kingdom  
(Johnson)*

WASHINGTON, January 4, 1940—9 p. m.

21. Your 7, January 2, 5 p. m.<sup>93</sup> In its 1309, October 27,<sup>93</sup> Department requested a copy of "British Admiralty report on sinking, including testimony of officers and crew". Your 2583, December 11, 5 p. m.<sup>93</sup> states "Strictly Confidential" that Naval Attaché has received information that the First Lord of the Admiralty has refused to issue an official report that had been prepared by the officers of the Admiralty since he contended world opinion agreed as to who sank the vessel. Your despatch 4124, December 14,<sup>93</sup> repeats the earlier information that the Admiralty will issue no report and that the testimony of officers and crew is not available.

It is evident from the foregoing that a report by the officers and crew is in existence although not formally issued.

Department desires that you confer with the Naval Attaché and, without compromising his informal contacts, endeavor discreetly to obtain if possible a copy of the report for the Department's use, on the understanding that it will not be made public without prior consent of the British Government. You may state that in the note of October 30, 1939, the British Embassy informed the Department that "The *Athenia* was not sunk by contact with a British mine, by a British submarine, by gunfire from one of His Majesty's ships or by internal explosion; according to the evidence in the possession of His Majesty's Government she was sunk by a submarine."

Evidence in support of this latter statement is important to this Government in view of the fact that 31 American lives and the personal property of over 200 American nationals were lost. The Department assumes, in view of the Admiralty's statement (your 7, January 2)

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<sup>93</sup> Not printed.

that "it will gladly supply any information on anything and everything in connection with the *Athenia* which it has in its possession", no difficulty should be experienced in obtaining a copy of the above-mentioned report, together with any additional information tending to fix the responsibility for the sinking of the vessel.

HULL

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841.857 *Athenia*/742 : Telegram

*The Chargé in the United Kingdom (Johnson) to the Secretary of State*

LONDON, February 21, 1940—6 p. m.

[Received February 22—7:07 a. m.]

435. Department's 21, January 4; 303, February 17, noon;<sup>95</sup> and my 427, February 20, 7 p. m.<sup>96</sup> The *Athenia* case was again opened on January 2 by the Admiralty because of German propaganda (my 7, January 2, 5 p. m.<sup>96</sup>). The Admiralty then offered and still offer to place at our disposal the file of *Athenia* papers. The Naval Attaché had already extracted pertinent data from the Admiralty's *Athenia* file and copies were forwarded to the Department (Embassy's despatch 3852, November 14, 1939<sup>96</sup>). Further documents were forwarded by the Foreign Office, transmitted to the Department under cover of Embassy's despatch 4124 December 14, 1939.<sup>96</sup> Following receipt of the Department's 21, January 4, 9 p. m. the Naval Attaché again saw his Admiralty contacts and these latter gave informal assurances that a compilation would be made of evidence supporting the British Ambassador's statement in the note of October 30, 1939 addressed to the Department that "there is every evidence in the possession of His Majesty's Government she was sunk by a submarine".

The Naval Attaché now informs me that in spite of these informal assurances, in fact no such compilation has been made in the Admiralty. The fact is, and it is very privately admitted in the Admiralty, there does not exist any legal "evidence" to support the claim made by the British Ambassador. Further the Naval Attaché informs me that no formal Court of Inquiry, Board of Investigation, Admiralty Court, Board of Trade inquiry or any other authoritative and legal body of the British Government have sat to take "evidence" concerning or to inquire into the loss of the *Athenia*. It is also a fact that no "report" of the *Athenia* case exists. In the Naval Attaché's opinion, based upon the very confidential and informal information he has received from the Admiralty, nothing but "expert testimony"

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<sup>95</sup> No. 303 not printed.

<sup>96</sup> Not printed.

[will?] ever be available in this case; whatever "evidence" existed sank with the *Athenia*.

The Naval Attaché was given to understand at the Admiralty on February 19, very politely but definitely, that should we see fit to press more formally for "evidence" to support Lord Lothian's note of October 30, 1939, the usual methods and channels of approaching the British Government should be used. It is quite apparent that the Admiralty now hopes that such a request will never be made.

JOHNSON

841.857 Athenia/786 : Telegram

*The Ambassador in the United Kingdom (Kennedy) to the Secretary of State*

LONDON, April 6, 1940—1 p. m.

[Received April 6—9:48 a. m.]

864. Embassy's 438, February 22, 6 p. m.<sup>97</sup> and 435, February 21, 6 p. m. Following signed note dated April 5 received today from the Foreign Office:

"I have the honor to refer to the oral inquiries addressed by Captain Kirk, Naval Attaché at the United States Embassy, to the Admiralty regarding the desire of the United States Government for further evidence in support of the official statement made by His Majesty's Government in the United Kingdom that the loss of the *Athenia* was due to submarine action.

I have the honor to inform Your Excellency that the documents available to the competent British authorities as to the circumstances attending the casualty include depositions by 6 officers, 7 members of the crew and 3 passengers which were made before a Receiver of Wreck under section 467 [465?] of the Merchant Shipping Act of 1894.<sup>98</sup> As these are not public documents His Majesty's Government have no right to disclose them to any outside party without the consent of the deponents. It is however the practice of His Majesty's Government to supply copies of such documents to foreign Governments in the interests of safety of life at sea, but only on the express understanding the documents will be used solely for administration purposes and not in any proceedings before a court of law.

On this understanding His Majesty's Government in the United Kingdom are happy to disclose the depositions in question to the United States, and I have the honor accordingly to enclose photostat copies herein. I would add these depositions were made under section 465 of the Merchant Shipping Act 1894 by way of preliminary inquiry and that they do not necessarily include all the evidence which the deponents might be able to give about the casualty. All these depositions support the statements of His Majesty's Government that the *Athenia* was sunk by a submarine and although they do not es-

<sup>97</sup> Not printed.

<sup>98</sup> Great Britain, The Public General Statutes, 1894, vol. xxxi, pp. 339, 504.

establish its nationality they provide part of the very strong presumptive evidence which has already been given or shown to Captain Kirk by the Admiralty that the submarine was German".

Copies of note and enclosures mentioned will be forwarded by next pouch.<sup>99</sup>

KENNEDY

841.857 Athenia/835

*Memorandum by Miss Anna O'Neill, of the Office of the Legal Adviser, for the Counselor of the Department of State (Moore)*<sup>1</sup>

[WASHINGTON,] May 28, 1940.

DEAR MR. MOORE: The evidence secured from survivors of the *Athenia*, mostly Americans, is of two classes: First some 126 who made affidavits immediately after the disaster before our representatives abroad, and, second, approximately 230 who were circularized by the Department. Obviously because of the time element, the first group should be the more important. Of this group 26 specifically stated that they did not see a submarine; 11 stated that they had seen a submarine, while 89 were non-committal.

Of the 11 who stated they had seen a submarine, the following is a description of what they saw:

1. ". . . I saw coming out of the water about 800 yards distant what looked like a long thin pole, probably a periscope." (Mrs. Hessie Hislop was born in Ireland, 1902; American passport.)

2. "While in the lifeboat we saw at a short distance what looked like a stick above the surface of the water." (Mrs. Florence Davis was born in Pennsylvania, 1913.)

3. ". . . we went to the stern deck and a cabin boy said 'There's a submarine'. I saw the periscope and I ran to reach the forward deck, . . ." (Mrs. Mary B. Dick was born in England, 1890; American passport.)

4. "Then there was another explosion and looking to sea I saw smoke, like smoke from a gun, and faintly visible the bow and stern of a submarine." (Thomas Edward Quine was born in the Isle of Man, 1885; American passport.)

5. "I did see what looked like a metal rod sticking out of the water and it was not until then I realised that we had been torpedoed." (Ruth Rabenold was born in New York, 1915.)

6. "I ran to the rail and saw what I took to be the submarine rushing away in a small cloud of smoke close to the water. It was very near." (Elnetta Lamyra MacDonald was born in New York, 1876.)

<sup>99</sup> Despatch No. 5035, April 8, 1940, and enclosures not printed.

<sup>1</sup> In a memorandum of July 5, 1940, to the Legal Adviser, Mr. Moore wrote: "The disaster could only have been caused by the use of some external force or the use of some internal force or by some defect in the equipment or operation of the vessel. The evidence presented strongly supports the presumption that the vessel was torpedoed, and contains nothing to support any other presumption."

7. "When I got to the top of the stairs I saw the submarine on the surface partly covered by smoke." (Thomas MacDonald was born in Scotland, 1878; is a British subject.)

8. ". . . As I [was] making my way along the starboard side of the vessel I looked out to sea and distinctly saw the conning tower and part of the deck of a submarine at a distance of less than a mile from the *Athenia*. I also noticed clouds of smoke around the submarine." (Mrs. Isobel Campbell Bruce was born at Glasgow, Scotland, 1894; American passport.)

9. ". . . and saw at a distance I should judge to be between 100 and 200 yards two unmistakable geysers of water. Until I saw these *large* geysers of water I thought the explosion might have been caused by something in the engine room. As soon as I saw these geysers of water I knew we were *then* being shelled." (Watson Bidwell, affidavit of September 9, 1939.)

10. ". . . I saw something like a long stick which was sticking straight out of the water." (Mrs. Jessie Morrison was born at Greenock, Scotland, 1901; British passport.)

11. "At that moment, a mast came crashing down on deck near me and at the same time I noticed something sticking right out of the water, at no great distance from the ship, which looked like a part of the broken mast until suddenly there came from it a dull red glow, which was followed by thick black smoke which spread like a large cloud low over the water." (Mrs. Mary Ellen Tinney was born at Baillieston, Scotland, 1902; British passport.)

A number of these persons also identified smoke on the water as being evidence of a submarine. The description of this smoke is as follows:

[Here follow extracts from 38 statements.]

Of the approximately 230 replies received from the survivors who were circularized by the Department, 37 stated specifically that they did not see a submarine, while 20 stated that they had seen a submarine. The description of what these 20 persons saw follows:

[Here follow extracts from 20 statements.]

#### EVIDENCE SUBMITTED BY THE BRITISH GOVERNMENT

Excerpts taken from the depositions of six officers, seven members of the crew, and three passengers of the S. S. *Athenia* which were made before a Receiver of Wreck under Section 467 [465?] of the Merchant Shipping Act of 1894, and transmitted to the Department from the American Embassy, London, April 8, 1940.<sup>2</sup>

[Here follow extracts from 16 statements.]

The above depositions were transmitted to the Department on the understanding that since they "are not public documents His Majesty's Government have no right to disclose them to any outside party without the consent of the deponents". The documents were sub-

<sup>2</sup> Despatch No. 5035, not printed.



mitted "on the express understanding that they will be used fully for administrative purposes and not in any proceedings before a court of law". In addition to the depositions cited above, Mr. Hoyer Millar of the British Embassy on May 28 left two documents for the Department's consideration. These documents read:

"Ministry of Shipping  
19th April, 1940

The Under-Secretary of State,  
Foreign Office, S. W. 1.

Sir,

With further reference to your letter (A.1550/405/48) of the 3rd March, and subsequent correspondence regarding the loss of the S. S. *Athenia*, I am directed by the Minister of Shipping to state for the information of Secretary Viscount Halifax that a Formal Investigation has not been held into the sinking of this vessel.

2. The objects of holding these Formal Investigations, which are normally held in public and the Reports of which are published, are to ascertain, in the interests of safety at sea, the cause of a casualty, when this is in doubt, and to investigate any question which may be raised by the occurrence as to possible defects in the ship or her equipment, or failure on the part of the personnel to carry out their duties or to deal satisfactorily with the situation.

3. The question of holding a Formal Investigation into the loss of the S. S. *Athenia* naturally received full consideration, but the information already available was sufficient to provide answers to all the questions indicated in the preceding paragraph.

(a) The Ministry was satisfied that when the vessel left Glasgow on 1st September last she was in good condition. A complete survey of the vessel for Passenger and Safety Certificates in accordance with the requirements of the International Convention for the Safety of Life at Sea, had been carried out by Board of Trade Surveyors in March and April of 1939; and on the 11th April, 1939, a Passenger and Safety Certificate was issued to her. In addition, a very thorough inspection of the life-saving appliances, fire fighting equipment and passenger accommodation was made by the Board of Trade Surveyors at Glasgow during the four days prior to sailing with a final inspection, including a boat and fire drill, on the sailing day, and all was found to be in order.

(b) The sworn statements of survivors in the possession of the Ministry of Shipping left no doubt as to the causes of the casualty or the effectiveness of the measures taken to deal with the situation. It was clear that the causes of the disaster were in no way connected with any defect in the ship or with any failure on the part of the ship's personnel. It was established to the satisfaction of the Ministry that the explosion which caused the casualty originated outside the ship. The ship's manifest showed that she carried no explosive material, the carriage of explosive materials on passenger vessels being in fact prohibited under the Merchant Shipping Acts. As regards the suggestion of a boiler explosion which was made in the German broadcasts (among other and inconsistent suggestions as to the cause of the loss of the vessel) this is for all practical purposes negated by the

nature and results of the surveys mentioned in paragraph (a); and the evidence available does not support the suggestion that the explosion originated in the boiler room, since the damage to the ship occurred partly in No. 5 hold and partly in the engine room, which in this particular vessel was situated at some distance from the boiler room. Added to this is the fact that the only members of the crew who lost their lives other than stewards and stewardesses were a donkeyman and a greaser who were killed in the engine room. There were no casualties in the boiler room, a fact which corroborates the conclusion stated under (IV) in the Admiralty letter of 25th March.

(c) Members of the ship's company stated that they felt the ship receive a heavy blow on the port side, a submarine was later seen by several persons and there is no doubt the ship was torpedoed.

(c) [*sic*] The Ministry's investigations further showed that after the explosion the officers and crew dealt admirably with the situation. The lifesaving apparatus was in good order and the work of abandoning the ship was carried out efficiently and effectively, and no loss of life occurred during the operation.

4. In all the circumstances this Department had no hesitation in reaching the conclusion, in agreement with the other Departments interested, that nothing would be gained from a technical or disciplinary point of view in holding a Formal Investigation into the loss of the ship. It was also felt that the holding of an Investigation would play into the hands of the German propaganda Department whose broadcasts were reiterating various suggestions as to the cause of the loss of the vessel and claiming that, if these were not correct, a Formal Investigation should be held to disprove them."

"EXTRACT FROM LETTER FROM ADMIRALTY TO FOREIGN OFFICE, DATED  
MARCH 25TH, 1940

With reference to your letter of the 3rd March, No. A. 1550/405/45, the following remarks are offered in connection with the enquiries into the responsibility for the sinking of the *Athenia* which was torpedoed during the evening of September 3rd, 1939, and sunk, as the result of the injuries inflicted during the morning of September 4th. Other methods of sinking the vessel, suggested by the German authorities at various times in their broadcasts programmes, and the dates of the suggestions are:—

- |                                    |       |   |
|------------------------------------|-------|---|
| September 4th :                    | (I)   | By British warship in error.            |
|                                    | (II)  | By floating mine of English origin.     |
| September 5th :                    | (III) | English submarine.                      |
|                                    | (IV)  | Boiler explosion.                       |
|                                    | (V)   | Bomb.                                   |
| September 22nd }<br>October 21st } | (VI)  | By three British Destroyers by gunfire. |

It is, however, beyond the bounds of probability that the *Athenia* was sunk in any of the methods suggested, for the following reasons:—

(I) No British warships were in the neighbourhood at the time of the attack, and in fact although H. M. Ships were despatched to the scene of the disaster, they did not reach there till many hours afterwards.

(II) No British minefield had been laid anywhere near the scene of the attack, and it would have been quite impracticable for a mine to have drifted from a British minefield to the position, even if British mines did not become safe upon breaking adrift.

(III) No British submarine was within several hundred miles of the *Athenia* when sunk.

(IV) There is no evidence of any kind that a boiler explosion occurred.

(V) Any bomb would have needed to have been placed on board before the ship sailed from this country on the 2nd September and during peace, and if it were possible for the British Authorities to have stooped to this, which is quite unthinkable, it would still have involved fore knowledge of the outbreak of the war, which was of course in doubt until September 3rd.

(VI) The British destroyers that arrived on the scene on the morning of September 4th did not fire at the ship in order to sink her as a danger to navigation, but the ship sank soon after their arrival, as the result of her original injuries."

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[The available evidence collected by the Department regarding the sinking of the *Athenia* was assembled with a 91-page covering memorandum by Miss Anna A. O'Neill of the Legal Adviser's Office, dated July 15, 1940, summarizing the evidence. The conclusion was that evidence was insufficient to establish responsibility for the sinking. (841.857 *Athenia*/836)

After the war it was fully established from German sources that the *Athenia* was sunk by the German submarine U-30. See Office of United States Chief of Counsel for Prosecution of Axis Criminality, *Nazi Conspiracy and Aggression*, Volume II (Washington, Government Printing Office, 1946), pages 854 ff., and *Der Prozess gegen die Hauptkriegsverbrecher vor dem Internationalen Militärgerichtshof, Nürnberg, 14 November 1945-1 Oktober 1946* (Nürnberg, 1948), Band XIV, pages 91 ff.]

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**DECISION AGAINST SALE BY UNITED STATES MARITIME COMMISSION  
OF SURPLUS MERCHANT VESSELS TO THE BRITISH GOVERNMENT**

841.85/389

*Memorandum by the Assistant Chief of the Division of European  
Affairs (Hickerson)*

[WASHINGTON,] July 25, 1939.

Sir Owen Chalkley, Commercial Counselor of the British Embassy, called at the Department of State today at my request and I informed him as follows:

Sir Owen would recall that on June 30, 1939, he had conferred with certain American officials at the United States Maritime Commission

concerning the possibility of merchant shipbuilding being carried out for the British Government in American shipyards during the early stages of a major war. Sir Owen had also inquired concerning the extent to which existing facilities of United States yards are now in full use, and the extent to which United States yards are capable of expansion to meet exceptional demands. These questions are under consideration and it is expected that at a later date replies can be given.

During this conversation the question was also raised of the possibilities of there being made available for sale to the British Government vessels owned by the Maritime Commission in its Laid-up Fleet, and the periods of time and expenditures which would be required in getting the Laid-up Fleet ready to go to sea. As regards the availability of the present Laid-up Fleet of the Maritime Commission for the purpose above stated, no categorical statement could be given at this time in the absence of approval by the interested officials of the American Government, which would of course be a prerequisite to a definite commitment. The Maritime Commission has, however, assembled the figures in respect to the status of each vessel in the Laid-up Fleet; these figures give the type, size and speed of the various vessels in the Fleet, the amount of time and expenditures required to place each one in seaworthy condition, with the added information as to the amount of time and expenditures involved in meeting present American safety at sea and crews' quarters laws. The amounts of expenditures for practicable increases in speed are also shown. I handed Sir Owen this table of figures prepared by the Maritime Commission.

It should be borne in mind that these estimates, particularly as to time and cost, are necessarily based on existing conditions and might be exceeded due to circumstances and conditions which might prevail in the United States during a major conflict in Europe.

It is hardly necessary to add that the ultimate disposition of these vessels in the event of an emergency would depend upon the circumstances surrounding the emergency and the military and commercial needs of the United States in the light of those circumstances.

JOHN HICKERSON

195.2/35914

*Memorandum by the Assistant Chief of the Division of European Affairs (Hickerson) to the Secretary of State*

[WASHINGTON,] September 18, 1939.

**THE SECRETARY:** Mr. Morse of the Maritime Commission called at the Department this morning and conferred with Mr. Hawkins,<sup>3</sup> Mr.

<sup>3</sup> Harry C. Hawkins, Chief of the Division of Trade Agreements.

Hunt,<sup>4</sup> Mr. Saugstad<sup>5</sup> and me in regard to the following matter:

The Maritime Commission has authority, under our basic legislation, to dispose of laid-up American ships. This legislation requires that before proceeding with the sale of laid-up ships the Maritime Commission obtain clearance from the Navy Department insofar as national defense is concerned.

The Maritime Commission received, a few days ago, an inquiry concerning the possibility of the purchase of four laid-up vessels—the *America*, the *George Washington*, the *Montecello*, and the *Mount Vernon*. These vessels are all former German vessels which were seized by the United States during the World War. The vessels were built at various times between 1903 and 1909, and all of them are now more than thirty years old. The *Montecello* and the *Mount Vernon* were operated as United States transports during the War, and were not reconditioned as passenger boats; these vessels are now in the condition in which they were when they were laid up in 1924 for the *Montecello* and 1921 for the *Mount Vernon*. The *America* and the *George Washington* were reconditioned and operated after the War as passenger vessels. They were laid up finally in 1931.

The Maritime Commission has reached the conclusion that these four vessels are without value as commercial vessels, and they have obtained an informal opinion from the Navy Department to the effect that the Navy has no objection to the sale of these vessels from the standpoint of national defense. Mr. Morse of the Maritime Commission stated that he would like to receive an informal intimation from this Department that we perceived no objection to the Maritime Commission's proceeding with the sale of these four vessels in accordance with existing legislation. He went on to say that he understood that the inquiry which was made concerning these vessels, while made by private broker, indicated that if the vessels were sold to this broker they would ultimately wind up in England after the vessels had been placed in condition to navigate the Atlantic. I told Mr. Morse that we would consider this matter and place the facts before our superiors in the Department.

As you know, the existing embargo contains no reference to the exportation to belligerents of commercial vessels. These laid-up vessels are clearly commercial vessels, and would, in my opinion, be wholly unsuited to any military use whatever. I recommend that you authorize us to tell the Maritime Commission orally that this Department perceives no objection to the sale of these four vessels by the Maritime Commission in accordance with the legislation governing such sales.

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<sup>4</sup> Bert L. Hunt of the Legal Adviser's Office.

<sup>5</sup> Jesse E. Saugstad, Assistant Chief of the Division of International Communications.

195.2/3634

*Memorandum of Conversation, by the Assistant Chief of the Division  
of International Communications (Saugstad)*

[WASHINGTON,] December 2, 1939.

Mr. McCormick-Goodhart<sup>6</sup> called on Mr. Saugstad to discuss the question of the sale of American vessels to British interests as described in a memorandum of July 25, 1939 prepared by Mr. Hickerson. Mr. McCormick-Goodhart inquired as to whether the United States Government was now in a position to proceed with the negotiations indicated in the proposal by the Maritime Commission described in the aforesaid memorandum, and as to whether the United States Government would desire to continue negotiations on the subject on the basis of direct approach by His Majesty's Government to the United States Government through the British Embassy and the Department of State, or whether the British Embassy might refer the matter to Sir Ashley Sparks of New York, who has been commissioned by the British Government to conduct its commercial vessel tonnage negotiations in the United States. Mr. McCormick-Goodhart inquired as to whether the United States Government would be agreeable to Sir Ashley dealing directly with the Chairman of the Maritime Commission since the proposal of sale was originally made by that official.

Mr. Saugstad stated that the question of further procedure in this matter was one for determination by policy officials of the Department and that he would immediately discuss the matter with appropriate officials of the Department with a view to obtaining information for Mr. McCormick-Goodhart upon which he might base future procedure by the British Government. Mr. Saugstad stated that the Department would telephone Mr. McCormick-Goodhart when such information was available, and that he would attempt to obtain some authoritative reply during the week of December 3.

195.2/3634

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*Memorandum of Conversation, by the Assistant Chief of the Division  
of International Communications (Saugstad)*

[WASHINGTON,] December 6, 1939.

Mr. McCormick-Goodhart called, in response to Mr. Saugstad's invitation, to discuss further the subject of the possible sale of the Government-owned reserve fleet to the British Government as discussed in Mr. Hickerson's memorandum of July 28 [25], 1939.

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<sup>6</sup> Leander McCormick-Goodhart, Commercial Secretary of the British Embassy.

Mr. Saugstad pointed out that the Maritime Commission's proposal was made before the advent of war in Europe, that the matter has been somewhat complicated by present war conditions and the enactment by this Government of the Neutrality Act,<sup>7</sup> although the Department has received no further views from the Maritime Commission with regard to the effect that war conditions may have upon the Commission's desire to dispose of the surplus fleet.

Mr. Saugstad suggested that the proposal had become a policy matter outside the scope of his activities and that the British Ambassador be informed of the situation and invited to call at the Department to discuss future procedure in the matter with Assistant Secretary Berle in order that all further discussions on the subject may be kept within the limitations of administrative procedure and policy.

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195.2/3624

*Memorandum of Conversation, by the Assistant Secretary of State (Berle)*

[WASHINGTON,] December 8, 1939.

Participants: Secretary Hull; Counselor, Mr. Moore; Assistant Secretary, Berle; Legal Adviser, Mr. Hackworth.

Following an inquiry received from the Maritime Commission regarding the law and policy applicable to the sale of merchant ships by the Maritime Commission, a meeting was held this afternoon in the Secretary's office.

It is understood that the Maritime Commission has four ships which it desires to sell at public auction.

In addition, there are some 118 or more ships which are laid up and held in reserve, and which it is desired to dispose of, as they are in bad condition. All of these ships have reached an age and condition in which, under the policy of the Maritime Commission, they would normally be sold.

The Maritime Commission had inquired whether these ships could be sold to a belligerent government. It was the opinion of the Legal Adviser, and concurred in by all present, that they could not. While a private owner of vessels may sell ships to a belligerent government, a government may not sell such ships to a belligerent government without violating neutrality.

The question was also asked whether there is any reason why ships should not be sold at public auction; and in that case whether the Maritime Commission or this government assumed any responsibility for what happened after that.

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<sup>7</sup> Neutrality Act of 1939; 54 Stat. 4.

It was the opinion of the Legal Adviser, concurred in by the conference, that the ships, being the property of the government and held by the Maritime Commission, may be sold at auction to the public. Having validly reached private hands, the responsibility of the government thereafter ceases. Plainly, there can be no law which would prevent the free sale of government property within the United States to anyone other than a belligerent government.

If the sale had been consummated, the government would not be responsible in the event that a purchaser subsequently resold these ships, even to a belligerent government; provided, of course, the transaction is not collusive; that there is no knowledge or reason to believe that the bidder is acting for or on behalf of a belligerent government; or that the sale is anything other than a sale in regular course. [or that the ships were not being fitted out for use against a friendly power?] <sup>a</sup>

The desirable policy, accordingly, would seem to be to go forward with the sale of the four ships at public auction in the regular way; it being understood that a bid put in for or on behalf of a belligerent government would be rejected. As to the laid-up fleet, a similar procedure might be followed; sales being preferably in small lots.

A. A. BERLE, JR.

195.2/3635

*Memorandum by the Assistant Secretary of State (Berle)*

[WASHINGTON,] December 9, 1939.

Through Mr. Saugstad, Mr. McCormick-Goodhart had requested an appointment with me for the British Ambassador <sup>9</sup> and Sir Ashley Sparks. I understood that they wished to discuss the status of the laid-up ships and their possible sale by the Maritime Commission.

I telephoned Mr. McCormick-Goodhart this morning. I told him that while I was glad to see Lord Lothian and should be glad to see Sir Ashley Sparks, I saw no purpose in their calling on that subject. The American Government could not sell ships to a belligerent government. It could, of course, sell ships in good faith to any private individual who desired to purchase. It could not do so to a person acting nominally in private but actually as an agent for any belligerent government. Accordingly, I could see no purpose in the interview.

Mr. McCormick-Goodhart agreed.

He asked whether our construction of the law prevented a sale in good faith from a private owner of American ships to the British

<sup>a</sup> Words in brackets are written in longhand within brackets on the original.

<sup>9</sup> Marquess of Lothian.



Government. I told him that in our view the law did permit such sale, subject always to the restriction that ships must not be outfitted or furnished for service with the naval forces of a belligerent government.

A. A. BERLE, JR.

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CONFLICTING AMERICAN AND BRITISH CLAIMS TO VARIOUS ISLANDS IN THE PACIFIC OCEAN;<sup>11</sup> AGREEMENT FOR THE JOINT ADMINISTRATION OF CANTON AND ENDERBURY ISLANDS, EFFECTED BY EXCHANGE OF NOTES, APRIL 6, 1939

811.0141 Phoenix Group/108

*The British Embassy to the Department of State*

AIDE-MÉMOIRE

His Majesty's Government in the United Kingdom have observed that the Report of the Statutory Board on Submarine, Destroyer, Mine and Naval Air Bases transmitted to the Speaker of the House of Representatives by the Secretary of the Navy on the 27th December, 1938,<sup>12</sup> refers, in paragraph 106, to Canton Island as being among "other United States islands in the Pacific", and appears to contemplate its development for strategic purposes.

His Majesty's Government assume that they will be kept informed of any developments in connexion with this scheme and that due account will be taken of their rights under the régime for the use of Canton and Enderbury Islands in common.

WASHINGTON, January 13, 1939.

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811.0141 Phoenix Group/130

*Memorandum of Conversation, by the Chief of the Division of European Affairs (Moffat)*

[WASHINGTON,] January 13, 1939.

Mr. Mallet<sup>13</sup> called in the afternoon to present a note regarding Canton Island. He said that the British Government had observed that the Navy Board Report referred to Canton Island as being "among other United States islands in the Pacific", and appeared to contemplate its development for strategic purposes. The British Government assumed that they would be kept informed of any developments in connection with this plan and that due account would be taken of their

<sup>11</sup> Continued from *Foreign Relations*, 1938, vol. II, pp. 77-119.

<sup>12</sup> House Document No. 65, 76th Cong., 1st sess.

<sup>13</sup> British Chargé in Washington.

rights under the regime we had agreed to. He called attention to Article V of the draft agreement reading, "the use of any part of either of the islands or their territorial waters for aviation, or for any other purpose shall be the subject of agreement between the two Governments".

The Chargé then went on to express some concern over our delay in answering the British note of November 26th.<sup>14</sup> I told him quite frankly that whereas we would probably suggest only a few drafting changes in the exchange of notes the delay was due to an attempt on our part to draw up a new license for Pan American to take account of the new situation, as agreed by Mr. Kennedy,<sup>15</sup> Mr. Ickes<sup>16</sup> and others. I told him that I hoped very much that we would be in a position to reply in a very few days.

PIERREPONT MOFFAT

811.0141 Phoenix Group/105½

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

The Secretary of State presents his compliments to the British Chargé d'Affaires ad interim and refers to the British Embassy's memorandum of November 26, 1938,<sup>17</sup> in which it is stated that His Majesty's Government are proceeding with their proposals for the settlement of Gardner, Hull, and Sydney Islands.

The United States Government has stated on several occasions that it is desirous of entering into discussions with the British Government concerning the status and use of those Pacific Islands which both Governments claim, and it stands ready to institute such discussions at any date agreeable to the British Government. In the meantime, the United States Government cannot, of course, acquiesce in the proposed settlement of islands which are claimed by the United States.

WASHINGTON, February 8, 1939.

811.0141 Phoenix Group/105½

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

WASHINGTON, February 8, 1939.

SIR: I acknowledge the receipt of Sir Ronald Lindsay's note no. 448 dated November 26, 1938,<sup>14</sup> enclosing drafts of the notes which it

<sup>14</sup> *Foreign Relations*, 1938, vol. II, p. 116.

<sup>15</sup> Joseph P. Kennedy, Ambassador in the United Kingdom.

<sup>16</sup> Harold L. Ickes, Secretary of the Interior.

<sup>17</sup> *Foreign Relations*, 1938, vol. II, p. 118.

was proposed the British Government should exchange with the Government of the United States for the purpose of defining the manner in which Canton and Enderbury Islands are in the future to be administered. I take pleasure in expressing agreement in principle with the proposals submitted, but wish to suggest certain minor changes both as to substance and as to form. This Government proposes, for example, that the agreement should not limit the construction and operation of an airport on Canton Island to a specific company, but should be so worded as to permit such construction and operation by any company or companies satisfactory to this Government. It also proposes to omit the provision for the payment of rent. In the matter of form I suggest that paragraphs be used in preference to articles. Copies of the amended drafts, in which the proposals of this Government have been incorporated, are transmitted herewith for the consideration of the British Government.<sup>19</sup>

In the British Embassy's *aide-mémoire* of August 4, 1938,<sup>20</sup> it was suggested that, as the title of Pan American Airways to operate on Canton Island would be derived from the permission of both Governments, a new license appropriate to joint control should be substituted for the license issued by the Secretary of the Interior April 1, 1938. This suggestion having been acceded to in principle, I am glad to enclose a draft of a new license<sup>21</sup> which the Secretary of the Interior is prepared to issue to Pan American Airways unless objection is expressed by the British Government.

Accept [etc.]

For the Secretary of State:  
R. WALTON MOORE

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811.0141 Phoenix Group/117

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

No. 77

His Majesty's Ambassador presents his compliments to the Secretary of State and has the honour to inform Mr. Hull that Mr. Mallet duly communicated the substance of the latter's note of February 8th regarding certain islands in the Pacific to His Majesty's Principal Secretary of State for Foreign Affairs. Sir Ronald Lindsay has now been instructed to assure Mr. Hull that His Majesty's Government in the United Kingdom are devoting careful consideration to the renewal of the United States Government's offer of August, 1937,<sup>22</sup> to enter

<sup>19</sup> Not printed.

<sup>20</sup> *Foreign Relations*, 1938, vol. II, p. 113.

<sup>21</sup> Not attached to file copy of this document.

<sup>22</sup> *Foreign Relations*, 1937, vol. II, p. 129.

into discussions concerning the status and use of those Pacific islands which both Governments claim.

Every effort will be made to expedite a reply which must however it will be appreciated involve a certain delay owing to the necessity of consulting His Majesty's Government in the Commonwealth of Australia, His Majesty's Government in New Zealand, and the High Commissioner for the Western Pacific.

WASHINGTON, February 20, 1939.

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811.0141 Phoenix Group/119

*Memorandum of Conversation, by the Chief of the Division of  
European Affairs (Moffat)*

[WASHINGTON,] March 16, 1939.

In the course of a call this morning on other matters, the British Ambassador raised the question of the Pacific Islands.

He said that the British parties had landed on Hull, Gardner, and one other island of the Phoenix Group several weeks ago and were now engaged in digging wells, et cetera. We had entered our caveat and the matter rested there for the moment. At the same time we had renewed our suggestion of a discussion as to the ultimate title of the Pacific Islands claimed by both countries.

The Ambassador had gained the impression from Judge Moore<sup>23</sup> that the American Government might shortly hand him a list of the islands to which the United States laid claim.

Meanwhile, Sir Ronald Lindsay had received a long instruction from the Foreign Office, making a suggestion for the solution of the Pacific Island situation on a broad scale. He felt that while this instruction marked considerable progress, it was nonetheless so conceived as to raise difficulties for us. He had therefore requested the Foreign Office to change its instructions in line with certain recommendations that he had made. Even so he was not certain that we could get around the vexed question of Hawaii, but in any event he hoped very much we could delay making a move, such as presenting a list of our claims, until he had presented the British proposal.

I replied, subject to the concurrence of Judge Moore, that I saw no reason not to await the British proposal.

Meanwhile I pointed out that two specific problems remained for settlement, both connected with the specific problem of Canton and Enderbury Islands.

One was the question of the two bills which had been introduced in Congress extending the jurisdiction of the Circuit Court of Hawaii

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<sup>23</sup> R. Walton Moore, Counselor of the Department of State.

to Canton and Enderbury Islands.<sup>25</sup> We had agreed with Mallet that we would talk this over with the British first, but as time was passing we hoped that such conversations be not too long delayed.

The second was our desire to finish up the exchange of notes on Canton and Enderbury and issue the new license to Pan American. We felt that we had met the British wishes pretty much on all points and thought there would be a definite gain in moving forward. Sir Ronald agreed that he could see no particular outstanding difficulty, and in his telegram to the Foreign Office, wherein he was suggesting changes in their major instruction, he would include a recommendation that he be authorized to close on the Canton and Enderbury matter without delay.

I thanked the Ambassador and told him that I would at once report this conversation to Judge Moore.

PIERREPONT MOFFAT

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811.0141 Phoenix Group/120

*The British Embassy to the Department of State*

AIDE-MÉMOIRE

His Majesty's Government in the United Kingdom concur in the terms of the draft exchange of notes enclosed in the Secretary of State's note "811.0141 Phoenix Group/107" of the 8th February, defining the future administration of Canton and Enderbury Islands, subject to the following verbal amendments: (1) The substitution at the end of the opening sentence of the words "in the following terms" for the words "in the terms of the following"; (2) in paragraph V, the substitution of the words "except as" for the words "other than"; (3) in paragraph VI at the end of the first sentence the words "or any other American company" should be omitted.

His Majesty's Government have no observations to offer on the terms of the proposed license to be issued to Pan-American Airways, except to suggest the insertion in the first line of paragraph III of the words "or companies" after the words "air transport company".<sup>26</sup>

If the above suggestions meet with concurrence, it would be appreciated if the United States Government would name dates for the exchange of notes and for their publication.

When the time comes for a British company to make use of the facilities established by Pan-American Airways on Canton Island, His Majesty's Government assume that the proper procedure will be for

<sup>25</sup> House Resolution No. 2982 and Senate Document No. 1114, *Congressional Record*, vol. 84, pt. 1, pp. 595 and 998.

<sup>26</sup> The new license was issued to the Pan American Airways on April 13, 1939.

His Majesty's Government to notify the United States Government and request them to issue the necessary directions to Pan-American Airways.

WASHINGTON, March 31, 1939.

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811.0141 Phoenix Group/120

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

The Secretary of State presents his compliments to His Excellency the British Ambassador and refers to the British Embassy's *aide-mémoire* of March 31, 1939 with regard to the draft exchange of notes defining future administration of Canton and Enderbury Islands.

This Government accepts the verbal amendments proposed by the British Government and proposes that the exchange of notes take place on Thursday, April 6, and that the notes be released for publication on Saturday, April 8, 1939.

When the time comes for a British company to make use of the facilities established on Canton Island by an American company or companies satisfactory to the United States Government, in pursuance of paragraph VI of the proposed exchange of notes, this Government will be glad to transmit a request for this purpose to such company or companies.

WASHINGTON, April 4, 1939.

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811.0141 Phoenix Group/145

*The British Embassy to the Department of State*

AIDE-MÉMOIRE

DISPUTED ISLANDS IN THE PACIFIC

The State Department's memorandum of February 8th last suggesting discussions concerning the status and use of those Pacific Islands the sovereignty over which is in dispute, has been considered carefully and the following observations are now offered.

2. A certain contrast exists between the British and the American interest in these islands. The British interest is partly to be able to utilize them for purposes of aviation, both civil and military; but also to use them for purposes of colonisation by the inhabitants of other British islands in the Pacific. The advance of civilization and of hygiene has brought about a problem of over-population the na-

ture of which was explained in documents communicated to the United States Ambassador in London in May, 1938.<sup>29</sup> The problem is now very acute, giving serious concern to the British authorities, and remedial measures cannot brook delay. Among these the most promising is the transfer of inhabitants from the over-populated to suitable uninhabited islands and schemes for effecting this are being actively pursued.

3. On the other hand, if the position is understood correctly the American interest is not concerned with the acquisition of mere territory as such, nor with questions of re-settlement. American desires are, it is believed, confined to the acquisition of certain outposts for aviation, perhaps both civil and military. The American objectives have not however hitherto been defined and this fact must necessarily inject an element of uncertainty into the suggestions which follow.

4. We should not be averse to discussing the status and the use of the islands in relation to a general system of air navigation, but it is only right to state in advance that although in the case of some islands the British claim to sovereignty may not be unassailable, over others, to some of which we think (although we have no certainty) that the United States Government may desire to lay claim, we consider our title so indisputable that we cannot hold out the hope that our view would be changed by discussion.

5. In such a case arbitration naturally springs to the mind and we should ordinarily be glad to seek an arbitral award which would decide the issue of sovereignty beyond possibility of question. But in the present case we should be reluctant to follow this procedure. It would necessarily be accompanied by the drawback of calling international attention to the existence of differences on colonial questions between the two governments. It might well result in attempts by other Powers to assert claims to the islands in question. And it might even start a general movement on the part of other Powers to appropriate islands in the Pacific. Nevertheless, if the United States Government should strongly desire to have recourse to arbitration, we should be prepared to acquiesce.

6. Should the United States Government however share this reluctance to go to arbitration, and should they be willing to discuss the whole question of Pacific aviation in its widest aspects, then it is our belief that we might find it easier to examine and discuss the common needs of both governments with a view to seeing whether their attainment could be facilitated.

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<sup>29</sup> See the two *aides-mémoire* of May 23, 1938, from the British Embassy, *Foreign Relations*, 1938, vol. II, pp. 104 and 106.

7. As regards the use of the islands of the Western Pacific for civil aviation, we would suggest the formal adoption of the broad principle that each party should make its islands available for purposes of civil aviation to the aircraft of the other.

8. It is the development of aviation in the Pacific which alone has lent international importance to the questions discussed above. The United Kingdom, Australia, and New Zealand are no less concerned than the United States in securing through rights for their aircraft. None of the parties can attain its desire without the cooperation of the others which should be granted willingly and on a basis of complete reciprocity. We therefore desire to repeat and to urge the United States Government to accept an invitation to enter into a conference with His Majesty's Governments in the United Kingdom, in the Commonwealth of Australia, and in New Zealand for the discussion of trans-Pacific Aviation. The Agenda for such a conference should include the conditions on which landing rights may be granted both in intermediate islands and in terminal territories.

9. All of His Majesty's Governments concerned desire to work in the closest possible harmony with the Government of the United States and in this spirit the hope is earnestly expressed that the United States Government will agree to participate in the proposed four party conference at the earliest date that may be practicable.

WASHINGTON, April 5, 1939.

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Executive Agreement Series No. 145

*The Secretary of State to the British Ambassador (Lindsay)*<sup>30</sup>

WASHINGTON, April 6, 1939.

**EXCELLENCY:** With reference to recent correspondence between the Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland, concerning Canton and Enderbury Islands in the South Pacific Ocean, I have the honor to propose an Agreement concerning these islands in the following terms:

I

The Government of the United States and the Government of the United Kingdom, without prejudice to their respective claims to Canton and Enderbury Islands, agree to a joint control over these islands.

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<sup>30</sup> A reply in similar terms was received the same date from the British Ambassador. A new license was issued to the Pan American Airways on April 13, 1939.



## II

The islands shall, during the period of joint control, be administered by a United States and a British official appointed by their respective Governments. The manner in which these two officials shall exercise the powers of administration reserved to them under this paragraph shall be determined by the two Governments in consultation as occasion may require.

## III

The islands shall, during the period of joint control, be subject to a special joint *ad hoc* régime the details of which shall be determined by the two Governments in consultation from time to time.

## IV

The islands shall be available for communications and for use as airports for international aviation, but only civil aviation companies incorporated in the United States of America or in any part of the British Commonwealth of Nations shall be permitted to use them for the purpose of scheduled air services.

## V

The use of any part of either of the islands or their territorial waters for aviation purposes, except as herein agreed upon, or for any other purpose shall be the subject of agreement between the two Governments.

## VI

An airport may be constructed and operated on Canton Island by an American company or companies, satisfactory to the United States Government, which, in return for an agreed fee, shall provide facilities for British aircraft and British civil aviation companies equal to those enjoyed by United States aircraft and by such American company or companies. In case of dispute as to fees, or the conditions of use by British aircraft or by British civil aviation companies, the matter shall be settled by arbitration.

## VII

The joint control hereby set up shall have a duration of fifty years from this day's date. If no agreement to the contrary is reached before the expiration of that period the joint control shall continue thereafter until such time as it may be modified or terminated by the mutual consent of the two Governments.

I have the honor to suggest that if an Agreement in sense of the foregoing paragraphs is acceptable to the Government of the United Kingdom this note and Your Excellency's reply thereto in similar terms shall be regarded as placing on record the understanding arrived at between the two Governments concerning this matter.

Accept [etc.]

CORDELL HULL

811.0141 Phoenix Group/70

*Memorandum of Conversation, by the Chief of the Division of  
European Affairs (Moffat)*

[Extract]

[WASHINGTON,] April 18, 1939.

The British Ambassador called this morning on a number of miscellaneous matters:

(3) The Ambassador then inquired whether we had given consideration to the British note of April 5th on the Pacific Islands. I replied that we had not had an opportunity to give it careful study, and had not yet consulted any other branches of the Government; nonetheless, I could give him a few preliminary thoughts. In the first place, I was not inclined to accept the British premise that we were only interested in obtaining landing fields, while the British were primarily interested in finding places of settlement. Secondly, when the British immediately jumped to a discussion of arbitration or else an aviation deal, it seemed to me that they had overlooked an intermediate stage, namely, an opportunity for experts to discuss the various claims and their bases with a view to trying to reach an arrangement *à l'amiable* without the matter ever getting to arbitration at all. The Ambassador said that this was an interesting idea, but that we had never told the British Government the extent of our claims. I replied that I thought this was a very legitimate criticism, and that we in turn had been waiting for the British to ask us for such a list.

The Ambassador then again reverted to the aviation problem, and said that so long as we held on to Hawaii alone and refused to allow other planes to land on the Island we were, in effect, maintaining a monopoly on trans-Pacific flying which would constantly give rise to irritation in British, New Zealand and Australian circles. We did not argue this point, however.

PIERREPONT MOFFAT

811.79690/20

*Memorandum of Conversation, by the Chief of the Division of  
European Affairs (Moffat)*

[WASHINGTON,] June 15, 1939.

The British Ambassador called this afternoon. He said that the other night at the White House the President had made an eloquent statement of the way Britain and America had solved their differ-

ences over Canton Island.<sup>21</sup> Canton, however, was a mere detail in the bigger problem of trans-Pacific aviation and he did not see that the promise of the President's speech was being carried out in this bigger field. Canton and Enderbury were of use for one purpose only. Britain had met us more than half-way in Canton Island but we had done nothing to meet them half-way with respect to flying from the Antipodes to Canada.

The Ambassador added that he was frankly on a fishing expedition to find out what developments, if any, there had been. I told him in brief that as far as aviation was concerned we had never admitted that it was part and parcel of the problem of the sovereignty over Pacific islands. In fact we were planning, in our reply to the last British note, to state that the use to which islands were put had scant bearing on the question of who owned them.

To take up the question of the islands first: We felt the British had had a legitimate cause for criticism in that we had never given them the list of the islands we claimed. This we would shortly do and Britain would find it a relatively short list. We proposed, before dealing with arbitration or other means of settlement, to see if we could not handle the matter by direct conversations. If we could not solve it we could probably at least reduce it to very small proportions.

The Ambassador made the remark that he was certain that his government would be disinclined to recognize our claims, feeling that British title to most of the islands was secure beyond peradventure of doubt. I made a light allusion to the fact that British Atlases some fifty or sixty years ago referred to the general area where our claims lay as "American Polynesia". The Ambassador then said that in any event if we did not "come across" on the matter of aviation the British Government would not see any *quid pro quo* toward compromising with us. I suggested that a question of fact was not always a matter involving *quid pro quos*.

With regard to aviation I said that the feeling particularly in the armed services was as strong as ever against letting any foreign aircraft into Hawaii which was a vital strategic center for us. The Ambassador inquired whether the matter had been considered "on a statesmanlike basis" or whether we had merely accepted the bureaucratic dicta of the Departments. I told him that I could say this much, namely that the highest representatives of the armed forces had given the matter careful thought.

In that case, the Ambassador said he would offer a suggestion,—this was that we should not reply with a *non-possumus* but should give

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<sup>21</sup> See remarks made by the President in proposing a toast to His Majesty, King George VI of Great Britain, June 8, 1939, Department of State, *Press Releases*, June 10, 1939, p. 499.

a delaying answer in the hopes that the situation might change within a year or so.

The Ambassador added that of course he did not wish to make an issue of it, but there was always pressure *from* New Zealand to cancel the Pan American contract in the absence of reciprocal rights. Not wishing to give away our sources of information I did not tell the Ambassador that according to our information the pressure to cancel the contract came not from New Zealand but was being placed by Great Britain *on* New Zealand.

The rest of the conversation dealt with the Ambassador's plans for departure and reminiscences over the years we had known each other in Constantinople and elsewhere.

PIERREPONT MOFFAT

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S11.0141 Phoenix Group/145

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

The Secretary of State presents his compliments to His Excellency the British Ambassador and has the honor to refer to an *Aide-Mémoire* dated April 5, 1939, which Sir Ronald Lindsay left at the Department of State on April 12th last on the subject of the status and use of certain Pacific islands the sovereignty over which is in dispute.

The statements in this *Aide-Mémoire* have been considered carefully and the Secretary of State is now in a position to make the following observations concerning them:

Reference is made in the *Aide-Mémoire* to an alleged contrast between the American and British interest in these islands. It is stated that the British interest is partly to be able to utilize them for purposes of aviation, both civil and military, but also to use them for purposes of colonization by the inhabitants of other British islands in the Pacific. It is stated in the *Aide-Mémoire* that, on the other hand, if the position is correctly understood, the American interest may not be so much concerned with the "acquisition" of mere territory as such, nor with questions of resettlement, but may be confined to the "acquisition of certain outposts for aviation, perhaps both civil and military."

While it is true, as the *Aide-Mémoire* further suggests, that the American objectives have not hitherto been defined, it is impossible to concede that the claim of the Government of the United States to sovereignty is in any way affected by the purposes for which this Government may in the future choose to use these islands. The American Government has stated on several occasions its readiness to enter into discussions with the British Government concerning the status and use of those islands which both Governments claim, but it feels

that it is important at this stage that there be no confusion of the terms of sovereignty and use.

Sir Ronald Lindsay's *Aide-Mémoire* correctly implies that the British Government has not received a list of the islands in the Pacific claimed by the United States which are understood also to be the subject of British claims. There is transmitted herewith a list of islands in the central Pacific Ocean which, in addition to islands in the Phoenix Group, are claimed by the United States and to which, it is understood, Great Britain also asserts claims. The American Government is prepared to discuss its claim and any British claim to each and every one of these islands with the British Government at any time convenient to the latter. Pending such a discussion, it would seem premature to consider further steps to reconcile any conflicting claims of the two Governments.

Sir Ronald Lindsay's *Aide-Mémoire* under reference discussed again the subject of civil aviation, and after suggesting the formal adoption of the broad principle that each party should make its islands available for the purposes of civil aviation to the aircraft of the other, urged the United States Government to accept an invitation to enter into a conference with His Majesty's Governments in the United Kingdom, in the Commonwealth of Australia, and in New Zealand, for the discussion of trans-Pacific aviation.

Sir Ronald Lindsay will recall that the American Government has consistently taken the position that the subject of the status of these islands and the subject of trans-Pacific flying are two wholly separate matters, only indirectly related. The Secretary of State is of the opinion that in these circumstances the two subjects should be considered separately and on their individual merits. The subject of trans-Pacific aviation raises such a variety of problems which have to be considered from so many different angles that the American Government is not yet in a position to agree at this time to accept an invitation to a conference for the consideration of Pacific air facilities.

WASHINGTON, August 16, 1939.

[Enclosure]

LIST OF ISLANDS IN THE CENTRAL PACIFIC OCEAN CLAIMED BY THE  
UNITED STATES

Vostok	Fakaofu
Malden	Penhryn (Tongareva)
Starbuck	Manahiki (Humphreys)
Caroline Island	Rakahanga (Rierson)
Flint	Danger Islands (Puka Puka)
Christmas Island	Nukufetau (De Peyster)
Atafu	Funafuti
Nukunono	Nurakita (Sophia)
	Nukulilailai (Mitchell)

811.0141 Phoenix Group/163

*Memorandum of Conversation, by the Chief of the Division of European Affairs (Moffat)*

[WASHINGTON,] November 14, 1939.

Mr. Mallet, Counselor of the British Embassy, called to leave a short third-person note<sup>32</sup> to the effect that the considerations we had advanced with regard to the Pacific islands on August 16 were now being studied and that an answer would be given us in the near future. Mr. Mallet then went on to say that His Majesty's High Commissioner for the Western Pacific had been distinctly worried over the actions of the hydrographic survey party on the Phoenix Islands. They had blasted away into the lagoon on Hull Island, had erected four steel masts 100 feet high, and set up some flag posts. They had then gone to Sydney Island and erected more steel masts. Mr. Mallet said that he hoped this did not indicate a new "invasion". I replied that we had informed the British Government that the hydrographic survey was without prejudice to political claims, and that we had promised the British Government a copy of the survey findings. I then said that it seemed a pity we could not come to an understanding on the Pacific islands at the present time, and hoped that the matter might be cleared up without delay. Mr. Mallet replied that the British still considered trans-Pacific flying the nub of the situation and landing rights at Hawaii the center of the nub.

P[IERREPONT] M[OFFAT]

811.0141 Phoenix Group/165

*Memorandum by Mr. Robert B. Stewart, of the Division of European Affairs, to the Chief of the Division (Moffat)*<sup>33</sup>

[WASHINGTON,] November 15, 1939.

I telephoned Commander Molten of the Navy to inquire about the whereabouts and activities of the United States steamship *Bushnell* which has been making a hydrographic survey of Pacific islands. Commander Molten told me that the ship has completed its work and is now on its way to Ecuador. During its survey of Pacific islands the expedition enjoyed most pleasant relations with the islanders. It is quite possible that they may have, in carrying out their work, blasted their way through some coral reefs and erected

<sup>32</sup> Note not printed.<sup>33</sup> Marginal notation reads as follows: "Telephoned the foregoing to Mallet 11-16-39."

some observation towers. These things, however, are normal and necessary operations in carrying out a survey such as they were making.

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REPRESENTATIONS REGARDING BRITISH IMPORT AND EXCHANGE RESTRICTIONS IN KENYA COLONY AND THE MANDATED TERRITORY OF TANGANYIKA IN VIOLATION OF AMERICAN TREATY RIGHTS

648T.006/10

*The Japanese Embassy to the Department of State*<sup>34</sup>

The Japanese Government has received from the Japanese Consul at Mombasa, Kenya Colony, British East Africa, a report to the following effect:

The Government of Kenya Colony, acting under Section 46 of the Defense Regulations, has put into force a system of licensing and control of imports, which went into effect on November 15, 1939. The regulations require that any person who wishes to import any merchandise into Kenya Colony must first apply to the administration of customs for an import license. The application for license must set forth full details of the proposed importation, such as the nature and amount of the merchandise, the f. o. b. and c. i. f. price, the country of origin, the port and vessel of shipment, etc. Importers are also required to provide the customs authorities of the Colony with complete statistics concerning importations of similar merchandise during the period January 1, 1938 to June 30, 1939. The granting or refusal of a license for any one importation is left to the discretion of the customs authorities.

The Governments of Great Britain, the United States and Japan are among the signatories to the convention signed at Saint-Germain-en-Laye on September 10, 1919,<sup>35</sup> which is known as the Congo Basin Convention. This Convention applies to a specified area in mid-Africa which includes the Kenya Colony and Protectorates. The provisions of Article 2 guarantee that merchandise belonging to nationals of the Signatory Powers shall have free access to the interior of this region, and that no differential treatment shall be imposed upon such merchandise.

It appears to the Japanese Government that the system of import licensing and control which has been instituted by the Government

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<sup>34</sup> In handing this memorandum to Lawrence E. Salisbury of the Division of Far Eastern Affairs, Shunichi Kase, First Secretary of the Japanese Embassy, stated that it was an informal memorandum of statements made orally by him at the time.

<sup>35</sup> *Foreign Relations*, 1928, vol. I, p. 437.

of the Kenya Colony and Protectorate, without the consent of the Signatory Powers of the Congo Basin Convention, is clearly inconsistent with the above-mentioned provisions of the Convention, that the requirement of import-licenses is per se a negation of the guarantee of free access, and that the conferring of a discretionary licensing power upon the local customs authorities constitutes a unilateral negation of the guarantee that no differential treatment shall be imposed on the merchandise belonging to the nationals of any signatory power.

In view of these circumstances, the Japanese Embassy wishes, under instructions from the Foreign Office, Tokyo, to ascertain the views of the Department of State on the relation of Kenya Colony's import-licensing regulations to the rights enjoyed by United States citizens under the Congo Basin Convention.

If it should be the opinion of the Department that the rights of United States citizens under the Convention are impaired by the action of the Kenya Government, the Embassy would wish further to ascertain what measures on the part of the United States Government the Department would regard as appropriate.

NOVEMBER 25, 1939.

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648T.006/9 : Telegram

*The Vice Consul at Nairobi (Bailey) to the Secretary of State*

NAIROBI [, November 29, 1939—4 p. m.]

[Received 10 p. m.]

Effective November 15, permit required to import articles into Kenya, Tanganyika, Uganda. Permit also necessary to buy foreign exchange.

Copy decree airmailed today.

BAILEY

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648T.006/10 : Telegram

*The Secretary of State to the Consul at Nairobi (Smith)*

WASHINGTON, November 29, 1939—6 p. m.

Department is informed that Kenya Government, acting under Section 46 of the Defense Regulations, put into force on November 15 a system of licensing and control of imports. Please telegraph pertinent facts, adding your estimate of probable effect on American trade.

HULL



648T.006/11 : Telegram

*The Vice Consul at Nairobi (Bailey) to the Secretary of State*

NAIROBI, November 30, 1939—4 p. m.  
 [Received November 30—12:20 p. m.]

Your telegram of November 29, 6 p. m. Object of the import trade control is to limit importation of nonessentials on account of available shipping and in order to conserve exchange for essentials. Goods shipped to British East Africa before November 15, goods for reexport outside British East Africa, sanction [*sic*] importations in transit or for transshipment, Government importations admissible without permission. Local importers protesting. I believe American trade will suffer greatly under existing circumstances.

BAILEY

648T.006/10 : Telegram

*The Secretary of State to the Consul at Nairobi (Smith)*

WASHINGTON, December 1, 1939—5 p. m.

Department's telegram November 29, 6 p. m. Before disseminating your cables, Commerce Department considers it desirable to ascertain answers to following questions:

1. Do restrictions apply to all countries or only to non-sterling areas?
2. Is permission for any American products being consistently refused?
3. Should American exporters be assured that licenses for importation have been granted before shipping?
4. When import licenses are obtainable do exchange permits automatically follow?
5. Are Kenya and Uganda exchange controls similar to Tanganyika Government Notice No. 179 [171] of September 3? <sup>86</sup>

Telegraph reply.

HULL

648T.006/12 : Telegram

*The Vice Consul at Nairobi (Bailey) to the Secretary of State*

NAIROBI, December 4, 1939—4 p. m.  
 [Received December 4—11:55 a. m.]

Department's telegram of December 1, 5 p. m. Answer to question.

(1) Legally all nations except British East Africa; in practice non-sterling [*sterling?*] countries favored.

<sup>86</sup> For text, see Tanganyika Territory, *Gazette, Supplement No. 2, Government Notices*, vol. 20 (1939), p. 241.

(2) No, but most applications are being disapproved and those approved delayed.

Permits to import from sterling areas approved immediately.

(3) Not legal requirement but advisable.

(4) Yes.

(5) Essentially same as 171 of September 3 which also applies Zanzibar.

All of British East Africa has exchange export and import controls essentially the same.

BAILEY

648T.006/17

*The Consul at Nairobi (Smith) to the Secretary of State*

No. 338

NAIROBI, December 20, 1939.  
[Received February 20, 1940.]

SIR: I have the honor to refer to this office's telegrams of November 29, 4 p. m. and November 30, 4 p. m., to this office's reports entitled "Restrictions on Imports in British East Africa" dated December 1, 1939<sup>37</sup> and "East African Import Restrictions Reducing American and Japanese Imports" dated December 8, 1939<sup>37</sup> and to its despatches No. 326 entitled "Control of Imports in British East Africa", dated November 29, 1939<sup>37</sup> and No. 332 entitled "Reported Violation of the Open Door Principle in British East Africa" dated December 9, 1939.<sup>37</sup> All of these communications were prepared—and I believe well prepared—by Vice Consul Bailey as I was on local leave from November 13, 1939 until December 3, 1939.

Major E. S. Grogan, one of Kenya's earliest settlers, a leading member of Kenya's Legislative Council and a staunch representative of the settlers as against the London controlled Government representatives, called on me on December 9, 1939 and said that as he had been an expert advisor on African affairs and on the Congo Basin Treaties at Paris during the Versailles Treaty negotiations, he said that in his opinion, the import license restrictions were unquestionably a violation of the spirit and the letter of the Congo Basin Treaties and he suggested that, as the representative of one of the countries most adversely affected by the import license system, I call on the Acting Governor, His Excellency W. Harragin. I know Major Grogan very well personally, and his suggestion was made in such a way that there was no reason for my taking any offense.

On December 11, 1939, I called on His Excellency, the Governor, whom I have known since he was formerly the local Attorney General.

<sup>37</sup> Not printed.

I told him that the import license regulations, imposed by his Government were, in the opinion of all who had studied the subject, in contravention of the Congo Basin Treaties. He was very pleasant about it all, and said that if I would write him to that effect, he would simply forward my views to the Colonial Office, London. He stated that he had had instructions from the Colonial Office to impose such a system, and that he was simply carrying out instructions. He did not add "as an office boy", but I gathered from his attitude and tone of voice that that was what he meant.

I told him that I considered it only fair to inform him that my office had telegraphed the Department of State and written full particulars of the import license system. He then said that if the Department of State saw fit to lodge a diplomatic claim through London,<sup>38</sup> he doubted if he or the Government of Kenya would ever hear of it. We parted still on the best of terms, and I believe we both felt that with the British Empire at war, the question of the infraction of the Congo Basin Treaties was of little importance and that, even if they were being broken, there was little one could do about it.

My colleague, the Belgian Consul General, informed me that he believed Belgium would lodge a protest based on the alleged infraction of the Congo Basin Treaties.

Respectfully yours,

E. TALBOT SMITH

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<sup>38</sup> Instruction No. 1134, December 26, to the Ambassador in the United Kingdom, authorizing representations is missing from Department files.

## AUSTRALIA

### PRELIMINARY DISCUSSIONS RESPECTING A TRADE AGREEMENT BETWEEN THE UNITED STATES AND AUSTRALIA <sup>1</sup>

611.4731/392

*Memorandum of Conversation, by Mr. John R. Minter of the Division  
of European Affairs*

[WASHINGTON,] January 10, 1939.

Participants: Mr. Francis B. Sayre, Assistant Secretary of State.  
Mr. Keith Officer, Australian Counselor of the British  
Embassy.  
Mr. L. R. Macgregor, Australian Trade Commissioner.  
Mr. Harry C. Hawkins, Division of Trade Agreements.  
Mr. John Hickerson, Division of European Affairs.  
Mr. John H. Fuqua, Division of Trade Agreements.  
Mr. John R. Minter, Division of European Affairs.

Mr. Sayre opened the conversation by saying that he hoped and believed that we were beginning to understand better what was in each other's mind and that he was glad to have this conference take place in order that we might determine just what we could now do in order that real progress can be made. He said that he thought it would be wise for him to review before this gathering developments of the past few months. In review, Mr. Sayre said that last June we made the Australians a proposal which *inter alia* involved a tentative offer by the United States of a reduction of the wool duty to 25 cents per pound. He said that at that time we tried very hard to secure authority to go further and that we had continued to seek authority for a better offer. However, we were not successful and our official position then, as it does now, rested on the tentative offer of 25 cents. Mr. Sayre said that he had personally made several trips to see the Secretary of Agriculture and to see the President, both in June and recently, and that he had not secured authority to go beyond 25 cents.

Mr. Sayre then referred to the present Australian request that we submit to them fresh offers for their appraisal. He said that he had become convinced that the next move was ours and that we had decided to canvass again the whole field of possible concessions, after

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<sup>1</sup> Continued from *Foreign Relations*, 1938, vol. II, pp. 120-163.

which we would submit to them in writing a further tentative proposal, hoping that what we might be able to present would come nearer to meeting the Australian wishes. He hoped that we could submit such proposals within a very short time, possibly a fortnight. Mr. Sayre said that, of course, all proposals would have to continue to be tentative as there can be no commitments prior to public notice and public hearings.

Mr. Officer then said that he was very gratified that we were willing to proceed as described and that he was sure the suggestion would prove to be the best form of procedure. He said he hoped that the new offers would not contain a repetition of the 25 cent tentative offer on wool, as he felt certain that such a suggestion would cause an abrupt cessation of discussions. He stated that their instructions had always been and still were to press for a full fifty per cent reduction, that is a reduction by 17 cents. A reduction by 9 cents or even 10 cents leaves a wide gap between what we have suggested and what the Australians want. He then gave a long discourse on the position of his Government and how strongly he personally felt that we should make our offers much better than formerly. He stated "off the record" that he personally felt, as he did last summer, that if we should suggest a 12 cent reduction (to 22 cents) we would at least start the Australian Government to thinking about bridging the gap.

Mr. Officer stated that he personally was in no great hurry to receive our next proposal; that he believed that they should not arrive in Australia before Mr. Bruce<sup>2</sup> had had an opportunity to picture to Australian officials the situation here. He felt that their arrival before Mr. Bruce, particularly if they were short of what he thought would constitute the basis for further discussion, might nullify the effect of Bruce's attempt to depict the situation as he saw it here, which he, Officer, admitted was difficult.

Mr. Sayre stated that of course we would do whatever the Australian representatives felt was advisable. We did not ourselves hope to formulate new proposals hurriedly, but we would do the very best we could in the time which we had.

It was then explained that what we hoped to do was to submit two new sets of tentative schedules, our schedules of course to be subject to revision in the light of hearings or any new information.

The question was raised whether Mr. Macgregor should continue his informal conversations. Mr. Macgregor said he thought it would be helpful and that he would like to do so. He referred particularly to meat quotas. He had telegraphed asking for further instructions regarding the advisability of concentrating on frozen meats. He

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<sup>2</sup> Australian High Commissioner at London; he visited Washington en route from London to Australia.

thought that his new instructions might clear up that matter and that we should have some conferences concerning it.

(Mr. Macgregor stated later in the day to Mr. Hawkins that he wished to correct one or two impressions which may have been left by Mr. Officer's statement in the morning. In the first place he stated that Mr. Officer was wrong in saying that their instructions were to press for 17 cents. He repeated his statement made in an earlier conference that he was instructed to ask for a rate of 20 cents on wool. Furthermore he said that he and Officer had discussed the question of timing their report with Bruce's arrival and that he had queried Canberra and had been instructed to telegraph immediately any report he had to make irrespective of the whereabouts of Mr. Bruce.

611.4731/405

*Memorandum of Conversation, by the Chief of the Division of Trade Agreements (Hawkins)*

[WASHINGTON,] May 8, 1939.

Participants: Mr. Stanley M. Bruce, Australian High Commissioner at London;  
 Mr. Frank Keith Officer, Australian Counselor of British Embassy;  
 Mr. Francis B. Sayre;  
 Mr. John D. Hickerson;  
 Mr. Harry C. Hawkins.

In discussing the proposed trade agreement, Mr. Bruce stated that he was not here in the capacity of a negotiator for the Australian Government, but that he could give us the position from behind the scenes, so to speak. He emphasized that what he had to say was entirely unofficial and that he hoped we would not rely too heavily upon his appraisal of the situation as he might be entirely wrong.

He went on to say that the Australian position as regards a concession by the United States on wool, is that a full 50 percent reduction is desired but that the Australian Government might reluctantly accept a reduction to 20 cents. This he said is the official Australian position, but in his opinion it is conceivable that they would accept a reduction to 22 cents. As regards the concession on meat, he thought that while our tentative suggestion as to what might be possible, does not amount to very much, it might be more or less acceptable if some ingenious provision could be worked out to insure that Argentine meat would not fill the entire quota in the event of any arrangement being worked out whereby the sanitary embargo

is lifted. He also said that the Australian Government might want a little larger part of the quota allotted to chilled meat.

Referring to our tentative requests of Australia, Mr. Bruce's basic position was that until Australia saw some chance of satisfactory concessions by the United States it is not likely to take the necessary steps to obtain the assent of other parts of the Empire to the granting of requests involving a modification of preferential rates. With respect to lumber, he seemed to think that something more or less acceptable to us might be worked out at the proper time; but as regards automobiles, he stated that this presents very serious difficulties for the Australian Government. In the latter connection, he stated that this is part of a broader political picture the essential feature of which is the need for Australia to have a larger population if it is to hold an area the size of that country. He indicated that a large population could not be supported by agricultural or pastoral industries and that industrialization is necessary. He referred to the progress made in this direction as illustrated by the recent flight of the first Australian manufactured airplane.

Mr. Sayre expressed his appreciation for Mr. Bruce's frank statement of the situation and said he fully understood that what Mr. Bruce had said was not to be taken as committing the Australian Government to anything. With respect to our tentative requests of Australia, he stated frankly that the Australian offers are almost inconsequential and that we could not hope to defend concessions of the kind desired by Australia unless we could show really substantial benefits to American export trade to that country. He said that we had advised Mr. Macgregor to this effect and that presumably our position is being passed on by Mr. Macgregor to the Australian Government. He added incidentally that we had found Mr. Macgregor extremely competent and helpful and that he had a thorough grasp and understanding of the problems presented by these discussions.

The conversation was cordial throughout, and Mr. Bruce was informed on leaving that we would continue to work on the subject with Mr. Macgregor.

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611.4731/412

*Memorandum by Mr. John R. Minter of the Division of European Affairs*

[WASHINGTON,] June 29, 1939.

Mr. Macgregor telephoned me this morning and quoted a personal telegram which he had just received from Mr. Murphy, Secretary of Commerce in Australia. The following is as near to verbatim as I can recollect:

"We are not breaking off negotiations although the position is rendered extremely difficult by inadequacy of United States offers on wool and mutton and lamb and by the extent of their requests. An official instruction is going forward to you through the usual Cabinet channels and should reach you by the end of July."

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[Discussions were interrupted by the outbreak of war and were not resumed until 1941.]

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**THE ESTABLISHMENT OF DIPLOMATIC RELATIONS BETWEEN THE UNITED STATES AND AUSTRALIA**

701.4711/56

*The British Ambassador (Lothian) to the Secretary of State*<sup>3</sup>

At the instance of His Majesty's Government in the Commonwealth of Australia I have been instructed to ascertain informally whether the establishment of an Australian Legation in Washington would be agreeable to the Government of the United States, and, in the event of the answer being in the affirmative, whether the United States Government would have any objection to an Australian Legation being opened under the direction of a Chargé d'Affaires pending the arrival of a Minister whose appointment His Majesty's Government in the Commonwealth of Australia would propose to defer for some two or three months.

I have been instructed to intimate that His Majesty's Government in the Commonwealth of Australia would welcome the simultaneous establishment of a United States Legation at Canberra.<sup>4</sup>

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701.4711/56

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

**MEMORANDUM**

The Secretary of State was delighted to learn through the British Ambassador of the intention of the Australian Government to establish a Legation in Washington. This move is most welcome to the Government of the United States, and no objection is perceived to

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<sup>3</sup> Handed to the Secretary of State on November 27, 1939, by the British Ambassador.

<sup>4</sup> This official approach was the outcome of previous informal discussions. As early as April 28, 1939, the American Consul General at Sydney telegraphed that the Australian Prime Minister announced over the radio on April 26 his intention to exchange Ministers with the United States and Japan if possible before the end of the year. In its reply on April 29, the Department instructed the Consul General that he might in his discretion encourage the idea of an exchange of Legations. (847.00/295, 124.47/6a)



the Legation being opened under the direction of a Chargé d'Affaires pending the appointment of a Minister some two to three months hence.

For its part, the Government of the United States will promptly take steps preparatory to the establishment of an American Legation at Canberra. In all probability, however, the Legation will not be officially opened until an American Minister to Australia has been duly appointed and confirmed by the Senate. The Secretary of State hopes that the arrival of an American Minister in Australia will in general synchronize with the arrival of an Australian Minister to the United States.

WASHINGTON, November 27, 1939.

701.4711/58

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

No. 527

WASHINGTON, November 30, 1939.

SIR: At the instance of His Majesty's Government in the Commonwealth of Australia and under instructions from His Majesty's Principal Secretary of State for Foreign Affairs, I have the honour to inform you that His Majesty's Government in the Commonwealth of Australia have come to the conclusion that it is desirable that the handling of matters at Washington relating to Australia should be confided to an Envoy Extraordinary and Minister Plenipotentiary accredited to the United States Government.

Such a Minister would be accredited by His Majesty The King to the President of the United States of America, and he would be furnished with credentials which would enable him to take charge of all affairs relating to Australia. He would be the ordinary channel of communication with the United States Government on these matters. The arrangements proposed would not denote any departure from the principle of the diplomatic unity of the Empire, that is to say, the principle of consultative co-operation amongst all His Majesty's representatives as amongst His Majesty's Governments themselves, in matters of common concern. The methods of dealing with matters which may arise concerning more than one of His Majesty's Governments would therefore be settled by consultation between the representatives of His Majesty's Governments concerned.

In proposing the establishment of an Australian Legation, His Majesty's Government in the Commonwealth of Australia trust that it will promote the maintenance and development of cordial relations, not only between the United States and Australia, but also between the United States and the whole British Commonwealth of Nations.

I have [etc.]

LOTHIAN

701.4711/58

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

In presenting this note<sup>5</sup> at the instance of His Majesty's Government in the Commonwealth of Australia, I am instructed by His Majesty's Principal Secretary of State for Foreign Affairs to say that His Majesty's Government in the United Kingdom fully endorse the hope expressed by His Majesty's Government in the Commonwealth of Australia that the establishment of an Australian Legation will promote the maintenance and development of cordial relations not only between the United States and Australia, but between the United States and the whole British Commonwealth of Nations.

LOTHIAN

[WASHINGTON,] November 30, 1939.

701.4711/58a

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

The Secretary of State acknowledges the receipt of Lord Lothian's memorandum dated November 30, 1939, ancillary to his note no. 527 of the same date, in which Lord Lothian conveys the endorsement by the British Government of the hope expressed by the Australian Government that the establishment of an Australian Legation will promote the maintenance and development of cordial relations not only between the United States and Australia, but between the United States and the whole British Commonwealth of Nations.

The Secretary of State cordially expresses the endorsement of the Government of the United States to that sentiment.

WASHINGTON, December 6, 1939.

701.4711/55a

*The Acting Secretary of State to the British Ambassador (Lothian)*

WASHINGTON, December 6, 1939.

EXCELLENCY: I have the honor to acknowledge the receipt of your note no. 527, dated November 30, 1939, in which you advise me that the Government of Australia has come to the conclusion that it is desirable that the handling of matters at Washington relating to Australia should be confided to an Envoy Extraordinary and Minister Plenipotentiary to be accredited by His Majesty the King to the President of the United States, and expresses the hope that the Gov-

<sup>5</sup> *Supra.*

ernment of the United States will concur in the appointment of an Australian Minister at Washington on the footing indicated in your note.

In reply I take pleasure in saying that the appointment by His Majesty the King of an Envoy Extraordinary and Minister Plenipotentiary, who will be furnished with credentials which would enable him to take charge of all affairs relating to Australia, and who will be the ordinary channel of communication with the Government of the United States on these matters, is entirely acceptable to the Government of the United States, and that it will be agreeable to the President to accord him formal recognition at the convenience of His Majesty the King and the Government of Australia.

I wholeheartedly reciprocate the wish of the Government of Australia that the establishment of an Australian Legation at Washington, as well as the establishment of an American Legation at Canberra,<sup>6</sup> which I hope is agreeable to the Government of Australia, will promote the maintenance and development of cordial relations not only between the United States and Australia but also between the United States and the whole British Commonwealth of Nations.

Accept [etc.]

SUMNER WELLES

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<sup>6</sup> A simultaneous announcement of the establishment of diplomatic relations between the two countries was made in the United States and Australia on January 8, 1940. The Australian Legation was established March 5, 1940, and the American Legation July 17, 1940.

## CANADA

### DISCUSSIONS RESPECTING THE ST. LAWRENCE WATERWAY PROJECT<sup>1</sup>

711.42157 SA 29/1628

*Memorandum of Conversation, by the Assistant Secretary of State  
(Berle)*

[WASHINGTON,] October 18, 1939.

Participants: The Canadian Minister, Mr. Loring Christie; Mr. Hickerson;<sup>2</sup> Mr. Leland Olds;<sup>3</sup> Mr. A. A. Berle, Jr.

The Canadian Minister came in to see me today, at my request. But between the time when we had requested his visit and his visit to us, the situation had radically changed. Our intent had been to ask him generally about the status of our still unanswered note regarding the proposed St. Lawrence waterway.<sup>4</sup>

Prior to his visit, however, the Minister had received a telegram from Prime Minister Mackenzie King requesting the Minister to deliver a personal message from the Prime Minister to the President, and to the Secretary of State. The message was, in substance, that the Prime Minister was now prepared to go forward with the negotiations regarding the St. Lawrence waterway; that he believed that he had resolved the difference between the Dominion government and the government of Ontario. He accordingly hoped we could now take up the subject. He requested that the matter would be kept strictly confidential until such time as it might be apparent whether or not an agreement could be reached.

The Minister, with some embarrassment, said that he had already delivered the message to the President and that the courtesy of the situation called for his delivering it in person to the Secretary of State; that he was accordingly telling me informally and asked whether or not he should not see the Secretary in person. I said I should be very glad to take the message informally and ask the Secretary whether he wished to have it delivered in person to him, or whether his communication to the Department through me would be

<sup>1</sup> Continued from *Foreign Relations*, 1938, vol. II, pp. 177-183.

<sup>2</sup> John D. Hickerson, Assistant Chief of the Division of European Affairs.

<sup>3</sup> Chairman of the Federal Power Commission.

<sup>4</sup> Note to the Canadian Minister, May 28, 1938, *Foreign Relations*, 1938, vol. II, p. 180.

considered as such delivery. I said I realized perfectly that the informal communication to us before seeing the Secretary was due only to the accident of the prior appointment. I was sure that the Secretary would so understand it; though the Secretary would, of course, be glad to see him on that or any other matter.

I then pointed out that the message which the Minister had just delivered in large measure answered the question we had planned to ask. The problem now appeared to be the method of carrying on the negotiations. The Minister agreed that that was so. I then asked Mr. Olds to indicate some of the considerations which were on our minds.

Mr. Olds pointed out that by reason of the outbreak of war the entire power situation had changed. Instead of being in a position to export power, certain parts of Canada would need to import from us, especially from Niagara. He had had in mind suggesting that a commission might proceed to Ottawa to discuss the changed situation and to explore the possibility of reviving negotiations about the St. Lawrence waterway and the attendant disposition of power facilities. The message from Prime Minister King had, however, made that unnecessary.

I said that we were of course ready to enter negotiations regarding the St. Lawrence waterway along the lines of the note sent to Canada more than a year ago. The only question was as to how these negotiations should be carried on. As to that, I said, I thought the wishes of the Canadian government ought to control; we should be happy to carry them on here, or if desired, we could arrange to have them carried on in Ottawa.

The Minister observed that he had been familiar with the St. Lawrence waterway question for some twenty-five years; and with the electric power phases of it, as well; that he had spent two years in the service of the Ontario Hydro-electric Commission, and that he had been continuously interested in the matter. He would consult his government and see what they wanted. I said that in view of the fact that he was himself familiar with the problem, we should particularly welcome the Minister's personal assistance. (It was fairly obvious that the Minister wished to be a part of the negotiations, himself). It was left that he would get into touch with his government and ascertain their views as to how best the negotiations could be carried on.

Mr. Olds then pointed out that the theory of the note we had sent to Canada and of the draft treaty contemplated taking up all questions revolving around the Great Lakes-St. Lawrence waterway and the attendant use of waters and water power. We were, he said, fully cognizant of the fact that there were problems now presented for immediate solution, arising out of the war. It was thought that we could

work out these problems simultaneously as a part of general negotiation; and that we did not need to leave them in abeyance until the actual construction of the waterway—which in any case would take at least five years. Thus the immediate requirements of Canada for power could be taken care of by interim increases in generating capacity along the St. Lawrence; and these interim dispositions could ultimately be coordinated with the power development necessarily attendant on the building of the waterway. In other words, present use of the St. Lawrence water for additional power need not wait upon the construction of the waterway; but the work should be so handled that on the conclusion of the waterway, the added facilities now required should form a part of the general plan.

The Minister thanked us for our courtesy; and stated that he would communicate with us as soon as he had further ascertained the views of his government.

A. A. BERLE, JR.

711.42157 SA 29/1640

*The Canadian Minister (Christie) to the Secretary of State*

No. 367

WASHINGTON, December 26, 1939.

SIR: I have the honour to refer to your note of May 28th, 1938,<sup>5</sup> to my predecessor, transmitting an informal and tentative draft of a proposed general Treaty providing for the development of the Great Lakes-St. Lawrence Basin.

The general question has recently been under detailed consideration by the Canadian Government, and discussions have taken place with representatives of the Province of Ontario on the question of power development in which Ontario is primarily concerned.

Before reaching a conclusion upon the broader questions of policy involved the Canadian Government consider that it would be desirable that a number of questions of detail should be taken up by representatives of the United States and Canada. The Canadian Government would be pleased to make arrangements for a meeting in Ottawa in the near future between members of the public services of the two countries and their technical advisers for the purpose of clarifying a number of the issues involved. The meeting would be entirely informal and preparatory to a more comprehensive discussion.

I should be glad if I might be furnished with an expression of the views of the Government of the United States upon the foregoing.

I have [etc.]

LORING C. CHRISTIE

<sup>5</sup> *Foreign Relations*, 1938, vol. II, p. 180.

COOPERATION BETWEEN THE UNITED STATES AND CANADA FOR THE PRESERVATION OF THE FISHERIES OF THE NORTH PACIFIC<sup>6</sup>

711.008 North Pacific/444

*Memorandum of Conversation, by Mr. Leo D. Sturgeon of the Division of Far Eastern Affairs*

[WASHINGTON,] January 19, 1939.

After obtaining the concurrence of Mr. Bland, Chairman of the House Committee on Merchant Marine and Fisheries, Mr. Moore<sup>7</sup> asked Mr. Dimond<sup>8</sup> to come to the Department in order that he might be given certain information assembled in the Department with regard to the problem of protecting coastal fisheries.

Mr. Moore mentioned that the Department had received from Mr. Bland a letter<sup>9</sup> in which a report on Mr. Dimond's bill (H. R. 883, a Bill to Protect and Preserve the Salmon Fisheries of Alaska, etc.) was requested and that he had obtained Mr. Bland's consent to discuss the matter orally and informally with Mr. Dimond; that Mr. Bland had further assured him that this procedure would satisfactorily take the place of a written reply.

Mr. Moore stated that he was familiar with the purport and scope of Mr. Dimond's bill and had noted that it was identical with H. R. 8344, introduced by Mr. Dimond during the last Congress. He then briefly referred to the understanding concluded with Japan on March 25, 1938,<sup>10</sup> mentioned that the Japanese had thus far honored the assurances given to this Government with regard to the salmon fishing activities of Japanese nationals in Alaskan waters, and stated that by the terms of the understanding it continued in effect.

Mr. Moore then informed Mr. Dimond that the Department has continued to give study to the problem of coastal fisheries, and that the Department of Commerce had been asked to prepare data showing the extent of American interests in the offshore waters of other countries. He said that he thought it important that we give careful attention to this phase of the fishery question, in order to determine how American fishing interests would be affected should we afford other countries a precedent for the extension of their territorial jurisdiction. Mr. Moore then asked Mr. Dimond to glance over the data supplied by the Department of Commerce.

<sup>6</sup> For other correspondence regarding fisheries of the North Pacific, see *ante*, pp. 161 ff. and *Foreign Relations*, 1937, vol. II, pp. 183 ff. and p. 198.

<sup>7</sup> R. Walton Moore, Counselor of the Department of State.

<sup>8</sup> Anthony J. Dimond, Alaskan Delegate to Congress.

<sup>9</sup> Not printed.

<sup>10</sup> See telegrams No. 201, March 25, 1938, 2 a. m., from the Ambassador in Japan, p. 186, and No. 105, March 25, 1938, 6 p. m., to the Ambassador in Japan, p. 188.

Mr. Dimond said that the data shown to him clearly indicated that American fishing interests in foreign coastal waters were extensive and that he realized that the Department must give consideration to this phase of the problem. He thought, however, that it had been established that the situation of salmon fisheries was in fact different from that of the general run of fisheries, and that his bill could be defended on that ground. Mr. Moore said that we were agreed that the Alaska salmon fishery could be distinguished from most other fisheries but that there was the question whether other countries would accept the distinction as material. He said that the point with which we were especially concerned was that there might be serious repercussions from unilateral action. Mr. Moore also mentioned that certain existing fishery treaties might be jeopardized—especially the Bering Sea fur seal treaty.<sup>11</sup> Mr. Dimond was informed that the American share of the fur seal catch for 1938 totaled \$293,512 net.

Mr. Dimond said that he understood the reasons for our concern, and that he appreciated the Department's position, but that the pre-occupation of Japan in China caused him to believe that now would be an admirable time to enact legislation. He said that if the Department did not oppose his bill he believed that Congress would pass it, and cited in support of this statement the fact that Senator Copeland's bill, of a more drastic nature, easily passed in the Senate during the last Congress.<sup>12</sup> Mr. Dimond stated, however, that he was thinking of revising his bill to eliminate a "loop hole" in it which had been called to his attention; that in view of this it would suit his convenience if the Department refrained from making a report until it had been submitted in revised form. Mr. Moore stated that we would be glad to keep in touch with Mr. Dimond's efforts.

The question of the Canadian attitude toward the proposed legislation was briefly discussed. Mr. Dimond said that he was doubtful about what that would be. Mr. Moore stated that the Department had kept the Canadian Legation generally informed of our efforts in the fishery matter, and that we should continue to do that. Mr. Sturgeon suggested that the views of Canada with regard to ways and means of protecting coastal fisheries may not be entirely in line with some of the views held here, and that therefore it might be well to consider how we could assure ourselves of Canadian cooperation toward our general objectives. Mr. Moore suggested that we might at an early date have a general talk with some one from the Canadian Legation.

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<sup>11</sup> Convention between the United States, Great Britain, Japan and Russia, signed at Washington, July 7, 1911, *Foreign Relations*, 1911, p. 260.

<sup>12</sup> Royal S. Copeland, Senator from New York, introduced S. 3744, "To assert the jurisdiction of the United States over certain portions of the Bering Sea and the submerged land thereunder", which passed the Senate on May 5, 1938; *Congressional Record*, vol. 83, pt. 6, p. 6297.



711.008 North Pacific/451½

*Memorandum of Conversation, by Mr. Leo D. Sturgeon of the Division of Far Eastern Affairs*

[WASHINGTON,] February 11, 1939.

At the suggestion of Mr. Moore and with the concurrence of Eu,<sup>13</sup> Dr. Riddell<sup>14</sup> was asked to come to the Department today in connection with the Alaska salmon fishery situation.

Mr. Hickerson<sup>15</sup> said that Dr. Riddell would be familiar with the Alaska salmon fishery problem; that the Legation had shown interest in our handling of the problem; and that from time to time we had taken occasion to inform the Legation with regard to our efforts in the matter. He said that we were aware that at the moment the United States rather than Canada was concerned with regard to the question of alien fishing, but that the problem was one in which Canada might have greater interest later. He added, however, that at the present time we simply wished to inform Dr. Riddell relative to the present status of the matter. Dr. Riddell said that he would be very interested.

Mr. Sturgeon said that it might be best to begin with the assurances given to this country by Japan on March 25, 1938. He mentioned the essential points covered by these assurances and stated that, while American fishing interests had not accepted the arrangements with Japan as conclusive, they had apparently been gratified that a temporary solution had been found. Mr. Sturgeon mentioned that the Japanese assurances had been criticized on the ground that they failed to give explicit recognition to the special rights claimed by American fishing interests in the Bristol Bay area and on the ground that they contained no guarantee that Japanese nationals might not attempt to resume the activities complained of in the future. Dr. Riddell asked if the Japanese had "lived up" to their assurances. Mr. Sturgeon replied that it was an important fact that Coast Guard reports showed that the Japanese had lived up to their undertaking.

Mr. Sturgeon referred to the situation on the Pacific Coast and said that it seemed to be the situation there that tension had been considerably allayed as a result of our arrangement with Japan, but that there continued to be indication that the affected interests desire that something more be done toward obtaining a more comprehensive and permanent guarantee against alien fishing. He mentioned that the publicity resulting from the salmon fishery problem had stirred up a great deal of public interest; and that a number of well known persons

<sup>13</sup> Division of European Affairs.

<sup>14</sup> W. A. Riddell, Counselor of the Canadian Legation.

<sup>15</sup> John D. Hickerson, Assistant Chief of the Division of European Affairs.

had devoted study to the problem, with the result that the adequacy of the principle of the three-mile limit for fishery purposes has been brought into question. Mr. Sturgeon added that the Department and the Embassy in Tokyo had continued to give the matter study, but that no way had been found to do anything further with the Japanese about the matter, except that we had kept the Japanese Government informed with regard to the trend of sentiment in this country.

Mr. Hickerson said that he thought the matter could be summarized by saying that we had made an arrangement with Japan which the Japanese were living up to and which met our problem fairly well, but that this had not completely satisfied interests on the Pacific Coast.

Dr. Riddell asked if we had decided definitely upon any further action. Mr. Hickerson said that as yet we had not.

In more general discussion, Mr. Hickerson asked Dr. Riddell if he was familiar with legislation proposed in the Congress for the purpose of asserting jurisdiction over Alaska salmon fishing waters. When Dr. Riddell said that he was not especially familiar with the legislative proposals referred to, Mr. Sturgeon asked if he had had any indication of how Canadian public opinion had reacted to talk of legislation in this country. He said that he had not noticed anything in particular but that he had no doubt that British Columbians would favor legislation. He thought, however, that as the matter received attention in the East, opposition to the idea of legislation would very likely develop. He said he hoped, when he should visit Ottawa again, to go into this matter and later would like to bring us up to date about it.

At the conclusion of the conversation Dr. Riddell asked if we wished him to communicate to his Government a résumé of what had been said. Mr. Hickerson stated that he saw no objection to doing that.

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711.008 North Pacific/500

*The Secretary of State to the Chargé in Canada (Simmons)*

No. 1580

WASHINGTON, April 17, 1939.

SIR: I desire that you seek an interview with the Secretary of State for External Affairs<sup>16</sup> and, with general reference to the conservation measures which the Governments of the United States and Canada have adopted with regard to fisheries of the North Pacific Ocean, present to him in such manner as you may deem most effective the substance of the following paragraphs.

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<sup>16</sup> Mackenzie King.

The Government of the United States has for some time given careful thought and study to the problem of regulating maritime fisheries, and to the supplemental question of what, if any, international action it might be desirable or practicable to take with regard to certain fisheries which lie beyond but contiguous to territorial waters. This Government has given especial consideration in this connection to the important halibut and salmon fisheries of the North Pacific Ocean, which lie both within and beyond the territorial waters of the United States and Canada, and with respect to which it is now desired to place before the Canadian Government the following observations and suggestions:

This Government has observed that while a marked change in the international fishery situation has developed from the employment of modernized fishing methods, with the consequent increase in the exploitation of the sea fisheries, no comparable progress has been made toward the protection of these fisheries from possible depletion through unregulated fishing operations. Reference is made in particular to the activities of the modern trawler and the factory ship, which, with the aid of special refrigeration facilities, are capable of operating from distant bases over wide sea areas. Representatives of American fishing interests and the fishery authorities of this Government are agreed that there is in this situation a serious threat to valuable and indispensable food resources, and also to the conservation measures which have been placed in effect by the Governments of Canada and the United States with respect to halibut and salmon fisheries in the North Pacific Ocean. It is well known that the salmon are exposed to interception and ruinous exploitation in the course of their migration from the high seas shoreward into territorial waters and that the halibut fishing banks lie both within and beyond territorial waters. Accordingly there is, in the case of both fisheries, the problem of ensuring that the conservation programs of the United States and Canada shall not be undermined by the unrestricted fishing of the nationals of other countries.

The past activities of factory ships have been especially disturbing and affected interests are concerned over what may occur should the activity of such vessels increase. It will be recalled that in the autumn of 1936 the Canadian and United States Governments successfully made joint efforts to prevent a so-called "mothership", then being fitted out in Norway, from carrying on halibut fishing operations beyond territorial waters<sup>17</sup> but in areas included within the scope of an existing halibut convention.<sup>18</sup> Although no similar threat to their joint halibut conservation measures is in sight, the increased use of

<sup>17</sup> See *Foreign Relations*, 1937, vol. II, pp. 183 ff.

<sup>18</sup> Convention revising the convention of May 9, 1930, for the preservation of the halibut fishery of the Northern Pacific Ocean and Bering Sea, signed at Ottawa, January 29, 1937, Department of State Treaty Series No. 917, or 50 Stat. 1351.

modernized fishing methods may hasten the day when the threat of foreign exploitation will again materialize. It would seem the part of wisdom for the two Governments to anticipate and make whatever preparations may be possible to meet such an eventuality.

As the study of the general situation of the North Pacific fisheries has progressed, it has become evident that there are circumstances which render the protection of these fisheries of common concern to the fishery interests of the United States and Canada. Heretofore, the chief threat of the factory ship to the fishery resources of the North Pacific was witnessed in the Bristol Bay area. Nevertheless, the halibut and salmon fisheries of British Columbia and other Pacific Coast areas are exposed to possible operations of factory ships beyond the limits of territorial waters. In a number of these areas Canadian and American nationals have traditionally shared the resources, and the Governments of the United States and Canada have recognized a common interest in these resources by the conclusion of conventions for the conservation of the halibut and salmon. The American Government, therefore, believes that it will be apparent that any threat to the perpetuation of the fisheries in question would endanger alike vital interests of American and Canadian nationals, and at the same time directly conflict with the conservation efforts of the international fishery commissions set up by the Governments of Canada and the United States.

The United States Government has come to no conclusions as to what it may be desirable or practicable to do in this situation. However, the circumstances set forth have suggested the need of arrangements for a joint Canadian-American study of the problem of affording protection to those high seas coastal fisheries above mentioned which are of special concern and interest to both Canadian and American nationals.

Without interfering in any way with the labors of agencies already established by the two Governments under the Halibut and Sockeye Salmon <sup>19</sup> Conventions, it is believed that an inquiry might best begin with investigation and study of purely economic and scientific matters relating to the general need of protecting high seas fisheries against possible overexploitation. Briefly, the task would appear to be to assemble and give study to such statistical, biological and economic data as may be necessary to establish the condition of the fisheries and fishery resources, and the probable effects of existing fishing methods upon the future supply of the principal species of fish. The fishery authorities of the United States and Canada, together with the North

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<sup>19</sup> Convention between the United States and Canada for the Protection of the Fraser River Sockeye Salmon Fisheries, signed May 26, 1930, *Foreign Relations*, 1930, vol. 1, p. 504.

American Council on Fishery Investigation, appear to possess a great deal of the data necessary to an inquiry of this character. A thorough analysis of the data available or readily obtainable may provide the basis of conclusions as to conservation measures which may be necessary in particular circumstances, especially measures which it may appear necessary to consider toward further safeguarding the important Canadian and American interest in the fisheries of the North Pacific Ocean.

I desire that you inquire whether the Canadian Government would be prepared to take steps toward approaching the problem with a common objective and on parallel lines. This Government some two years ago assigned to an officer in the Department of State the duty of giving this subject special attention and of correlating studies and action relating to the subject on the part of other concerned agencies of this Government. Please inquire whether the Government of Canada has made any such arrangement or would be willing similarly to assign to some officer or officers a corresponding duty. This Government conceives that, were the Canadian Government to do this, a procedure would thereby become possible between the two Governments the essence of which would be consultation and conference to which the officers assigned by the two Governments could be parties, each of these officers acting as liaison with other officers and agencies of his own government. By this process, the two Governments could cooperate in the study of this problem from the point of view of common concern and interest without the setting up of any elaborate machinery. It is our concept that, in case this suggestion is favorably acted upon by the Canadian Government, an effective liaison between the two Governments for handling of matters relating to the subject under reference would thus be created and study by each and by both of the Governments of those features of this problem which are of greatest immediate concern would be greatly facilitated.

This Government hopes that the Canadian Government will be favorably disposed toward this suggestion and that it will find itself in a position at an early date to make the arrangement which the suggestion envisages.

In connection with your presentation of this matter to the Secretary of State for External Affairs, it is suggested that you might usefully refer to the Department's telegram no. 406, November 16, 1936, 4 p. m., to London,<sup>20</sup> a copy of which is enclosed. I desire that you endeavor to obtain an early response from the Canadian Government.

Very truly yours,

For the Secretary of State:  
R. WALTON MOORE

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<sup>20</sup> *Foreign Relations*, 1937, vol. II, p. 185.

711.008 North Pacific/472

*The Chargé in Canada (Simmons) to the Secretary of State*

No. 3111

OTTAWA, April 20, 1939.

SIR: I have the honor to refer to the Department's instruction No. 1580 of April 17, 1939, directing me to seek an interview with the Secretary of State for External Affairs and, with general reference to the conservation measures which the Governments of the United States and Canada have adopted with regard to fisheries of the North Pacific Ocean, to present to him in such manner as may be deemed effective the substance of the discussion which followed in the Department's instruction under reference.

Pursuant to the Department's instructions, I called this afternoon upon Dr. O. D. Skelton, Under-Secretary of State for External Affairs, and explained to him in considerable detail the point of view and desires of the United States Government as described in the instruction referred to above. I also left with Dr. Skelton a memorandum,<sup>21</sup> a copy of which is enclosed for the Department's convenient reference, in order that he might have the facts of the Department's discussion of this matter available in complete form for whatever further study he may give to the problem presented.

Dr. Skelton expressed his general approval of the objectives which the Department has in mind, and made particular inquiry as to the scope of the activities of the Foreign Service officer whom the Department assigned some two years ago to make a further study of these problems. I explained to him, as far as I knew it, some of Mr. Sturgeon's activities and described in further detail some of the problems I knew he had to deal with in this particular work. Dr. Skelton said that this whole question would of course require some study before a definite reply could be given. He assured me that he would start action on this matter immediately and would undertake to give me a reply as soon as it might be possible for him, after consultation with other officials, to determine what attitude the Canadian Government might be willing to take towards this question. He again assured me of his interest in the problems under discussion and I gathered the impression from the interview that he would personally be anxious to meet the wishes of the United States Government as far as might be feasible.

Respectfully yours,

JOHN FARR SIMMONS

<sup>21</sup> Not printed. This memorandum repeated, with slight verbal changes, text of instruction No. 1580, April 17, to the Chargé in Canada, printed *supra*, and enclosed text of telegram referred to in last paragraph of that instruction.

711.008 North Pacific/493

*The Canadian Under Secretary of State for External Affairs  
(Skelton) to the American Minister in Canada (Roper)*<sup>22</sup>

OTTAWA, July 7, 1939.

DEAR MR. ROPER: On April 20th last Mr. Simmons called and left with me a Memorandum which, after commenting generally upon the problem of the conservation of the North Pacific fisheries, went on to make a particular suggestion for an informal joint study of the problem.

It appears that what is especially in the mind of the United States Government is the threat to these fisheries offered by factory ships and trawlers from other countries operating in the extraterritorial waters off the western coast, and both the salmon and the halibut fisheries are regarded as menaced sooner or later.

I understand that your Government do not consider that more is needed at the moment than a careful study of the problem, and the Canadian Government are asked whether they would be prepared to approach the problem in this sense with a common objective and on parallel lines.

The particular suggestion of the Memorandum in this regard is that each Government might informally designate an official or officials and that these would consult together from time to time upon the joint study in question. At the same time each on his own side would act as a liaison with the other interested officers and agencies of his own Government with a view to a correlation of their studies and action. It appears that no interference with the work of the Commissions already established by the two Governments under the Halibut and Sockeye Salmon Conventions is intended. The Memorandum further suggests that the study might best begin with investigation of purely economic and scientific matters relating to the general need of protecting high seas fisheries against possible over-exploitation, and this task is further envisaged as the assembly and analysis of data already available or readily obtainable on each side.

I am now in a position to give you, as requested, the views held here. The Canadian Government continue to share your Government's view of the great importance of conserving the North Pacific fisheries. They are alive to the possible threat that might arise from the operations of fishermen from other countries employing modernised fishing methods in waters lying beyond but contiguous to the

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<sup>22</sup> Copy transmitted to the Department by the Minister in Canada in his despatch No. 148, July 10; received July 12.

territorial waters of the United States and Canada, and they concur generally in the observations of the United States Government in that regard.

They also concur in the suggestion for a joint study and are prepared to accept your Government's suggestion and to co-operate along the lines to which I have referred. It is understood that the study will not involve public action, but will rather be of an informal and confidential nature and that the officials to act in the capacity contemplated by the suggestion should be designated from the staffs of the Departments concerned in Ottawa and Washington rather than from other agencies.

The officials who have been designated to act in this capacity for the Canadian Government are Mr. L. C. Christie, Counsellor, Department of External Affairs, and Mr. A. J. Whitmore, Head, Western Division, Department of Fisheries, who will be prepared to consult as proposed with the official or officials designated by your Government.

Sincerely yours,

O. D. SKELTON

711.008 North Pacific/493

*The Secretary of State to the Minister in Canada (Roper)*

No. 90

WASHINGTON, July 27, 1939.

SIR: The receipt is acknowledged of the Legation's despatch no. 148, July 10, 1939,<sup>23</sup> transmitting therewith a copy of a note dated July 7, 1939, received from the Under-Secretary of State for External Affairs, expressing concurrence of the Canadian Government in the views of this Government and the suggestion put forward in the Department's instruction no. 1580 of April 17, 1939, with regard to the North Pacific fisheries situation.

I desire that you take an early occasion to express to the Under-Secretary of State for External Affairs my appreciation of the Canadian Government's prompt and favorable consideration of this Government's proposals with respect to the fisheries in question.

Please also state that this Government hopes shortly to communicate with the Canadian Government in regard to an early meeting of representatives of the Governments of Canada and the United States designated to undertake informal consultations in accordance with the suggestion put forward by this Government.

Very truly yours,

For the Secretary of State:  
R. WALTON MOORE

<sup>23</sup> Not printed.



711.008 North Pacific/520

*Memorandum of Conversation, by Mr. Leo D. Sturgeon, Assistant  
to the Counselor of the Department of State*

[WASHINGTON,] November 21, 1939.

Participants: The Canadian Minister<sup>24</sup>  
Mr. Moore  
Mr. Hickerson  
Mr. Sturgeon

The Canadian Minister called at 12:00 noon at Mr. Moore's request. Mr. Moore stated that we desired to discuss with the Minister the proposal made in April to the Canadian Government relative to a study of the problem of ensuring protection to certain North Pacific fisheries, especially the halibut and salmon fisheries, and then briefly reviewed the proposal made to and accepted by the Canadian Government for the informal study and handling of matters related to the subject under reference. The Minister said that he recalled very well the procedure which had been agreed upon by the two Governments and that on the Canadian side they had got so far as to designate two persons to do the work, one a member of the Department of Fisheries and the other himself. He said that recently, however, the Department of Fisheries had been handicapped in its work through retirements of senior personnel, and mentioned that his appointment as Minister to Washington had also intervened. He said that he now presumed that his Government would designate someone in the Department of External Affairs at Ottawa (he thought Mr. Keenleyside) to replace himself in the proposed work.

Mr. Hickerson stated that it had been our hope here that the Minister would be able to work with us as originally arranged. The Minister said he feared that would not be practicable for the reasons that he would probably not have the necessary time for the purpose and that a more effective collaboration with his Government would probably result if the assignment were passed on to someone at Ottawa. Mr. Sturgeon mentioned his acquaintance with Mr. Keenleyside and commented that if the latter should receive the assignment—as the Minister thought likely—we would be fortunate in having the opportunity to work with him. Mr. Moore indicated that we would await further word on this from the Minister; that our idea at the moment was that the officers designated by the two Governments should meet as soon as possible to decide upon the various subjects to be studied and the procedure to be followed with respect to the study; that he also wished to emphasize that we regard conservation of the fisheries in

<sup>24</sup> Loring C. Christie.

question, as well as others of common interest to Canada and the United States, as of the greatest importance. The Minister concurred in this view. He said he was on the point of leaving for Ottawa and would on arrival take up the matters discussed with his Government.<sup>25</sup>

L. D. STURGEON

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**ARRANGEMENT BETWEEN THE UNITED STATES AND CANADA GOVERNING THE USE OF RADIO FOR CIVIL AERONAUTICAL SERVICES, EFFECTED BY EXCHANGE OF NOTES, SIGNED FEBRUARY 20, 1939**

[For texts of notes, see Department of State Executive Agreement Series No. 143, or 53 Stat. 2157.]

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**PROCLAMATION BY THE PRESIDENT OF THE UNITED STATES ISSUED ON NOVEMBER 30, 1939, PURSUANT TO ARTICLE III OF THE RECIPROCAL TRADE AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND CANADA, SIGNED NOVEMBER 17, 1938, RESPECTING ALLOCATION OF TARIFF QUOTA ON HEAVY CATTLE DURING THE CALENDAR YEAR 1940**

[For text of proclamation, see Department of State Executive Agreement Series No. 170, or 54 Stat. 2290.]

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**ARRANGEMENT BETWEEN THE UNITED STATES AND CANADA REGARDING VISITS IN UNIFORM BY MEMBERS OF DEFENSE FORCES OF EITHER COUNTRY TO THE TERRITORY OF THE OTHER COUNTRY, EFFECTED BY EXCHANGE OF NOTES, SIGNED MARCH 7, APRIL 5, AND JUNE 22, 1939**

[For texts of notes, see Department of State Executive Agreement Series No. 157, or 53 Stat. 2439.]

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**ARRANGEMENT BETWEEN THE UNITED STATES AND CANADA REGARDING AIR TRANSPORT SERVICES, EFFECTED BY EXCHANGE OF NOTES, SIGNED AUGUST 18, 1939**

[For texts of notes, see Department of State Executive Agreement Series No. 159, or 54 Stat. 1805.]

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**SUPPLEMENTARY TRADE AGREEMENT BETWEEN THE UNITED STATES AND CANADA WITH REGARD TO FOX FURS AND SKINS, SIGNED AT WASHINGTON DECEMBER 30, 1939**

[For text of supplementary agreement, see Department of State Executive Agreement Series No. 184, or 54 Stat. 2413.]

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<sup>25</sup> Further discussions with Canada were delayed by the war situation.

**UNDERSTANDING BETWEEN THE UNITED STATES AND CANADA REGARDING THE APPLICATION OF THE RUSH-BAGOT AGREEMENT OF APRIL 28 AND 29, 1817, AS TO THE CONSTRUCTION OF NAVAL VESSELS ON THE GREAT LAKES**

[For text of understanding, effected by exchange of notes, signed June 9 and 10, 1939, see Department of State, Treaties and Other International Acts Series, No. 1836.]

## INDIA

### NEGOTIATIONS REGARDING A TREATY OF COMMERCE AND NAVIGATION BETWEEN THE UNITED STATES AND INDIA

711.452/3

*The British Ambassador (Lindsay) to the Chief of the Division of European Affairs (Moffat)*

WASHINGTON, May 3, 1938.

DEAR MOFFAT: I am anxious to have the benefit of your opinion on a matter which the Government of India have raised with us. I refer to the effect of the United States Immigration laws and regulations on Indian merchants and business men who wish to enter this country for the purpose of carrying on a trade or business.

The Embassy had some correspondence on this question in 1935 with the late Colonel D. W. MacCormack<sup>1</sup> of the Department of Labor. I understand from this correspondence that Indian business men and merchants can enter this country only as non-immigrants under section 3 (2) of the Immigration Act of 1924,<sup>2</sup> classified as "aliens visiting the United States temporarily as tourists or temporarily for business or pleasure". As such, they are admitted at the discretion of the immigration authorities for a period not exceeding one year, which period may be extended by the Commissioner of Immigration and Naturalisation upon the application of the visitor, who is required to show that he retains the status of temporary visitor under which he was admitted. In practice, I believe it is comparatively rare for the period of temporary stay of an alien visitor to be extended beyond a total period of eighteen months in all. It is apparently the view of the immigration authorities that anyone remaining longer than that must be regarded as having relinquished his status as a temporary visitor and that his proper course, if he wishes to reside here for a longer period, is to leave the country and qualify for admission as an immigrant, which of course an Indian cannot do owing to racial disability. Furthermore, in the absence of any treaty of commerce and navigation applicable both to the United States and India, they cannot obtain visas under section 3 (6) of the Act.

As the law at present stands it is thus impossible for Indians to make a prolonged residence in this country to conduct business or

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<sup>1</sup> Commissioner of Immigration and Naturalization, 1933-1937.

<sup>2</sup> 43 Stat. 153.

carry on trade. The Government of India have been contrasting this position with the freedom enjoyed by American merchants and business men in India, who suffer under no such disabilities, and they have enquired whether the United States Government would in these circumstances be willing to negotiate a treaty with them with the object of according to business men and merchants of either one [*each*] country permission to enter, travel in, and reside in the country of the other with the purpose of promoting trade between the two. It has been suggested that a model for such a treaty might be based somewhat on the terms of the Convention between the United States and Australia on the same subject about which there was official correspondence between us in 1933 and 1934, ending with your official note of January 30th, 1934.<sup>4</sup>

I should be very grateful to you for your opinion on the Government of India's proposal, in particular as to whether you think that the United States Government would be willing to negotiate such a treaty.

Yours very sincerely,

R. C. LINDSAY

711.452/3

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

WASHINGTON, May 12, 1938.

EXCELLENCY: I have the honor to acknowledge the receipt of your letter of May 3, 1938, addressed to Mr. Moffat, regarding the desire of the Government of India to negotiate a treaty with the United States with the object of according to business men and merchants of each country the right to enter, travel and reside in the territories of the other for the purpose of carrying on international trade between the two countries. You suggest that such a treaty might be modelled somewhat after the proposed convention between the United States and Australia, a draft of which was submitted to you in my note of January 30, 1934.<sup>4</sup>

The United States Government is prepared to meet the wishes of the Indian Government in this matter through the conclusion of a Treaty of Commerce and Navigation which would provide *inter alia* for appropriate guarantees to American business men in India and for the admission of Indian business men into the United States as treaty aliens under Section 3 (6) of the Immigration Act of 1924. It considers, however, that the purpose which both Governments have in mind, that is, the maintenance and extension of the mutually profitable trade between the two countries, would not be accomplished

<sup>4</sup> *Foreign Relations*, 1934, vol. I, p. 834.

through the conclusion of a treaty of such limited scope as was proposed in the case of Australia. As a matter of fact, this Government has for some time been of the opinion that those provisions pertaining to India in the American-British Convention of Commerce and Navigation of July 3, 1815,<sup>5</sup> have become so obsolete and inadequate as to make their replacement by a modern and comprehensive treaty of commerce and navigation a matter of mutual interest to both the United States and India. The present would therefore appear to be an opportune occasion to accomplish the dual objective of providing for the admission and sojourn of business men of each country in the territories of the other and of establishing modern rules relating to the treatment to be accorded to the growing trade between the two countries.

If the proposal to negotiate such a comprehensive treaty meets with the approval of the Government of India, I shall be glad to submit to you a draft designed to accomplish the desired ends.

Accept [etc.]

CORDELL HULL

711.452/12

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

No. 505

WASHINGTON, December 30, 1938.

SIR: I have the honour to refer to Mr. Cordell Hull's note of the 12th May regarding the negotiation of a Treaty of Commerce and Navigation between the United States and India with the dual objective of providing for the admission and sojourn of businessmen in each country in the territories of the other, and of establishing modern rules relating to the treatment to be accorded to the growing trade between the two countries. The Government of India accept Mr. Hull's proposal that such a Treaty should be negotiated, and I am instructed to accept his suggestion that he should furnish me with a draft for the consideration of the Government of India. The latter would prefer that the proposed Treaty should be as simple as possible.

I have the honour [etc.]

V. A. L. MALLET

711.452/12

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

WASHINGTON, January 11, 1939.

SIR: I have received your note of December 30, 1938, conveying the acceptance by the Indian Government of this Government's proposal

<sup>5</sup> Hunter Miller (ed.), *Treaties and Other International Acts of the United States of America*, vol 2, p. 595.

of May 12, 1938, for the negotiation of a treaty of commerce and navigation between the United States and India which would provide *inter alia* for the right of business men and merchants of each country to enter, travel and reside in the territories of the other for the purpose of carrying on international trade between the two countries. I note that the Government of India is agreeable to the suggestion that the draft of such a treaty be prepared by this Government.

I have directed that the preparation of such a draft be undertaken, following the completion of which a further communication on the subject will be addressed to you.

Accept [etc.]

For the Secretary of State:  
R. WALTON MOORE

711.452/19

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

WASHINGTON, October 10, 1939.

EXCELLENCY: With further reference to the Embassy's note of December 30, 1938 conveying the acceptance of the Indian Government of this Government's proposal of May 12, 1938 for the negotiation of a treaty of commerce and navigation between the United States and India, and with reference to the Embassy's note of March 14, 1939<sup>1</sup> inquiring as to the status of this matter, I now have pleasure in transmitting herewith a draft of a treaty of establishment, commerce, navigation and consular rights between the United States of America and India.

As of possible assistance I wish to offer some comment on the various articles of this draft. Paragraph 1 of Article I provides that nationals of either country may enter the territories of the other country on the same terms as nationals of the most favored nation. While paragraph 8 of this Article reserves the operation of immigration laws specific provision is made by means of the proviso in that paragraph that nationals of each country may enter the other country to carry on trade between the two countries, or to engage in any activity related to or connected with the carrying on of such trade upon the same terms as nationals of the most favored nation. It is believed that the granting of this right, which is considered to be one of the important considerations in these negotiations, will meet the desire of the Indian Government that nationals of India shall have their rights to enter and reside in the United States to engage in international trade enlarged.

Other paragraphs of Article I deal with rights of nationals of either country within the territory of the other country. Paragraph 2

<sup>1</sup> Not printed.

grants, on a most-favored-nation basis, rights to travel and reside and to engage in professional, commercial and other work. In this connection, it may be pointed out that paragraph 3 of Article XVI defines most-favored-nation treatment as treatment accorded to the most favored third country, including the United Kingdom of Great Britain and Northern Ireland.

Paragraph 3 of Article I deals with rights in connection with the acquisition, possession and disposition of immovable property. These provisions are practically identical with those embraced in Article 1 of the treaty of friendship, commerce and navigation between the United States and Siam, signed November 13, 1937.<sup>8</sup> The provisions of the treaty with Siam were elaborated after considerable study, and as the Senate of the United States gave its advice and consent to the ratification of that treaty it is believed that the provisions would be accepted by the Senate if included in a treaty applicable to India. Three copies of the treaty with Siam are herewith enclosed.

The remaining paragraphs of Article I are practically identical with provisions in treaties now in force between the United States and several other countries, or differ only slightly from the provisions of those treaties.

Articles II to VI, inclusive, embrace, generally speaking, applications of the most-favored-nation principle in regard to commerce and the principle of national treatment in regard to navigation.

Article VII contains reservations with respect to the adoption of prohibitions or restrictions on the importation or exportation of certain articles and the adoption of neutrality measures and of sanitary measures.

Article VIII provides for most-favored-nation treatment in respect of the exploration for and exploitation of mineral resources. With respect to a specified list of resources, including oil, it provides for national treatment in the ownership of stock of domestic corporations. The proposed Article conforms to the United States Mineral Leasing Act, approved February 25, 1920 (41 Stat. 437). In drafting this Article the provisions of the British Petroleum (Production) Act of 1934 and Regulations, were kept in mind.

Article IX of the draft provides for both national and most-favored-nation treatment in connection with industrial and intellectual property.

The provisions of Articles X to XIV, inclusive, relate to consular officers. While it was not at first contemplated that the treaty would contain provisions relating to consular officers, this Government suggests that it is possible to deal briefly but adequately with this sub-

<sup>8</sup> Department of State Treaty Series No. 940, or 53 Stat. 1731. For correspondence regarding negotiations, see *Foreign Relations*, 1937, vol. iv, pp. 825 ff.



ject in the present treaty. The five articles concerning consular rights are entirely standard and may be found in many treaties now in force between the United States and other countries.

Provisions such as those embraced in Article XV of the draft treaty terminating the operation of the existing convention of commerce and navigation between the United States and Great Britain so far as it affects commerce, navigation and consular rights between the United States and India seem necessary.

Paragraph 1 of Article XVI relating to the territorial applicability of the treaty provides that the treaty shall extend, on the part of India, to India, including the Indian States. This Government would be desirous of extending to Burma the provisions agreed upon in respect of India in the same instrument if possible, or in another instrument, if necessary.

Your Excellency will note that Article XVII provides for an initial term of five years. This Government would be disposed to accept an initial ten-year term, but in any case would desire to make the commercial provisions terminable within a shorter period, and to stipulate that the termination of the commercial provisions would not impair the operation of the remainder of the treaty.

This Government will be pleased to be informed in the near future of the views of the Indian Government with respect to the enclosed draft. It is understood, of course, that either Government may introduce changes at any time during the course of the negotiations.

Accept [etc.]

For the Secretary of State:

R. WALTON MOORE

[Enclosure]

*Draft of a Treaty of Establishment, Commerce, Navigation and Consular Rights Between the United States of America and India*

The President of the United States of America and His Majesty the King of Great Britain, Ireland and the British Dominions beyond the Seas, Emperor of India, in respect of India, being desirous of strengthening the commercial and economic relations between the United States of America and India and of promoting friendly intercourse between the Governments and peoples of the two countries have resolved to conclude a Treaty of Establishment, Commerce, Navigation and Consular Rights applicable to the United States of America and India and for that purpose have appointed as their plenipotentiaries,

The President of the United States of America :

and

His Majesty the King of Great Britain, Ireland and the British Dominions beyond the Seas, Emperor of India :

For India :

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

#### ARTICLE I

1. The nationals of either country, upon conforming to the laws and regulations of the other country, may enter the territories of the other country on the same terms as nationals of the most favored nation.

2. Nationals of either country within the territories of the other country may, upon the same terms as nationals of the most favored nation :

(a) travel and reside,

(b) engage in professional, scientific, religious, philanthropic, industrial, manufacturing, financial and commercial work of every kind, and

(c) employ agents and employees of their choice.

3. (a) In all that relates to the acquisition, possession and disposition of immovable property, the nationals of each country shall, in the territories of the other country, be subject exclusively to the applicable laws of the situs of such immovable property. The applicable laws of the situs of immovable property as herein used shall in reference to nationals of India be understood and construed to mean the laws applicable to immovable property in the state, territory or possession of the United States of America in which such immovable property is situated; and nothing herein shall be construed to change, affect or abrogate the laws applicable to immovable property in any state, territory or possession of the United States of America.

(b) It is expressly agreed that nationals of the United States of America, including partnerships, corporations, associations and other legal entities, who are legal residents of or are organized under the laws of any state, territory or possession of the United States of America which accords to nationals of India the right to acquire, possess and dispose of immovable property shall be accorded all the rights respecting immovable property in India which are or may hereafter be accorded to the nationals of the most-favored-nation.

(c) Nothing in either sub-paragraph (a) or sub-paragraph (b) of this paragraph shall be construed to affect the application of the provisions of the Convention relating to the Tenure and Disposition of

Real and Personal Property between the United States of America and Her Majesty the Queen of the United Kingdom of Great Britain and Ireland, signed at Washington on March 2, 1899<sup>o</sup> to which notice of accession on behalf of India including the Native States was given June 30, 1902.

4. The nationals of each country within the territories of the other country shall not be subjected to the payment of any internal fees, charges or taxes other or higher than those that are exacted of and paid by nationals of the country of residence.

5. The nationals of each country shall enjoy freedom of access to the courts of justice of the other country as well for the prosecution as for the defense of their rights, and in all degrees of jurisdiction established by law.

6. The nationals of either country shall receive within the territories of the other country, upon submitting to conditions imposed upon nationals of the latter country, the most constant protection and security for their persons and property, and shall enjoy in this respect that degree of protection that is required by international law. Their property shall not be taken without due process of law and without payment of prompt, just and effective compensation.

7. In the manner of the exercise of any of the rights stipulated in this Article, the local law must be observed.

8. Nothing contained in this Treaty shall be construed to affect existing statutes of either country relating to emigration or immigration or to the right of either country to enact statutes relating to these matters, provided, however, that nationals of each country may enter the other country to carry on trade between the two countries or to engage in any activity related to or connected with the carrying on of such trade upon the same terms as nationals of the most favored nation.

## ARTICLE II

1. The United States of America and India will grant each other unconditional and unrestricted most-favored-nation treatment in all matters concerning customs duties and subsidiary charges of every kind and in the method of levying duties, and, further, in all matters concerning the rules, formalities and charges imposed in connection with the clearing of goods through the customs, and with respect to all laws or regulations affecting the sale or use of imported goods within the country.

2. Accordingly, articles the growth, produce or manufacture of either country imported into the other country shall in no case be subject to any duties, taxes or charges other or higher, or to any

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<sup>o</sup> *Foreign Relations*, 1916, p. 287.

rules, formalities or method of levying duties, taxes or charges, other or more burdensome, than those to which the like articles the growth, produce or manufacture of any third country are or may hereafter be subject.

3. Similarly, articles exported from the territory of the United States of America or India and consigned to the territory of the other country shall in no case be subject with respect to exportation to any duties, taxes or charges other or higher, or to any rules, formalities or method of levying duties, taxes or charges, other or more burdensome, than those to which the like articles when consigned to the territory of any third country are or may hereafter be subject.

4. Any advantage, favor, privilege or immunity in regard to any duties, taxes, subsidiary or other charges, or method of levying them or in regard to any rules or formalities, which has been or may hereafter be granted by the United States of America or India to any article originating in any third country or consigned to the territory of any third country shall be accorded immediately and without compensation to the like article originating in or consigned to the territory of India or the United States of America, respectively, and irrespective of the nationality of the carrier.

5. The stipulations of this Treaty regarding the treatment to be accorded by each country to the commerce of the other country do not extend:

(a) to the advantages now accorded or which may hereafter be accorded by the United States of America, its territories or possessions or the Panama Canal Zone to one another or to the Republic of Cuba. The provisions of this paragraph shall continue to apply in respect of any advantages now or hereafter accorded by the United States of America, its territories or possessions or the Panama Canal Zone to one another, irrespective of any change in the political status of any of the territories or possessions of the United States of America;

(b) to any advantages which are, or may in the future be accorded by either country to purely border traffic within a zone not exceeding ten miles (15 kilometers) wide on either side of the customs frontier;

(c) to any advantages in customs matters which are, or may in the future be accorded to countries in customs union with either country so long as such advantages are not accorded to any third country.

### ARTICLE III

1. No prohibition or restriction of any kind shall be imposed by the Government of either country on the importation of any article the growth, produce or manufacture of the other country or upon the exportation of any article destined for the other country, unless the importation of the like article the growth, produce or manu-

facture of all third countries, or the exportation of the like article to all third countries, respectively, is similarly prohibited or restricted.

2. If the Government of either country imposes any restriction or limitation upon the importation of any article in which the other country has an interest, or regulates the importation of any such article by means of import licenses or permits, it shall establish in advance, and, upon request, shall inform the Government of the other country of, the total quantity of such articles permitted to be imported during a specified period.

3. If the Government of either country regulates the importation of any article in which the other country has an interest either as regards the total quantity permitted to be imported or the quantity permitted to be imported at a specified rate of duty, and if a share is allotted to any third country, a share shall be allotted to the other country equivalent to the proportion of the total importation of such article supplied by that country during a previous representative period, unless it is mutually agreed to dispense with such allotment.

4. If the Government of either country establishes or maintains any form of control of the means of international payment, it shall accord unconditional most-favored-nation treatment to the other country in this matter. It is agreed, further, that such control shall be administered so as not to influence to the disadvantage of the other country the competitive relationships between articles originating in that country and similar articles originating in third countries, and so as not to impair the operation of any other provisions of this Treaty.

#### ARTICLE IV

1. In the event that either country establishes or maintains a monopoly for the importation, production or sale of any article, or grants exclusive privileges, formally or in effect, to any agency to import, produce or sell any article, the country establishing or maintaining such monopoly, or granting such monopoly privileges, agrees that in respect of the foreign purchases of such monopoly or agency, the commerce of the other country will be accorded fair and equitable treatment. To this end it is agreed that in making its foreign purchases of any article such monopoly or agency will be influenced solely by considerations such as price, quality, marketability and terms of sale, which would ordinarily be taken into account by a private commercial enterprise interested solely in purchasing the article on the most favorable terms.

2. Each country, in the awarding of contracts for public works and generally in the purchase of supplies, shall accord fair and equita-

ble treatment to the commerce of the other country as compared with the treatment accorded to the commerce of third countries.

#### ARTICLE V

1. Vessels of the United States of America shall enjoy in India and Indian vessels shall enjoy in the United States of America the same treatment as national vessels or vessels of the most favored third country.

2. The coasting trade of the two countries shall be exempt from the foregoing provision and from the other provisions of this Treaty, and shall be regulated according to the laws of each country in relation thereto. It is agreed, however, that with respect to the coasting trade vessels of either country shall enjoy within the territory of the other country the most-favored-nation treatment.

3. Vessels under the flag of either country shall be permitted to discharge portions of cargoes at any port open to foreign commerce in the territories of the other country, and to proceed with the remaining portions of their cargoes to any other ports of such territories open to foreign commerce, and to unload portions of their cargoes at such ports, without paying other or higher tonnage dues or port charges than would be paid by national vessels or vessels of the most favored nation in like circumstances, and they shall be permitted to load in like manner at different ports in the same voyage outward.

#### ARTICLE VI

The nationals and goods of each country within the territories of the other country shall receive the same treatment as nationals and goods of the latter country or of any third country with regard to internal taxes, transit duties, charges in respect of warehousing and other facilities and the amount of drawbacks.

#### ARTICLE VII

1. Subject to the requirement that, under like circumstances and conditions, there shall be no arbitrary discrimination by either country against the other country in favor of any third country, the provisions of this Treaty shall not extend to prohibitions or restrictions (1) imposed on moral or humanitarian grounds; (2) designed to protect human, animal or plant life or health; (3) relating to prison-made goods, or (4) relating to the enforcement of police or revenue laws.

2. Nothing in this Treaty shall be construed to prevent the adoption or enforcement of measures (a) relating to the importation or exportation of gold or silver; (b) relating to the control of the export or sale for export of arms, ammunition, or implements of war, and, in exceptional circumstances, all other military supplies, or (c) relating to neutrality.

## ARTICLE VIII

The nationals of each country shall enjoy in the territories of the other country, upon compliance with the conditions there imposed, most-favored-nation treatment in respect of the exploration for and exploitation of mineral resources. In respect of the ownership of stock in domestic corporations engaged in the exploration for and exploitation of coal, phosphate, oil, oil shale, gas and sodium on the public domain, the nationals of each country shall enjoy within the territories of the other country, on condition of reciprocity, and upon compliance with the conditions there imposed, all the rights and privileges now or hereafter granted to the nationals of the latter country. It is understood, however, that neither country shall be required by anything in this article to grant any application for any such right or privilege if at the time such application is presented the granting of all similar applications shall have been suspended or discontinued.

## ARTICLE IX

The nationals of either country shall have in the territories of the other country the same rights as nationals of the latter country with respect to patents for inventions, trade-marks, trade-names, designs and copyright in literary and artistic works. In no case shall such treatment be less favorable than that accorded to nationals of the most favored nation.

## ARTICLE X

1. Each country will receive from the other country, consular officers in those of its ports, places and cities, where it may be convenient and which are open to consular representatives of any third country.

2. Consular officers of each country shall, after entering upon their duties, enjoy reciprocally in the territory of the other country all the rights, privileges, exemptions and immunities which are enjoyed by officers of the same grade of the most favored nation. As official agents, such officers shall be entitled to the high consideration of all officials, national or local, with whom they have official intercourse in the country which receives them.

## ARTICLE XI

1. Consular officers, including employees in a consulate, nationals of the country by which they are appointed, other than those engaged in private occupations for gain within the country where they exercise their functions, shall be exempt from all taxes, National, State, Provincial and Municipal, except taxes levied on account of the possession or ownership of immovable property situated in, or income derived from property of any kind situated or belonging in the territories of the country in which they exercise their functions. All consular offi-

cers and employees, nationals of the country appointing them, shall be exempt from the payment of taxes on the salary, fees or wages received by them in compensation for their consular services.

2. The exemptions of the foregoing paragraph shall apply equally to officials who are duly appointed by the Government of one of the countries to exercise essential governmental functions in the territory of the other country, provided that such officials shall be nationals of the country appointing them and shall not be engaged in private occupations for gain in the country in which they exercise their functions. The Government of the country appointing them shall communicate to the Government of the other country satisfactory evidence of the appointment and shall indicate the character of the service of the officials to whom the exemptions of this Article are intended to apply.

3. The Government of each country shall have the right to acquire and own land and buildings required for diplomatic or consular premises in the territory of the other country and also to erect buildings in such territory for diplomatic or consular use subject to local building regulations.

4. Lands and buildings situated in the territory of either the United States of America or India, of which the Government of the other country is the legal or equitable owner and which are used exclusively for governmental purposes by that owner, shall be exempt from taxation of every kind, National, State, Provincial and Municipal, other than assessments levied for services or local public improvements by which the premises are benefited.

## ARTICLE XII

1. The Government of the United States of America and the Government of India, respectively, will permit the entry free of all duty and without examination of any kind, of all furniture, equipment and supplies intended for official use in the consular offices of the other country, and will extend to such consular officers of the other country and their families and suites as are its nationals, the privilege of entry free of duty of their baggage and all other articles for personal use, including automobiles, spare parts and equipment for automobiles and fuels used in operating automobiles, whether accompanying the officer, his family or suite, to his post or imported at any time during his incumbency thereof; provided, nevertheless, that no article, the importation of which is prohibited by the law of either country may be brought into its territories.

2. The exemptions of the foregoing paragraph shall apply equally to officials who are duly appointed by the Government of one of the countries to exercise essential governmental functions in the territory



of the other country, provided that such officials shall be nationals of the country appointing them and shall not be engaged in private occupations for gain in the country in which they exercise their functions. The Government of the country appointing them shall communicate to the Government of the other country satisfactory evidence of the appointment and shall indicate the character of the service of the officials to whom the exemptions of this Article are intended to apply.

3. It is understood, however, that the privileges provided in this Article shall not be extended to officers who are engaged in any private occupation for gain in the countries where they exercise their functions, save with respect to governmental supplies.

#### ARTICLE XIII

1. In case of the death of a national of either the United States of America or India in the territory of the other country without having in the locality of his decease any known heirs or testamentary executors by him appointed, the competent local authorities shall at once inform the nearest consular officer of the country of which the deceased was a national of the fact of his death, in order that necessary information may be forwarded to the parties interested.

2. In case of the death of a national of either the United States of America or India without will or testament whereby he has appointed testamentary executors, in the territory of the other country, the consular officer of the country of which the deceased was a national and within whose district the deceased made his home at the time of death, shall, so far as the laws of the country permit and pending the appointment of an administrator and until letters of administration have been granted, be deemed qualified to take charge of the property left by the decedent for the preservation and protection of the same. Such consular officer shall have the right to be appointed as administrator within the discretion of a tribunal or other agency controlling the administration of estates provided the laws of the place where the estate is administered so permit.

3. Whenever a consular officer accepts the office of administrator of the estate of a deceased countryman, he subjects himself as such to the jurisdiction of the tribunal or other agency making the appointment for all necessary purposes to the same extent as a national of the country where he was appointed.

#### ARTICLE XIV

1. A consular officer shall have exclusive jurisdiction over controversies arising out of the internal order of private vessels of his country, and shall alone exercise jurisdiction in cases, wherever aris-

ing, between officers and crews, pertaining to the enforcement of discipline on board, provided the vessel and the persons charged with wrongdoing shall have entered a port or place within his consular district. Such an officer shall also have jurisdiction over issues concerning the adjustment of wages and the execution of contracts relating thereto provided, however, that such jurisdiction shall not exclude the jurisdiction conferred on local authorities under existing or future laws.

2. When an act committed on board of a private vessel under the flag of the country by which the consular officer has been appointed and within the territories or territorial waters of the country to which he has been appointed constitutes a crime according to the laws of that country, subjecting the person guilty thereof to punishment as a criminal, the consular officer shall not exercise jurisdiction except in so far as he is permitted to do so by the local law.

3. A consular officer may freely invoke the assistance of the local police authorities in any matter pertaining to the maintenance of internal order on board of a vessel under the flag of his country within the territories or territorial waters of the country to which he is appointed, and upon such a request the requisite assistance shall be given.

4. A consular officer may appear with the officers and crews of vessels under the flag of his country before the judicial authorities of the country to which he is appointed for the purpose of observing the proceedings or of rendering assistance as an interpreter or agent.

#### ARTICLE XV

The present Treaty shall, from the day on which it comes into force, supplant the provisions relating to navigation, trade and commerce applicable in respect of the United States of America and India in Article III of the Convention of Commerce and Navigation between the United States of America and His Britannic Majesty, concluded at London July 3, 1815, and likewise the provisions of Article IV of the said convention in so far as concerns the appointment of consular officers by the United States of America to reside in India.

#### ARTICLE XVI

1. The present Treaty shall apply, on the part of the United States of America to all territory subject to its sovereignty or authority, except the Panama Canal Zone and shall include the Philippine Islands so long as the United States of America maintains its sovereignty or authority over those Islands. The present Treaty shall apply, on the part of India, to India, including the Indian States.

2. The term "nationals" as used in this Treaty in Article I, paragraph 2 (b), except as to professional work, 2 (c), 3 (a), 3 (b), 4, 5 and 6; Article VI; Article VIII and Article IX, shall be deemed to include natural persons, partnerships, corporations, associations, and other legal entities.

3. The term "most favored nation" as used in this Treaty shall be construed to mean the most favored third country, including the United Kingdom of Great Britain and Northern Ireland.

#### ARTICLE XVII

1. The present Treaty shall take effect in all of its provisions on the day of the exchange of ratifications, and shall continue in force for the term of five years from that day.

2. Unless at least one year before the expiration of five years from the day on which the present Treaty shall come into force, the Government of the United States of America or of His Majesty notifies to the other Government an intention of terminating the Treaty upon the expiration of the aforesaid period of five years, the Treaty shall continue in full force and effect after the aforesaid period and until one year from such a time as either Government shall have notified to the other Government an intention of terminating the Treaty.

#### ARTICLE XVIII

The present Treaty shall be ratified, and the ratifications thereof shall be exchanged at . . . . . as soon as possible.

In witness whereof the respective Plenipotentiaries have signed the present Treaty and have affixed their seals thereto.

Done in duplicate at . . . . . this . . . . . day of . . . . .

711.452/30

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

No. 446

WASHINGTON, October 27, 1939.

SIR: I have the honour to acknowledge with thanks the receipt of your note No. 711.452/19 of the 10th October transmitting a draft of a treaty of establishment, commerce, navigation and consular rights between the United States of America and India.

I shall forward this draft together with a copy of your note under reply at the earliest opportunity to His Majesty's Principal Secretary of State for Foreign Affairs for transmission to the Government of India, and shall have the honour in due course to inform you of the latter's views thereon.

I have the honour [etc.]

LOTHIAN

## EUROPE

### ALBANIA

#### ABSORPTION OF ALBANIA BY ITALY

765.75/384 : Telegram

*The Minister in Albania (Grant) to the Secretary of State*

TIRANA, March 4, 1939—6 p. m.

[Received 6:40 p. m.]

9. Political tension involving Italo-Albanian relations continues following the recent expulsion from Albania by order of the King of Commander Giovanni Giro, Italian Fascist organizer of youth who with the help of large sums of Italian lire it is alleged collaborated with certain dissatisfied Albanians including a member of Parliament and friend of the King in an attempt to launch a movement to overthrow the regime. King Zog immediately called up his army reservists and expelled Giro. The prevailing opinion in well informed circles is that the Italian Government sponsored the affair since Giro is high in the Fascist Party in Rome being close to Mussolini, although this is denied by the Albanian Foreign Minister.

GRANT

765.75/390 : Telegram

*The Minister in Albania (Grant) to the Secretary of State*

TIRANA, April 2, 1939—midnight.

[Received April 3—9:40 a. m.]

12. According to reports not yet confirmed officially Italy has made six [*sic*] demands upon Albania, namely, (1) control of Albanian finances, (2) control of the *gendarmerie*, (3) control of the army, (4) control of the civil administration, (5) permission for Italian soldiers to guard the airdromes and reclaim swamps, (6) organization of Albanian youth by Italian military men, (7) a concession of minerals.

According to a further report the King refused categorically to make any concessions which would impair the integrity of Albanian independence and the existing regime but agreed to the organization of youth by Italian officers and offered to discuss the proposed economic conditions. The Italian Minister to Albania who is reported

to have conveyed the King's answer to his Government in Rome returned to Tirana today accompanied by General Sereggi recently appointed Albanian Minister to Rome to conduct negotiations with the Italians. There have been demonstrations in Tirana by Albanians urging resistance to the Italians and tonight the Albanian Minister of the Interior and the Secretary General of the Ministry of Foreign Affairs made speeches from the balcony of the Palace and from the city hall urging the demonstrators to disperse and assuring them that necessary measures have been taken to handle the situation. There is an unconfirmed report this evening that Italian troops are expected to land at Valona during the night. It is reported on good authority that the King has decided to resist the Italians. Late this evening, however, the Foreign Minister said "for the moment there is nothing to worry about."

GRANT

765.75/391 : Telegram

*The Minister in Albania (Grant) to the Secretary of State*

TIRANA, April 3, 1939—4 p. m.

[Received 5:32 p. m.]

13. Legation's telegram No. 12, April 2, midnight. Italy, according to reliable information, has demanded through the Italian Minister the establishment of a virtual protectorate over Albania. King Zog has refused to accede and has taken military measures with a view of resisting by force the landing of Italian troops in Albania. One of the King's advisers has informed me that His Majesty will retreat to the mountains in the event of a successful invasion and continue resistance to the Italians. The Italian Minister was in conference late last night with the Prime Minister and the Minister for Foreign Affairs. The latter two had a midnight conference with the King. This morning the Italian Minister was in conference with the King again. It is understood that the Albanian Government is endeavoring through these consultations to obtain a reduction in Italy's demands.

It is agreed in diplomatic circles that a very serious situation exists. The Dean of the Diplomatic Corps, the Greek Minister, has telegraphed his Government [garbled group]. It is reported that the Albanian Government will issue an official communiqué during the day. I have an appointment with the Foreign Minister at 4:30 o'clock this afternoon.

GRANT

765.75/417

*Memorandum of Conversation, by the Chief of the Division of  
European Affairs (Moffat)*

[WASHINGTON,] April 4, 1939.

At Mr. Welles'<sup>1</sup> request I asked the Albanian Minister to call this morning. I told him that Mr. Welles had undertaken to pass on to him any important information respecting Albania which we might receive, and then gave him the gist of Mr. Grant's telegram no. 13 of April 3rd.

The Minister said that he had every reason to believe that a crisis was fast approaching. He thought it even possible that he would soon "join Mr. Hurban".<sup>2</sup> Not only was Mussolini forced to deliver something to his people that would gratify their vanity,—and for this purpose Albania would probably cause the fewest international complications,—but a distinct hint had been given in one of Mussolini's recent speeches when he no longer referred to the Adriatic as "an Italo-Albanian lake".

The great tragedy of the situation, according to the Minister, was that the present Foreign Minister had been in Italian pay and might still be. The Minister had urged King Zog the last time he saw him to put the Minister of Foreign Affairs in a penitentiary. The King had replied that the Minister was a figurehead and that he himself would direct Albanian foreign affairs. The King had then given him a private cipher, which had later been cancelled when it became apparent that the Italians had the key thereto. There was not an Albanian pouch going into or out of the country which was not opened by the Italians and its contents photographed.

The Minister concluded by saying that Italy could probably capture Albania with relative ease, but that when it came to holding the country the task would be a constant and perpetual drain on Italian vitality. The Albanians would never accept Italian domination, and they were a compact, war-like, and tenacious people.

I told the Minister that we would endeavor to keep in close touch with him through this critical time.

PIERREPONT MOFFAT

<sup>1</sup> Sumner Welles, Under Secretary of State.

<sup>2</sup> Vladimír Hurban, Czechoslovak Minister to the United States just prior to the absorption of Czechoslovakia by Germany.

765.75/394 : Telegram

*The Minister in Albania (Grant) to the Secretary of State*TIRANA, April 4, 1939—2 p. m.  
[Received 2:34 p. m.]

14. Legation's 13, April 3, 4 p. m. Although negotiations between the Italian and Albanian Governments are continuing and have not broken down according to information given to me by the Albanian Foreign Minister the situation for Albania is admitted to be grave. Reports from the Greek Consul at Valona to the Greek Legation are to the effect that the Italian Consul there has announced that Italian troops will occupy Valona either Wednesday or Thursday of this week. It is also reported that the Albanian Prefect has armed the Moslems of Valona for resistance. More than 60,000 troops are camped at Bari according to report brought back by our American courier. The situation is complicated for the King since the Queen is hourly expecting a baby.

Copy sent to Rome.

GRANT

765.75/396 : Telegram

*The Minister in Albania (Grant) to the Secretary of State*TIRANA, April 4, 1939—10 p. m.  
[Received April 5—1:28 a. m.]

15. Legation's 14, April 4, 2 p. m. Following a meeting this afternoon of the Albanian Cabinet and other political leaders with the King presiding, a delegate, former Prime Minister Mehdi Frasheri, called on the Greek Minister, Dean of the Diplomatic Corps, and made the following verbal statement for the King.

The Italian demands upon Albania if accomplished would constitute a protectorate over the whole country and the concessions which have been requested would result in Albania becoming Italian from every point of view. The Italian demands embodied: to [the] control of all administrations of the Albanian state including the army, the placing of Italian troops at all strategical points in Albania, and at other points designated by Italy, including the principal centers of population. The King refuses to accept the demands which he regards as against the freedom and independence of his country and he is trying to gain time by negotiating with the Italian Government. The King has decided to resist Italian invasion by force and has approximately 15,000 troops prepared to defend where the Italians may attack. The King made an appeal to the Governments of the Balkan Entente States, namely, Turkey, Greece, Yugoslavia and Rumania

whose security would be threatened by the occupation of Albania by the Italians. The King requests the Governments of these States to make a collective statement with the view of stopping the contemplated Italian action. The King is making a similar *démarche* to France and Great Britain in view of their vital interests in the Mediterranean.

The Greek Minister has informed me in the strictest confidence discreetly of the opinion and he informed the delegate that the Albanian appeal to the Balkan States has perhaps been made too late. The Greek Minister said he based his opinion upon reports which he has received including a report this afternoon from the Greek Consulate at the port of Saranda quoting the captain of a Greek steamer from Brindisi to the effect that 10 Italian warships and 10 transports were at Brindisi last night Monday and that approximately 10,000 soldiers were embarking. The Greek Minister transmitted this evening to his Government the King's appeal.

GRANT

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765.75/401 : Telegram

*The Ambassador in Italy (Phillips) to the Secretary of State*

ROME, April 5, 1939—5 p. m.

[Received April 5—2:34 p. m.]

115. According to information which is being given out by the Italian Foreign Office the Albanian Government recently approached the Italian Government suggesting certain amendments in the Italo-Albanian Treaty of Alliance.<sup>3</sup> The Italian Government had been concerned with regard to developments which it considered might endanger its "heavy investments" in Albania and prepared a series of suggestions which would permit the Italian Government to send troops in the event that Italian interests in Albania should require their protection. In answer to these suggestions made by the Italian Minister who returned to Tirana on April 2 it is stated that King Zog ordered mobilization and refused to consider the Italian proposals. It was further explained that while the Italian Government has no wish to change in any way the juridical status of Albania it might be compelled to intervene if Italian interests are threatened.

No further information regarding the intentions of the Italian Government has been obtained from official sources and the official Italian radio announced last night that negotiations were under way looking toward a strengthening of Italo-Albanian military agreement. The Italian press is conspicuously silent with regard to the entire situation.

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<sup>3</sup> Signed November 22, 1927, League of Nations Treaty Series, vol. LXXIX, p. 341.



On the other hand, reports from Bari and Brindisi have established that troops have been concentrated in this area. A member of the Greek Legation returned yesterday from Bari and reported to his Minister that on Monday four Italian cruisers, the *Zara*, *Fiume*, *Trento* and *Gorizia*, as well as three transports accompanied by four destroyers arrived there on Monday and the light cruiser *Giovanni delle Bande Nere*, one transport and six destroyers were already in the harbor. According to his report preparations were under way to constitute Bari as a base for reenforcements. He maintained that he was impressed by the number of army officers, especially of the higher ranks, whom he saw in town.

On the other hand, the Yugoslav Consul in Bari has reported to his Legation that he was informed on Monday that orders had been received that all troop movements were to cease, as projected plans against Albania had been canceled.

When the British Ambassador saw Ciano<sup>4</sup> yesterday he asked on his own initiative for reassurances regarding Italy's intentions concerning Albania and was informed that Italy did not wish to take any action unless its interests were so threatened that intervention became necessary.

The British Embassy had this morning not yet received any information regarding the reported appeal of King Zog to the British Government and to members of the Balkan Entente; see telegram No. 15, April 4, 10 p. m., from the Legation at Tirana. Reports from the British Legation yesterday indicated, however, that Albania would resist any infringement of its sovereignty.

PHILLIPS

765.75/418: Telegram

*The Minister in Yugoslavia (Lane) to the Secretary of State*

BELGRADE, April 6, 1939—5 p. m.

[Received 9:29 p. m.]

62. My telegram No. 61, April 6, 11 a. m.,<sup>5</sup> Foreign Office advised me today that Yugoslav Government does not regard Albanian situation as serious and that rumors which have been circulated regarding disembarkment of Italian troops are false. Foreign Office admitted however that several Italian war vessels have proceeded to Valona to protect Italian subjects in case of trouble. Informant said that Yugoslav Government has received assurances from Italian Government that no military measures will be taken respecting Albania.

British Minister informed me that he told Minister for Foreign Affairs yesterday that Great Britain would regard Italian occupation

<sup>4</sup>Galeazzo Ciano, Italian Minister for Foreign Affairs.

<sup>5</sup>Not printed.

of Albania as violation of British-Italian Pact regarding Mediterranean *status quo*.<sup>6</sup> Campbell<sup>7</sup> said that Perth<sup>8</sup> had spoken to Ciano a few days ago in similar vein and that Lord Halifax<sup>9</sup> had written to Campbell requesting him to give similar explanation to Prince Paul.<sup>10</sup>

Unless there have been some developments of which I am not aware I still consider that the opinion expressed in my No. 39, March 21, 8 p. m.,<sup>11</sup> is correct, namely, that any Italian action with regard to Albania would not be to Italy's advantage but would merely create unnecessary resentment on the part of Yugoslavia and Greece, especially the latter. According to Greek Minister a secret protocol forming part of Italo-Yugoslav Pact of 1937<sup>12</sup> provided for maintenance of *status quo* in the Adriatic and particularly guaranteed independence of Albania; hence Italian aggressive action there would put Yugoslavia against Italy at the very moment when the two countries have mutual need of one another. We feel that Yugoslav official declaration on this morning was inspired by Italy and was intended to show that Italy and Yugoslavia are proceeding harmoniously.

German Military Attaché who is usually very well informed said to me today that Italy had "not yet" occupied Albania but that occupation might be expected momentarily. This opinion has not been confirmed from any other source. Perhaps it is a case of the wish being father to the thought.

LANE

765.75/444 : Telegram

*The Minister in Albania (Grant) to the Secretary of State*

TIRANA, April 6, 1939—7 p. m.

[Received April 13—9 : 15 a. m.]

21. In an audience with King Zog today at noon the King made the following statement in substance :

"Some days ago the Italian Minister in Albania presented to me certain demands which according to my judgment amounted to a protectorate over Albania. I flatly refused to consider any proposal which either directly or indirectly would impair the integrity and independence of my country. General Sereggi, new Minister to Italy, subsequently had a conversation with Mussolini and Ciano in which

<sup>6</sup> Signed January 2, 1937, League of Nations Treaty Series, vol. CLXXVII, p. 241; for agreement signed April 16, 1938, reaffirming the 1937 agreement, see League of Nations Treaty Series, vol. CXCIV, p. 77.

<sup>7</sup> Ronald Hugh Campbell, British Minister in Yugoslavia.

<sup>8</sup> Earl of Perth, British Ambassador in Italy.

<sup>9</sup> British Secretary of State for Foreign Affairs.

<sup>10</sup> Prince Regent of Yugoslavia.

<sup>11</sup> Not printed.

<sup>12</sup> *Revue de Droit International*, 1937, vol. 19, pp. 370-371.

he presented my views. Yesterday afternoon the Italian Minister conversed with me for two hours and presented to me again certain demands which taken together amount to a protectorate over Albania. The Italian Minister said he wanted a reply for his Government by 12 o'clock today. I refused to consider the demands which would result in a protectorate according to my view. The Italian Minister maintained that the demands would not constitute a protectorate."

The demands presented by the Italian Minister which were enumerated to me by the King provide; (1) for the control of all ports, communications, roads, and airfields in the event it appears that Albanian independence is in danger, (2) an Italian organizer in each Albanian Ministry who would have the rank of Minister ranking immediately below the Albanian Minister; (3) Italians in Albania to have equal civil and political rights with the Albanians; (4) the raising of the Italian Legation in Tirana and the Albanian Legation in Rome to the rank of Embassies.

In regard to the first demand the King said he informed the Italian Minister that only after previous agreement and in case he, the King, requested it would he agree to the landing of Italian troops in Albania. The King said he had refused the second demand stating that he would only agree to Italian organizers if the Albanians thought it necessary such as exists in several Ministries at the present time. On the third point the King said he would only agree to granting to the Italians civil rights, that to grant the other demands would mean that the Italians would be elected to the Albanian Parliament and could own land in Albania. The King said he agreed to the fourth demand.

The King stated further that the Italian Minister called to see him again this morning and presented to him for his signature a document containing the Italian demands. The King indicated further that in view of the insistence of several of his Ministers that he reconsider his decision he requested the Italian Minister to hold the matter in abeyance until 6 o'clock this evening in order to give the Albanian Cabinet and a delegation representing it an opportunity to consider the question. He said that the Prime Minister and the Foreign Minister were charged to give the reply of the Government to the Italian Minister. The King indicated that in view of his Minister's requests he had left it to the Cabinet and Parliamentary delegates to make their own choice.

In answer to my categorical question as to whether the Government would resist by force the landing of Italian troops in the event the Government decides to refuse the demands, the King replied that he had ordered general mobilization and the evacuation of Durazzo's civil population. His Majesty said he did not have many soldiers

and that he had been able to send only two battalions to the port of Valona. Other units he said have been placed in strategic sections. He said that the remainder of the [apparent omission] were civilians to whom arms have been distributed. The King indicated that it would not be possible for his army to resist very long the powerfully well equipped Italian Army. He said that the Albanian resistance would be a protest against Italian aggression and a demonstration to the world that the Albanians would not die without putting up a fight. I asked the King if he had received any encouragement of support from members of the Balkan Entente and from England and France. He replied that his Minister at Belgrade had informed him that the Yugoslav Government believed that Italy was only bluffing and did not intend to occupy Albania.

I asked the King if he had any message which he wished to transmit to my Government. The King replied that he would be pleased if I would convey to President Roosevelt his cordial and friendly greetings and stated that in his judgment the great democracies must either decide to strengthen themselves to the point where they may successfully meet the aggression of the totalitarian powers or else see the small and weak countries swallowed up one by one.

The King's general demeanor was calm but during the course of the conversation which lasted for nearly one hour he manifested strong emotion especially when he stated that Italian aggression would not be met in Albania as it was in Czechoslovakia.<sup>18</sup> He said that he would not under any circumstances agree to sign away his country as the President of the Czechoslovak Republic has done. He referred with a touch of bitterness in his voice to the fact that the Italians launched their offensive at the very moment when the Queen was giving birth to a child. At this particular moment he gazed out of the window and I could see plainly tears welling up in his eyes. He controlled himself with difficulty at this moment. He gave the impression of a man who felt bitter disappointment and that he had been grossly betrayed.

At 4:30 this afternoon 50 Italian planes grouped in squadrons of 10 flew at a high altitude over Tirana coming from the southwest and disappearing toward the western shore of the Adriatic. While the planes were flying overhead a tremendous demonstration by a crowd of several thousands of Albanians was staged in the principal square of Tirana. Hundreds of young Albanians were shouting for arms with which to defend their country. A delegation from the crowd attempted to see the King late this afternoon and at 8 o'clock approximately 2,000 Albanian young men and boys carrying Albanian flags and shouting "long live Albania, long live our freedom, long live the

<sup>18</sup> See *Foreign Relations*, 1938, vol. 1, pp. 657 ff.

United States and long live President Roosevelt" entered the Legation compound and paraded around the grounds.

The special Cabinet and parliamentary meeting early this evening voted to reject the Italian demands and to resist by force the landing of Italian troops but indicated that it would be willing to discuss with the Italian Government the Italo-Albanian Treaty of Alliance with a view of clarifying questions which are now in dispute concerning military obligations. In this connection it was suggested informally to the Italian Minister that he transmit to his Government the suggestion that General Pariani, Italian Secretary of War who several years ago served as chief of the Military Department of the Royal Court, should come to Albania in order to discuss the questions at issue. The Italian Minister, I am reliably informed, did not give much encouragement to the suggestion but it is believed he would transmit the request. It would appear that the Albanian Government is not only earnestly seeking a solution of the difficulties with which it is confronted but is playing for time with a view of securing assistance from the outside and also to provide an opportunity for the safe removal of the Queen who gave birth to a child yesterday morning.

GRANT

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765.75/480

*Memorandum of Conversation, by the Secretary of State*

[WASHINGTON,] April 7, 1939.

The Minister of Albania called at his own request. He was greatly depressed with the news of the invasion of his country by Italian troops and said simply that he had come to protest against Italy's invasion of his country. I then proceeded to ask questions, in reply to which he said that his country had 15,000 troops in the standing army and 100,000 reserves; that their armaments were inadequate; that they had some medium artillery on the coast; that there were good roads up the mountains from the coast to the capital, Tirana, a distance of some twenty miles; that the Italians had some 40,000 troops and between four and five hundred bombers in their expedition; that other troops would follow; that some German troops were with them apparently as Axis symbols; that there were only six or seven hundred Italians in Albania and that of course they were entirely free from harm; that the Italians each day were offering different excuses for their invasion, one being to protect Albania, and another to protect Italians in Albania, et cetera, et cetera. He stated that Albania owes Italy a debt of 30 million dollars, ostensibly loaned for the economic development of Albania, but in fact the Italians stipulated that it was to be applied chiefly to the construction of mili-

tary roads through Albania to Yugoslavia on the representation by Italy that this would enable Italy to protect Albania from Yugoslavia; that this took place from 1930 to 1936. I inquired as to any secret agreement between Italy and Albania in regard to Italy's occupation of the latter country. He said there was an agreement to the effect that in case the independence of Albania was threatened she might call for the help of the Italian military forces, and a further provision to the effect that Italian troops were not to come to Albania unless invited by Albania. He confirmed the clause in the Agreement of 1937 between Italy and Yugoslavia to the effect that it was agreeable to those two countries that Italy might aid in the economic development of Albania. I expressed great surprise and the keenest disappointment at this understanding, which seems definitely to threaten world peace.

I then asked his opinion as to the purpose of Italy in occupying his country by force, and he replied that he thought it was a springboard for further movements relating to Greece, Turkey and the Dardanelles; that it probably represented both Italy and Germany. In answer to another question, he said he thought it related also to the reported movement of the British, the Poles, and French, to establish peace alliances with countries in Southeastern Europe, including Turkey and Greece.

C[ORDELL] H[ULL]

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765.75/451a : Telegram

*The Secretary of State to the Ambassador in Italy (Phillips)*

WASHINGTON, April 7, 1939—2 p. m.

27. Please telegraph as soon as possible the tenor of Italian Government's explanation or attempted justification for invasion of Albania, notably any pertinent provisions of secret treaties or agreements that may be invoked.

During these next critical days I hope you will report in detail not only all facts which come to your attention but your personal analysis of the situation.

HULL

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765.75/421 : Telegram

*The Ambassador in Italy (Phillips) to the Secretary of State*

ROME, April 7, 1939—3 p. m.

[Received April 7—12:15 p. m.]

119. My telegram No. 115, April 5, 5 p. m. The British Ambassador told me this morning that in his conversation with Ciano on

April 4 the latter had explained that while the Italian Government was preparing a reply to King Zog's request to strengthen the Italo-Albanian alliance a further communication was received on March 20 from the King asking that Italian troops be sent for his use. When the Italian Government ascertained from other sources that Zog wished to obtain by force from Yugoslavia a small slice of Yugoslav territory where there were a considerable number of Albanian residents, it refused to consider his request. Thereupon Zog adopted an intensely anti-Italian policy which had become so serious that Italian interests were being menaced. The Italian Government had hoped to reach a new understanding through negotiations.

When Perth on his own initiative informed Ciano that any change in the territorial status of Albania would involve the Mediterranean *status quo* guaranteed by the Anglo-Italian accord of 1938 the latter assured him that the sovereignty of Albania would be respected and that the protection of Italian interests alone was involved.

A similar assurance was given by the Italian Chargé d'Affaires in London yesterday afternoon.

Perth has been instructed to call upon Ciano today to point out these assurances and to invite his attention to the provisions of the Anglo-Italian agreement. Perth has promised to inform me of the results of his conversation.

Official communiqués issued this morning announce that Italian troops have landed at Valona, Durazzo, Santi Quaranta and San Giovanni di Medua, that the only resistance which was met has been overcome at Durazzo, that the troops are marching to the interior where they are being quietly and cordially received by the population and that 400 Italian planes are flying over the country with orders not to bomb inhabited centers and to spare the civilian population. Manifestos are being distributed calling upon the Albanian people not to oppose vain resistance nor to listen to the men of their Government who are encouraging useless bloodshed and announcing that the Italian troops are coming and will remain for the time necessary to reestablish order, justice and peace.

PHILLIPS

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765.75/429 : Telegram

*The Minister in Yugoslavia (Lane) to the Secretary of State*

BELGRADE, April 7, 1939—7 p. m.

[Received 9:45 p. m.]

64. Yugoslav Cabinet now in session to discuss situation created by Italian occupation of Albania. No information yet obtainable from Yugoslav sources.

From source close to Prince Regent, I understand telegram from King Zog to Mussolini was intercepted today containing former's request for cessation of hostilities and agreement to capitulate to Italian demands. In view of last paragraph of my telegram No. 62, April 6, 5 p. m. indicating prior knowledge on the part of German military authorities that Italian action regarding Albania was imminent, I believe that it may be considered that Italy's action was taken along the lines of settlement [*sic*] but probably at the instigation of Germany which desired one of the following: (1) to compromise Italy in a military venture in the Balkans so as to insure Italy's not being on the side of Germany's enemies in the event of a general war; (2) to weaken Italy's prestige in the Balkans, especially with regard to Yugoslavia and Greece, as a result of her action against Albania, and thus make German economic and political penetration of the Balkans more feasible, or (3) to give Mussolini the sop which he has so long desired: annexation of territory to show that he has obtained something from the Axis.

In diplomatic circles it has been felt for some time that Germany's best opportunity to strike against England and France was prior to their taking further steps at rearmament. Cvetković<sup>14</sup> in fact today informed British Minister that information from Berlin showed German apprehension regarding success of British rearmament. Consequently if Germans could now act and consolidate the forces of the Axis both in Central Europe and in the Balkans their enemies would be weakened before the start of hostilities. It is now felt that the critical hour has arrived.

My personal feeling is that Yugoslavia will not come into the conflict should one arise, certainly not in its early phases. At present virtually the whole Yugoslav Government appears to be weak and almost cringing with respect to Germany. Even Prince Paul is depressed and without his usual vigor. Recent telegrams on case involving American oil interests are indicative of Government's hesitation to take action despite the fact that the public is more and more hostile towards Germany and Italy. The Italian attack on Albania will undoubtedly create resentment here despite the fact that the Albanians are not esteemed and that Albania has had territorial designs on Yugoslavia. As Andrić<sup>15</sup> pointed out in his conversation with me on April 5 Yugoslavia will in the long run come in on the side of Germany's enemies but only at the last moment.

LANE

<sup>14</sup> D. Cvetković, Yugoslav Prime Minister and Minister of Interior; he acceded to this office on February 5, 1939.

<sup>15</sup> I. Andrić, Yugoslav Assistant Minister for Foreign Affairs.



765.75/423 : Telegram

*The Ambassador in Italy (Phillips) to the Secretary of State*

ROME, April 7, 1939—8 p. m.  
[Received April 7—3:43 p. m.]

121. When I saw Ciano at 6:00 o'clock this afternoon he gave me the same explanation regarding events in Albania as he had given to Perth (see my 119, April 7, 3 p. m.) and then launched forth in a diatribe against King Zog and his misgovernment. He said that Zog would have to go and that a new government would be set up which would be in sympathy with the Italian Government. He assured me that Italy had no intention of affecting the independence of Albania and that as had already been announced Italian troops would be withdrawn as soon as law and order could be established. He said that Italian garrisons would undoubtedly have to be left at strategic points but insisted that Albanian independence and integrity would not be impaired. Ciano then mentioned the preponderance of Italian interests, including oil, and stated that these together with Italy's treaty relations gave the matter an internal aspect. He explained that naturally Italy did not want to do anything that might cause uneasiness to "its good friend Yugoslavia" and repeated that its sole intention was to establish law and order in Albania and to get rid of a government which was not only hostile to Italy but highly unpopular in that country.

He assured me that instructions had been issued to the Italian Air Force to refrain from bombing towns and the civilian population and that as far as he knew there had been no bombing whatsoever. He added that, of course, should there be an anti-aircraft attack against Italian planes they would be forced to reply but said that he had himself this morning flown over Albanian territory and saw no signs of real resistance.

Repeated Belgrade, Tirana.

PHILLIPS

765.75/430 : Telegram

*The Minister in Yugoslavia (Lane) to the Secretary of State*

BELGRADE, April 7, 1939—9 p. m.  
[Received April 7—8:57 p. m.]

65. Have just been informed as follows by recently appointed Assistant Minister for Foreign Affairs, Smiljanic, considered to be expert on Albanian affairs:

Rome has kept Belgrade informed of progress of conversations with Tirana and of "hostility" of Albanian Government which it had ob-

served. Day before yesterday Belgrade was informed of decision to send Italian war vessels "to pacify" Albania.

Italian Government has given Yugoslav Government assurances: (1) that it will guarantee independence of Albania, (2) that its action in Albania is purely provisional; (3) that it will guarantee "Yugoslav interest" in Albania.

Foregoing was brought to the attention of the Cabinet today by the Minister for Foreign Affairs. As a result it was decided to await developments. No steps towards mobilization have been taken.

Last information from Tirana is that Albanian deputies have met Italian commander with a view to arriving at conditions for armistice.

As Smiljanic was source of first paragraph of my 62, April 6, 5 p. m., it is evident that somebody is not being entirely frank, to put it mildly.

Yugoslav Government is evidently fearful of making any move against Italy or of intimating what is well known here that Italian action is most distasteful to Yugoslav Government. (Note apologetic tone of Yugoslav declaration transmitted in my 61, April 6, 11 a. m.<sup>16</sup>)

German Military Attaché reports having received visit last night from Italian Military Attaché "to explain" necessity for large number of troops sent to Albania (compare statement regarding a few hundred troops made by Italian Minister transmitted in my 63<sup>16</sup>). German Military Attaché said that from a purely military standpoint occupation of Albania would be logical first step to occupation of Salonica, that Italy is apparently accepting at face value Chamberlain's<sup>17</sup> statement<sup>18</sup> that move against Albania would not constitute direct threat to British interests; and that Yugoslavia is so weak militarily and politically that it can do nothing.

No comment as yet in local press.

LANE

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765.75/435 : Telegram

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

PARIS, April 8, 1939—noon.

[Received April 8—10: 50 a. m.]

632. While the Foreign Office has received no confirmation of the entry of Italian troops in Tirana, the last telegram received from the French Minister stated that the Italians were but 15 kilometers from the capital. Zog is reported to be continuing his resistance and to be determined to hold out as long as possible.

<sup>16</sup> Not printed.

<sup>17</sup> Neville Chamberlain, British Prime Minister.

<sup>18</sup> Not evident to what statement this refers. For British correspondence regarding the Italian occupation of Albania, see *Documents on British Foreign Policy, 1919-1939*, Third Series, vol. v, pp. 116 ff.

François-Poncet<sup>19</sup> has cabled from Rome that Perth has received "assurances" from Ciano that the Italian action against Albania is in no wise intended to affect the independence and integrity of Albania and that therefore there has been no modification in the Mediterranean *status quo*.

It is the impression at the Foreign Office here that the British Government will probably decide that it can do nothing more than make the best of a bad business. Certainly there is no intention in Great Britain or France to go to war over the Albanian affair.

The Foreign Office states that the Yugoslavs profess to be satisfied with the assurances they have received from Italy that Yugoslav interests will be respected. It is felt here that Yugoslavia is in such a weak position diplomatically, militarily and internally, that this is the only position which the Yugoslav Government can adopt. The Foreign Office is informed that in Greece there is the greatest concern over the Albanian situation.

BULLETIN

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765.75/445 : Telegram

*The Minister in Albania (Grant) to the Secretary of State*

TIRANA, April 8, 1939—10 a. m.

[Received April 9—5:55 p. m.]

27. Italian troops occupied Tirana at 10 o'clock this morning and are in full control with the assistance of the Italian Minister and staff and a few high officers of the Albanian Government. The resistance to the Italian invasion collapsed when King Zog fled from the Royal Palace in Tirana shortly after 6 o'clock last evening. The King accompanied by one or more of his Ministers and members of his court is believed to be headed for Greece. It is reported this morning that Queen Geraldine who was sent out in an ambulance car with her 2 days' old baby early yesterday morning arrived at Florina, Greece last night. I am reliably informed that the Catholic members of the Cabinet have remained in Tirana; these are Brok Gera, Minister of National Economy, who talked with the Italian army commander near Shisk yesterday, and Kol Thaci, Minister of Finance. Ndoc Naraci, Director of Communications, is also on duty and I have been informed that Dr. Mihal Sherko, Secretary General of the Ministry Foreign Affairs, and Director of the Albanian Press Bureau is still here and further that he was at the Italian Legation this month. The King stood his ground and was supported by the majority of the members of his Government and by the people. But as he indi-

<sup>19</sup> André François-Poncet, French Ambassador in Italy.

cated to me in the audience Wednesday <sup>20</sup> he could only make a show of resistance for his forces were overwhelmingly outclassed.

At 6 o'clock this morning I visited a downtown section of Tirana. There were still a few stray shots after much firing during the early part of last evening. I observed a dozen or more Albanian gendarmes on the streets, in front of the Italian Legation and guarding the building which houses the Ministry of the Interior. Here I found Colonel Stamati, Chief of Staff of the *Gendarmerie*, and Minister of Communications Naraci. From the information I received it appears that the Italian Military Attaché, Colonel Gabrielle, is actually in control of this office although the Italian troops were still several miles away on the Durazzo highway. The *gendarmerie* Chief of Staff received a note from Colonel Gabrielle while I was talking with the former. It appears now also that much of the firing last night was staged to frighten the population although it is known that political prisoners who left the jails when the Government collapsed yesterday afternoon participated. King Zog's Palace in the heart of the city was looted of those things which the King left behind. His Majesty carried away with him most of his valuables, it is understood. I did not see any signs of damaged buildings and it is now apparent that there was no real rioting. Nor was there any demonstration against the King before his departure, contrary to widely published reports and broadcasts from Italian sources. This was nothing more than pure propaganda for the purpose of trying to justify the Italian invasion. The Albanian hate of the Italians remains with the exception of a few who have received cash benefits and other emoluments and perhaps the leaders of the Catholic population in the principal centers.

From information I gathered this morning it appears that the reports given out by the Albanian press bureau yesterday regarding the character of the fighting was somewhat exaggerated. The bombardments, bombings, and the casualties were not as severe as the military bulletins. No figures of casualties are available. The ports of Saranda, Valona, Durazzo and Shengjim were occupied by the invaders after resistance by small forces of Albanians.

Italian soldiers on motorcycles followed by small tanks entered the Tirana square at 10:30 and massed for a return through the city just beyond the Legation compound. Many bombers circled overhead and one flew dangerously low over the Legation as though in defiance of the American flags which we mounted yesterday for protection against possible bombing. Although several thousand men and boys lined the square as the troops entered there was no demonstration and only faint hand clapping by a few score. A special issue of the *Shtypi*

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<sup>20</sup> See telegram No. 21, April 6, 7 p. m., from the Minister in Albania, p. 371.

afternoon newspaper appeared on the streets simultaneously with the entrance of the troops. The headlines of the article were as follows:

"The friendly Fascist troops commanded by General Guzzoni reestablished a new order in Albania. The Italian appeal to the Albanian people. Yesterday's events—the plundering of the Royal Palace by special authority, prisoners let loose. Order reigns everywhere, normal life reestablished. Government employees and artisans and professionals are invited to reassume their duties and offices."

A small delegation of Albanian Parliament leaders attempted to penalize supporters this morning for support of the Italian regime but the effort is understood to have been a failure. The former Archbishop of the Albanian Orthodox church Vissarion made a speech urging cooperation with the Italians but it was coldly received. The Albanian Ministries are deserted except for the doorkeepers and a few subordinate officers who do not try to conceal their bitterness. It is reported that the Italians will attempt to form a new Albanian Government. In the meantime there is no government and I await the Department's instructions.<sup>21</sup>

Count Ciano arrived at the Tirana City Hall at noon and saluted the crowd with Dr. Mihal Sherko Secretary General of the Albanian Ministry of Foreign Affairs and director of the press bureau and Xhafer Ypi, Chief Inspector of the Royal Albanian Court standing with him. Ciano then drove to the Italian Legation. There was little applause.

GRANT

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765.75/436 : Telegram

*The Minister in Yugoslavia (Lane) to the Secretary of State*

BELGRADE, April 8, 1939—noon.

[Received April 8—10:15 a. m.]

66. My 65, April 7, 9 p. m. Turkish Minister expressed resentment to me this morning regarding "the lies" which he had been told by Yugoslav Government previous to Italian occupation of Albania despite Yugoslavia's obligations as an ally of Turkey to keep latter informed. In his opinion Yugoslav Government, having done nothing to date, can do nothing now except to pretend that Italian action is agreeable. He fears that occupation of Albania is merely first step towards Italian penetration to the Aegean Sea.

When Joyce<sup>22</sup> inquired of Foreign Office official this morning whether any further official statement would be made here latter said: "What is there that we can say?"

LANE

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<sup>21</sup> On April 12 the Department merely acknowledged the receipt of Legation's telegrams Nos. 12 to 34.

<sup>22</sup> Robert P. Joyce, Third Secretary of Legation in Yugoslavia.

765.75/442 : Telegram

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

PARIS, April 8, 1939—2 p. m.

[Received 3 p. m.]

683. Wilson<sup>23</sup> had a talk today with Politis, Minister of Greece. Politis said the he was greatly concerned about the situation of his country. He sees the Italian aggression against Albania as merely the first stage of the totalitarian program to obtain Italian predominance in the eastern Mediterranean. Greece will come next in a few days or a few weeks. Mussolini will bring up some pretext of Italians being maltreated in Greece and there will be a demand for Italian military occupation of the Greek islands. Greece will refuse, Italy will send her fleet and airplanes, the Greeks will fight as well as they can but inevitably will go under, and then Italy will be installed at Salonica and in the Greek islands.

Politis called on Bonnet<sup>24</sup> this morning. He asked Bonnet what was the attitude of the French Government to the Italian attack on Albania. Bonnet said that the French Government was thinking about the matter and would consult with the British Government. Politis asked: "Do you mean to say that the French and British Governments have not yet determined their position?" Bonnet replied that it was difficult to ascertain the British position and that Chamberlain was fishing in Scotland. Politis remarked to Wilson that you cannot govern a great empire and go fishing at a time like this.

Politis said that neither the British nor French Government had believed that Italy would actually attack Albania. Just 3 days ago the British Ambassador in Paris had said to him that there was no cause for concern, that Perth had received satisfactory assurances in Rome and that the British Government was certain that these assurances would be respected.

Politis said that when Bonnet asked him what Greece would do if attacked by Italy he had replied that Greece would fight although there was no doubt that it would be a losing fight. Bonnet had said that of course France and Great Britain could not stand aside and see Greece crushed, that that would be too horrible, et cetera. Politis had replied that he would be convinced of this only when he heard that the British Navy was taking up stations among the Greek islands.

Politis went on to say that the British apparently do not realize yet how dangerous the situation is. Between 30 and 50,000 Italian soldiers have recently arrived at Rhodes. There is no need of them

<sup>23</sup> Edwin C. Wilson, Counselor of Embassy in France.

<sup>24</sup> Georges Bonnet, French Minister for Foreign Affairs.

in Rhodes. The only explanation is that they are there to make an attack on Suez. The British forces at Cyprus should be tripled and the best airplanes Britain possesses should be sent there. There is no indication that Britain is doing this.

At the other end of the Mediterranean, in Southern Spain the Italians are getting ready for an attack on Gibraltar. The democracies have abounded in high sounding phrases and declarations. The query is, what are they doing to get into a position where their speeches can be backed up by action? What can England and France really do to assist Poland when Germany attacks! What can England do to help Greece or Yugoslavia, if England waits until Italy bottles up the Adriatic and occupies the Greek coast and islands? British policy has been to avoid war at all costs, to avoid even precautionary measures for fear the dictators would see a provocation. As a result the dictators have seized one position after another, until today declarations like Chamberlain's on Poland,<sup>25</sup> which if made last September might have bolstered up the collapsing structure of Europe, are no longer taken seriously because the possibility of making them effective has been lost.

Politis sees war coming inevitably at the moment the dictators judge best suited to their interests.

BULLITT

765.75/446 : Telegram

*The Minister in Yugoslavia (Lane) to the Secretary of State*

BELGRADE, April 8, 1939—4 p. m.  
[Received 10:12 p. m.]

67. My 66, April 8, noon. Resentment of Turkish Minister is shared by Greek Minister who feels that Yugoslav Government is not fulfilling its obligations as an ally. He is likewise fearful regarding probability of Italian advance towards Saloniki.

He expresses apprehension as to Gafenco's<sup>26</sup> trip to Istanbul which in his opinion was made on British instigation having for purpose further encirclement of Germany, as in the case of British-Polish conversations. Rosetti<sup>27</sup> feels that policy will have no success and will merely incite Germany to further offensive action, and eventually to war.

LANE

<sup>25</sup> *Documents on British Foreign Policy, 1919-1939*, Third Series, vol. iv, p. 552.

<sup>26</sup> G. Gafenco, Rumanian Minister for Foreign Affairs.

<sup>27</sup> Raoul Bibica-Rosetti, Greek Minister in Yugoslavia.

765.75/457: Telegram

*The Minister in Greece (MacVeagh) to the Secretary of State*

ATHENS, April 8, 1939—4 p. m.  
[Received April 8—2:45 p. m.]

42. The Undersecretary for Foreign Affairs<sup>28</sup> told me this morning that there will be no Greek mobilization for the moment and that the army units in Epirus are being reenforced only to the extent of one regiment to take care of any trouble arising from an influx of refugees. He said that his Government hopes the Italians will rest content with unseating Zog and establishing a so-called independent Albanian government under their control. If they go further than this the other Balkan states must be prepared to defend themselves even without outside help. He said that the British Government has given Greece no assurances of support in case of Italian attack.

Though a large British naval force is rumored to have arrived in Argostoli the British Naval Attaché is uninformed.

From other sources I learn that all army leaves have been canceled, that the Greek Fleet is concentrated in the Ionian sea; the army in Epirus is greater reenforced than Mr. Mavroudis indicated and that the authorities in Corfu have been ordered to resist Italian landing at all costs. The Greek press is reporting events fully without editorial comment. Repeated by mail to Rome and Belgrade.

MACVEAGH

765.75/452: Telegram

*The Ambassador in Italy (Phillips) to the Secretary of State*

ROME, April 8, 1939—5 p. m.  
[Received April 8—4:05 p. m.]

123. Given the uncertainty of obtaining authentic official information from Italian sources other than Ciano the Department will appreciate the difficulties in forecasting events and it is of course too soon to be certain that the assurances which were given me yesterday (see my 121, April 7, 8 p. m.) to the effect that the independence and integrity of Albania were to be respected will be strictly carried out. A formal assurance that Italy intended to respect the independence and integrity of Albania and the *status quo* in the Mediterranean was, however, again given to my British colleague last night when he presented Ciano with a memorandum respecting the Albanian situation and the Italian commitments under the Anglo-Italian agreements of 1938.

My own impression is that the campaign against Albania was undertaken for several reasons: (1) to secure for Italy certain strategic

<sup>28</sup> N. Mavroudis.



points on the coast, notably Valona and the adjoining peninsula which lies close to the Italian island of Saseno, since with these points in its possession and the possibility of controlling Corfu, Italy may well regard the Adriatic as its sea; (2) with Italian troops in Albania and already on the Italo-Yugoslav frontier Yugoslavia will be obliged to remain associated with the Rome-Berlin Axis; and (3) the situation in Albania where according to Ciano's explanation a growing resentment among the people against Zog's misgovernment and an anti-Italian sentiment encouraged by him were creating a difficult position for Italian interests: military, financial, and commercial. It may also be that the Italian campaign was undertaken at the instance of Berlin and as a part of the resistance to any encirclement program against the totalitarian states and in this connection it may be of interest to note that the Italian press has implied that other powers were endeavoring to gain a commercial foothold on the Adriatic which might be detrimental to the Italian position.

According to reliable reports the Italians have been actively reinforcing several of their outlying positions notably Rhodes, Libya, Spain, Spanish Morocco, the French and Yugoslav frontiers. The Military Attaché reports that all frontier installations and units in the outlying possessions are now at full war strength and a recent report from the Consulate at Trieste states that according to a reliable authority 30,000 additional troops were sent during the past week to the Italian-Yugoslav frontier. It is also estimated that the present strength of the Metropolitan Army including troops in Albania and Spain approximates 950,000 men. 280,000 are only partly trained recruits and 200,000 are older men with little training. It appears that the army as thus organized is not as a whole prepared for immediate offensive action and there is little reserve of war material adequate for a long struggle. Furthermore airplane manufacture has not been increased. It should not be overlooked, however, that the measures already taken may be in the nature of preparing the mobilization machinery necessary for a future general mobilization which might be required should any movement on the part of Germany involve its partner. It should also be noted that the Italian military positions are now so widely distributed that they constitute a series of formidable "nuisance values" in any negotiations which Italy might undertake.

The French Naval Attaché has just apprised Kinkaid<sup>29</sup> that in view of the Albanian affair there is little or no possibility that Franco-Italian conversations can be begun. (See my 122, April 8, 11 a. m.<sup>30</sup>)

PHILLIPS

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<sup>29</sup> Capt. Thomas C. Kinkaid, Naval Attaché and Naval Attaché for Air in Italy.

<sup>30</sup> Not printed.

765.75/439 : Telegram

*The Ambassador in the United Kingdom (Kennedy) to the Secretary of State*

LONDON, April 8, 1939—5 p. m.

[Received April 8—3:10 p. m.]

455. My 454, April 7, 6 p. m.<sup>31</sup> I have just seen Halifax. They had a meeting of the Ministers in town this morning and decided to suggest to the Prime Minister, subject to his determination, to come back to London tonight. He also said that Attlee<sup>32</sup> had requested Parliament to be called at once. Halifax favored calling it but not for 2 or 3 days. He also said that Perth called on Ciano again. Ciano had just returned from a flight in an airplane over the Albanian country to see how his men were doing. Ciano again repeated that Zog was acting badly and would not make any reasonable agreements with Italy and they were obliged to go in there to throw Zog out, but they had no intention of changing the *status quo* of this territory. Halifax does not believe a word of this.

The striking part so far is that Yugoslavia refuses to lift a finger. Halifax does not know whether they are in on the deal with the Italians or whether they are playing it safe. His recommendation to the Prime Minister is that they make the same type of deal with Greece and Turkey that they have made with Poland.<sup>33</sup> In other words, strengthen their lines in that part of the country to prevent Italy moving any further.

At a meeting with the naval board this morning they dismissed the idea that the Adriatic was of any importance to them; that previous to this time it has all been in Italy's hands anyway. They have just sent instructions to their naval vessels which were calling at the Italian ports to return at once. They do not see much sense in having their ships in Naples and other ports holding dinners with Italians, principally because of the effect it might have on the Labor Party and their own followers, and they thought also that the United States would not be too pleased either.

Halifax says that they have written another sharp note to Italy and included this item in the note, but he says words do not amount to anything any more. He does not feel that the Albanian situation can be the cause of a world war and should not be, but he is convinced that this was timed (1) to occur when Parliament has risen during the

<sup>31</sup> Not printed.

<sup>32</sup> Clement Richard Attlee, Member of British Parliament, leader of Labor Party.

<sup>33</sup> On April 6, Mr. Chamberlain read in the House of Commons a joint declaration of the British and Polish Governments announcing the exchange of mutual guarantees and leaving the formal conclusion of an agreement to subsequent negotiations. For agreement of mutual assistance reached on August 25, 1939, see British Cmd. 6101, or League of Nations Treaty Series, vol. oxcix, p. 57.

Easter holidays, and (2) that it was a move designed to offset psychologically the British agreement with Poland, and as such he deems it a gesture on Mussolini's part to widen his sphere in this part of the Balkans, while Hitler goes on his own merry way.

I saw the Albanian Minister, and of course any news he has is just too pitiful. They have no money, no weapons and no morale to fight the Italians, and they believe that this is just Italy's entering wedge into the Balkans.

KENNEDY

765.75/459 : Telegram

*The Minister in Albania (Grant) to the Secretary of State*

TIRANA, April 8, 1939—5 p. m.

[Received April 9—4:24 p. m.]

28. Legation's 27, April 8, 10 a. m. In a short speech to the Albanians and assembled Italian troops at the City Hall Ciano declared "Italian troops have come here to give Albania pronounced peace, justice and work which is the Fascist style. In this way the Italian people reaffirms their unalterable friendship for the Albanian people." The former Orthodox Archbishop Vissarion, replying to Ciano, said "We welcome Italian troops for we were betrayed by those of our Government who are no longer here" and to this Ciano replied "That is exactly why we have come. To free Albania from further tyranny."

About an hour subsequent to Ciano's arrival at Tirana the Italian First Secretary called at the Legation and inquired of the Secretary of this Legation as to report that Queen Geraldine and her baby were being cared for at the American Legation. He indicated that Count Ciano was desirous of learning whether the Queen was in a place of safety or somewhere in the interior of the country since further military operations were contemplated in the interior. The Secretary intimated that Italians [would?] do nothing to harm the Queen implying that if it were known that the Queen was [not?] in a safe place military operations would cease in the interior. When the Italian Secretary expressed great solicitation for the well being the Queen and her 3 days old baby I remarked that the act of forcing her to flee 2 days after the birth of her baby was difficult to comprehend. I informed the Secretary that the Queen had not been at the American Legation. In this connection I wish to inform the Department that when it first became definitely known that the Italians might land troops in Albania relatives of the Queen asked me if I would take her in the Legation in the event of an emergency. I replied that I would be pleased to do so provided of course the King requested it. A report late this afternoon is to the effect that the Queen had reached Salonika and that the King is in Athens.

At 4 o'clock this afternoon approximately 2,000 troops on motor-cycles and trucks passed the Legation on the Elbasan highway. Presumably they are enroute to Elbasan and perhaps to Korcha. 300 transport planes landed at the Tirana airport this morning with 1,000 soldiers. Bombers have been flying over Tirana throughout the day.

In my conversation with the Secretary of the Italian Legation this afternoon when he mentioned the possibility of further military operations against the Albanians I expressed surprise and the earnest hope that further bloodshed might be avoided. Subsequently the Secretary called the Legation and said that in view of my anxiety over the possibility of further bloodshed he wished to inform me that telegrams from all the principal towns of Albania extended welcome to the Italians and submission to their orders. He indicated that there is now no need of further hostilities since the troops were not undergoing further resistance. It appears that Italian propaganda has resulted in the formation of small committees of friendly officials who are now purporting to speak for the entire population. In this connection it is also reported that Ciano has brought with him a large sum of money for distribution. General Zeff Sereggi personal adjutant to King Zog and recently appointed Minister to Rome who resigned his commission the day before hostilities has returned to Tirana with Count Ciano. The German Minister von Pannwitz and his secretary were present this morning in full morning regalia to greet Ciano. It is reported from Italian sources that Italian officials believe that since no government exists they propose to establish one probably during the day. The broadcasts from Rome charging that it was necessary for the Italians to take action in Albania in order to keep order are bitterly resented here by Albanians with whom I have talked and among the majority of my colleagues it is the subject of ridicule and jest. There is absolutely no truth in the Italian assertion in my judgment which is based on more than 3 years of close observation of the habits and customs of these people. Albania has been viciously occupied by her supposed friend and ally.

GRANT

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765.75/458

*The Albanian Minister (Konitza) to the Secretary of State*

WASHINGTON, April 8, 1939.

SIR: Supplementing the protest that I had the honor to make to you yesterday by word of mouth against the unprovoked and brutal aggression of which Albania is the victim on the part of Italy,—I have received further instructions from the Albanian authorities this

morning directing me to enter a new protest against the violation of existing treaties signed both by Albania and Italy, one of them being the Kellogg Pact.<sup>34</sup>

I take [etc.]

FAIK KONITZA

765.75/448 : Telegram

*The Minister in Yugoslavia (Lane) to the Secretary of State*

BELGRADE, April 8, 1939—9 p. m.

[Received April 8—9 p. m.]

69. Have just seen Minister for Foreign Affairs who informed me as follows:

Italian Government informed Belgrade 4 days ago that conversations with Albanian Government had reached impasse because of refusal of latter to accept the terms which they themselves had proposed and that military action might be necessary to prevent injury to Italian interests. On evening of April 6, Ciano informed Yugoslav Minister that occupation would take place at dawn the following day and gave three guarantees as mentioned in my 65, April 7, 9 p. m. Subsequent assurances have been given by the Italian Government that after Zog has been expelled Italian Government will consult with Yugoslav Government regarding form of government to be established and regarding measures to guarantee Yugoslav interests. No troops have been moved to Albanian border and full confidence is placed in Italian assurances.

I asked Cincar Markovic<sup>35</sup> for his interpretation of promise to "guarantee Yugoslav interests". He replied that it referred to such interests as a neighboring state would have, such as inviolability of frontier. In reply to my question as to whether Greece had received a similar guarantee he replied in the negative.

Officially inspired statement appeared in the press today along the lines of remarks of the Minister for Foreign Affairs.

LANE

765.75/509

*Memorandum of Conversation, by the Chief of the Division of Near Eastern Affairs (Murray)*

[WASHINGTON,] April 10, 1939.

The Greek Minister called on me this morning to discuss the situation created by the Italian occupation of Albania.

<sup>34</sup> Treaty for the Renunciation of War signed at Paris, August 27, 1928, *Foreign Relations*, 1928, vol. I, p. 153.

<sup>35</sup> Aleksandar Cincar Marković, Yugoslav Minister for Foreign Affairs after the resignation in the early part of 1939 of Stoyadinovitch.

Mr. Sicilianos had received no expression of his Government's views on this subject but he stated quite frankly that in his opinion the Italian occupation of Albania represents a grave peril for Greece and in the first instance for the Island of Corfu, which is in close proximity to the southernmost point of Albania. The Minister feared that even if the Italians do not start a drive eastward from Albania, through northern Greece, they may at any time seize the Island of Corfu because of its strategic importance in that region.

With regard to the steps that Greece might conceivably take to protect itself against Italian aggression, the Minister made the following points:

(1) In its precarious position, due to the Italian occupation of Albania, Greece can only hope and pray for an opportunity to remain neutral should any conflict break out between the totalitarian powers and the European democracies. Greece cannot and will not follow the Polish example in entering into any "Stop Hitler" arrangement, since she would instantly become an object of totalitarian vengeance before aid from the democracies could arrive.

(2) In view of the above, British and French aid to Greece will have to take the form of a unilateral guarantee to Greece to regard any attack upon her by the totalitarian powers as a *casus belli*.

(3) The attitude of Yugoslavia in the present crisis is of the utmost importance to Greece. If Greece could be assured of military assistance from Yugoslavia she could face the Italian threat with some confidence of being able to defend herself. The Minister realized, however, that Yugoslavia's present situation is in itself perilous, hemmed in as she is on the north and the west by Germany and Italy, and with Albania under Italian occupation.

(4) Greece regards Turkey as a faithful and dependable ally but doubts the willingness or ability of Turkey to come to her military aid in so distant an area as the Epirus, which is the point where Italian aggression against Greece would be initiated.

(5) The importance of Bulgaria in the present picture cannot be overestimated. If Bulgaria could by immediate and adequate inducements be persuaded to stand with the members of the Balkan Entente in resisting aggression in that area the prospects would be greatly improved. Unfortunately, Bulgaria's demands on both Rumania and Greece have until now been refused and she has not joined the Balkan Entente. At the last meeting of the Balkan Entente Yugoslavia and Turkey strongly urged upon Rumania the necessity of restoring Dobrudja to Bulgaria and upon Greece the necessity of meeting the Bulgarian demand for an outlet to the Aegean at Kavalla. Neither country was willing to make the sacrifice, and Bulgaria may therefore be expected to be tempted by any totalitarian promises for the purposes of realizing her above-mentioned aims.

(6) The Minister has no confidence whatsoever in Rumania's ability to resist German pressure unless she cedes back to Hungary a large portion of Transylvania, which was detached from Hungary after the World War. Only by such a sacrifice on the part of Rumania can there be any hope of preventing Hungary from throwing in her lot

with Germany for the purpose of realizing her territorial ambitions against Rumania. The Minister emphasized in this connection that the Poles, although in treaty alliance with Rumania, would never be willing to support Rumania against an attack from Hungary in view of the close ties of friendship that bind the Poles and the Hungarians.

During the course of my conversation with the Minister he mentioned his fear that the first objective of any Italian push through northern Greece would be Salonika, which is of vital interest to Yugoslavia. He said he trusted that any Italian threat to Salonika would immediately arouse the Yugoslavs to come to its defense. He said he realized of course the danger that the Italians in any drive on Salonika might endeavor to quiet the Yugoslavs by promising them eventual possession of that coveted port on the Aegean.

WALLACE MURRAY

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765.75/462 : Telegram

*The Ambassador in the United Kingdom (Kennedy) to the Secretary of State*

LONDON, April 10, 1939—4 p. m.  
[Received April 10—2:15 p. m.]

458. My telegram No. 455, April 8, 5 p. m. Following information communicated by the Foreign Office in strict confidence.

Lord Halifax yesterday told the Italian Chargé d'Affaires<sup>36</sup> in plain terms of the seriousness with which the Italian invasion of Albania by Italy is viewed by the British Government and people. In discussing the disquieting rumors which have reached London of a possible Italian attack on Corfu and other Greek territory, the Foreign Secretary indicated the extreme seriousness with which any further extension of Italian military activities would be regarded and the determination of Great Britain to defend her vital interests in the Mediterranean. The Chargé d'Affaires, without instructions, replied that in his personal opinion there was no question of Italian attack on Greece. The Foreign Secretary said that such an assurance in unequivocal terms should be communicated at once by the Italian Government to the Government of Greece, and asked the Chargé to convey that view to Rome. Signor Grolla saw Lord Halifax again last evening and gave him a message from Signor Mussolini to the effect that Italy was contemplating no attack whatever against Greece and giving the most unreserved assurances that Italy would respect the independence of Greece and her entire territorial integrity both continental and insular. Signor Mussolini likewise said that these assurances were being given direct to the Greek Government.

<sup>36</sup> G. Grolla.

The full Cabinet had a long session this morning and there is a meeting of Ministers this afternoon. I expect to send a further message this evening as soon as we can get authentic information as to the decisions and results of these meetings. Parliament has been called for Thursday.

Repeated to Rome and Athens.

KENNEDY

740.00/757 : Telegram

*The Ambassador in Italy (Phillips) to the Secretary of State*

ROME, April 10, 1939—6 p. m.

[Received April 10—3:15 p. m.]

127. The situation as seen here is daily becoming more mysterious and precarious, which may possibly be due to the fact that no one can prophesy the events of tomorrow. On the part of the Italian people there is certainly no enthusiasm resulting from the Albanian affair nor for any war, but a spirit of resignation with regard to future developments has become increasingly evident. While there is no general mobilization, there is a marked activity in calling men from various classes to active service and according to reports there is concentration of military activities in Brindisi and border far in excess of the present needs of the Albanian situation. Some Italians believe that within a few days the provisional government of Albania will offer the Crown to the King of Italy and inasmuch as this will be a "spontaneous" act on the part of Albania it will involve no infringement of the Anglo-Italian agreements regarding the Mediterranean *status quo*.

On the other hand the Italian Government has taken considerable pains over the Easter week-end to maintain good relations with England and has given repeated assurances both to the British Ambassador in Rome and through the Italian Chargé in London that the integrity and independence of Albania will be maintained. It was also indicated that a new government would be set up in Tirana which would enter into a treaty alliance permitting the Italians to maintain garrisons in Albania which would nevertheless remain an independent state with the same relation to Italy as Egypt has to Great Britain. Should this be the case it is believed that England might consider that there has been no infringement of the *status quo*. In fact it is evident that Italy is making every effort to allay British suspicions and to prove that the Albanian venture was a matter of primary concern to Italy alone.

While I do not foresee any immediate dismemberment of Yugoslavia recent events seem to show that that country will be permitted to exist only as long as it remains attached to the Rome-Berlin Axis



and that Yugoslavia may have already lost its independence in international affairs. In reply to a question from the Yugoslav Minister Ciano assured him last night that Italian troops in Albania would be kept away from the Yugoslav frontier.

Our reports indicate that there are no Italian military activities on the Tunis frontier; which gives me the impression that the Italian Government is turning its attention at present primarily towards Eastern Europe. It has, however, given very definite assurances to Athens, Belgrade and London that it has no intention whatsoever of infringing Greek sovereignty either on the mainland or in the islands and that no move against Corfu or other Greek territory is contemplated.

The French Ambassador assured me this morning that he had received positive instructions from Paris not to begin conversations with the Italian Government and that he is therefore continuing to keep entirely away from the Palazzo Chigi.

In his conversation with Ciano yesterday the British Ambassador was definitely assured that the withdrawal of Italian volunteers from Spain including the Balearic Islands was being arranged and would definitely take place after the military review in Madrid, see my 122, April 8, 11 a. m.<sup>37</sup> Should the Albanian crisis not give rise to any further complications it is apparent that the Italian Government hopes that the assurances given to Great Britain with regard to Albania and the withdrawal of troops from Spain will satisfy British preoccupations concerning the maintenance of the *status quo* in the Mediterranean and lead to possible British mediation between France and Italy. The British Ambassador informs me that reports from the British Embassy in Berlin lead him to believe that the Germans were not consulted in advance of the Albanian campaign.

PHILLIPS

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765.75/463b : Telegram

*The Secretary of State to the Ambassador in Turkey (MacMurray)*

WASHINGTON, April 10, 1939—6 p. m.

24. Department's 21, April 7, noon.<sup>38</sup> I assume that upon receipt of the above telegram you immediately sought interviews with the Turkish authorities and I am disappointed at the absence of reports from you regarding Turkish reaction to European developments. In view of Turkey's outstanding strategic position it is vital for us to know what, if any action, she may be contemplating in the present

<sup>37</sup> Not printed.

<sup>38</sup> Not printed; it requested an early telegraphic report regarding attitude of Turkish Government toward European situation with particular reference to developments in Albania (765.75/463a).

threatening situation. If you have not already done so I hope that you will seek interviews at once with officials in the Foreign Office and, if necessary, with the Prime Minister and the President, report immediately their views, and thereafter keep us informed of day to day developments as long as the present crisis may last.

HULL

875.01/336

*The Albanian Minister (Konitza) to the Secretary of State*

WASHINGTON, April 11, 1939.

SIR: I have just received from the so-called "Provisional Administrative Committee" a cable, dated Tirana, April 11, 1939, 1:35 P. M. I have the honor, as a matter of information, or curiosity, to transmit the following close translation from the Albanian:

"Legation of Albania, Washington, D. C.—From news given out by the 'Stefani' News Agency, radio announcements, and the Italian Press, we are informed that the King and the Government have left Albania. A new situation has been created. Order, discipline, and quiet are being restored. The new Provisional Government is being formed. For the time being business is conducted by a Provisional Administrative Committee with Mr. Xhafer Ypi as Chairman, and the following members: Messrs. Zef Kadaria for Home Affairs; Kosta Marku for Finance; Izedin Beshiri for Public Works; Pertev Pogoni for Public Education; Llambi Aleksii for National Economy; and the undersigned for Foreign Affairs. Until further orders, you are instructed to refrain from any diplomatic *démarche*. Correspond with this office in open dispatches (no code to be used). Wait for instructions. Keep always in close friendly contact with the Italian Embassy. Listen regularly to the radio broadcast from Tirana. Quiet down the Albanian communities and students there. The Administrative Committee instructs you to have full confidence in the Fascist Government which desires with its whole heart to secure for Albania happiness, progress, and prosperity.—The Member in Charge of Foreign Affairs, Mihal Sherko."

I take [etc.]

FAIK KONITZA

765.75/464: Telegram

*The Ambassador in Turkey (MacMurray) to the Secretary of State*

ISTANBUL, April 11, 1939—9 a. m.

[Received 10 a. m.]

13. Your telegram No. 21, April 7, noon.<sup>38a</sup>

1. It would appear that the occupation of Albania is an eventuality which the Turkish Foreign Office has long contemplated as a possi-

<sup>38a</sup> Not printed.

bility but without especial concern, their primary preoccupation being possibility of action on the part of Bulgaria. The event has however brought much closer home to the Turkish public the danger of the present situation.

2. In view of the conversations held here over the weekend between the Turkish and Rumanian Ministers for Foreign Affairs the results of which are still conjectural, I do not feel in a position to submit more specific comment than was contained in my telegram No. 20, March 27, 7 p. m.,<sup>39</sup> until I shall have been able to consult the Minister for Foreign Affairs as I hope to have the opportunity of doing tomorrow.

MACMURRAY

765.75/469 : Telegram

*The Minister in Yugoslavia (Lane) to the Secretary of State*

BELGRADE, April 11, 1939—4 p. m.

[Received 6 p. m.]

75. With reference to telegram No. 119, April 7, 3 p. m. from Rome, I inquired at the Foreign Office this morning whether the Yugoslav Government had had any apprehension of attack by Albania and on what date the Italian Government had communicated to the Yugoslav Government information regarding alleged desire of King Zog to secure by force slice of Yugoslav territory.

Smiljanic appeared ill at ease and at first evaded comment but on my pressing him said that although Italians had been talking for some time past of Zog's intrigues to Italian-Yugoslav relations, no mention was made of Zog's alleged intention to invade Yugoslavia until moment when Ciano advised Yugoslav Minister of Italy's planes occupying Albania. As reported in my telegram No. 69,<sup>39a</sup> this was presumably on evening April 6.

I inquired of Smiljanic whether Yugoslav Government had any information independent of Italian sources indicating that Zog was planning attack on Yugoslavia. Again he evaded question by referring to trouble which Zog had made for both Italy and Yugoslavia and to his having published maps showing that greater Albania extended as far as Nish. He finally admitted that they had received no information regarding proposed military attack except from Italian sources.

As to Yugoslavia's present policy, he said that military measures against Italy would be of no avail and that Yugoslavia must find arrangement to live on friendly relations with its greater neighbor. When I inquired as to possible military and economic danger to Yugo-

<sup>39</sup> Not printed.

<sup>39a</sup> April 8, 9 p. m., p. 390.

slavia as a result of occupation of Albania he said that Italian fortification of Saseno had been proceeding for the last 20 years. He seemed to be endeavoring to condone Italian occupation of Albania although admitting that there is general alarm regarding seriousness of the situation.

Repeated to Rome.

LANE

765.75/488 : Telegram

*The Minister in Albania (Grant) to the Secretary of State*

TIRANA, April 11, 1939—7 p. m.  
[Received April 12—1:40 p. m.]

37. The Albanian Parliament will meet tomorrow Wednesday to amend the constitution preparatory to the establishment of the new regime. It is rumored that the King of Italy may be named King of Albania. It seems likely that an Italian high commissioner will be named to take charge Albanian affairs with the assistance of an Albanian Cabinet although there is no confirmation of this. Count Ciano is expected to return to Tirana tomorrow.

A high Italian military officer informed me today that there is no further resistance in Albania and that there are now approximately 40,000 Italian soldiers in Albania. It is reported that more troops are on the coast. The Greek Minister this afternoon expressed to me his very grave concern over the position of own country as the result of the Italian invasion of Albania. There are persistent rumors that the Italian forces may attempt to drive further into the Yugoslavian territory of Kossova and into Greek territory of Camuria.

The French Minister this afternoon called on the Italian Minister and registered a strong protest against the sacking of the French summer Legation at Durazzo beach. He requested reparations for the damage done.

GRANT

740.00/788

*Memorandum of Conversation, by the Secretary of State*

[WASHINGTON,] April 11, 1939.

The British Ambassador called presumably to pay his respects. He was not encouraged about the outlook in Europe. He had no idea as to when the treaty-breaking countries might subside or at least restrict the scope of their lawless aims and purposes. He said that since February, exchanges of views had been going on between Italy and Albania, the exact nature of which he did not quite understand;

that Italy on two or three occasions had assured his Government and also the Greek Government that it had no designs on Corfu or on Greece and that the last assurance took place after the occupation of Albania. I asked the Ambassador if he could tell me when to believe Hitler and Mussolini. Perhaps I should not record his reply. At any rate, it was to the effect that they give no intimation as to whether and when they may strike and when and where they may strike in the future; that, therefore, the world must continue to be subjected to the present state of uncertainty, nervousness and threats of danger.

C[ORDELL] H[ULL]

765.75/464 : Telegram

*The Secretary of State to the Ambassador in Turkey (MacMurray)*

WASHINGTON, April 12, 1939— 3 p. m.

25. Department's 24, April 10, 6 p. m. and your 13, April 11, 9 a. m. On April 11 Legation at Teheran reported as follows:

"The Turkish Ambassador tells me the Iranian Government has been in close consultation with Ankara and would almost certainly be influenced by Turkish advice or action. Turkey has informed Iran that she is thoroughly alarmed by Italian penetration into the Balkans and by the prospect of a German foothold on the Black sea. She also remembers that the downfall of the old Turkish Empire was due to the alliance with Germany. Turkey moreover feels that by the attack on Albania the equilibrium in the Mediterranean has been disturbed but as in the long run sea power will probably again prevail Turkey and the Balkans would be inclined to resist Germany and Italy provided there is hope of active support from the Democracies.

Foreign Ministers of the Saadabad Pact<sup>40</sup> countries were to have met in Teheran in about a week in connection with the marriage celebrations. Although the Turkish Minister for Foreign Affairs will not be unable [*able?*] to be present I understand the other three will discuss with the Turkish Ambassador whether the pact should not perhaps be turned into an instrument for mutual defense."

Legation at Athens learns that the British Ambassador at Ankara has been instructed to inform the Turkish Government that Great Britain and France would consider an Italian attack on Greece as a *casus belli*.

From London it is learned that an effort is being made to induce Turkey to march if Italy attacks Greece or if Germany attacks Rumania and that a favorable reply is expected at least in the event of an attack upon Greece; also that Turkey is being urged to enter into

<sup>40</sup> Non-aggression pact of July 8, 1937, between Afghanistan, Iran, Iraq, and Turkey, League of Nations Treaty Series, vol. cxc, p. 21.

a reciprocal agreement with Great Britain and to use her influence with Bulgaria to make a similar agreement.

The Department assumes that you will soon be able to comment on the above developments after consultation with higher Turkish officials and your interested colleagues.

HULL

765.75/486 : Telegram

*The Ambassador in Turkey (MacMurray) to the Secretary of State*

ANKARA, April 12, 1939—11 p. m.

[Received April 13—8:39 p. m.]

35. Your telegrams 21, April 7, noon,<sup>41</sup> and 24, April 10, 6 p. m., to Ankara and my No. 13, April 11, 9 a. m., from Istanbul.

1. The following is an outline of views expressed to me this morning by the Minister for Foreign Affairs. Although heartily sympathetic with the plight of Albania he considers it politically important only as an evidence of, and incident to, German-Italian plans of eastward expansion. He considers that the Italian occupation of Albania was a purely military decision made by the German and Italian General Staffs (possibly although not certainly with the participation of the Hungarian General Staff) for the purpose of securing a strategic position which would immobilize Yugoslavia and Greece and perhaps with a view to invasion of the Balkans and the Ukraine, this action, considered in conjunction with the recent German economic agreement with Rumania<sup>42</sup> (which he regards as at least the first step in the development of an absolute German control over Rumanian resources) has alarmed and demoralized the other members of the Balkan Entente. He was in a very pessimistic mood about the possibilities of cohesion on the part of the Entente. He felt that both Greece and Yugoslavia (particularly the latter) felt themselves under such irresistible constraint as to be compelled to put a good face on the Italian aggression in Albania in spite of their very bitter resentment, and that Rumania was under such pressure as to be undependable. Turkey would be ready to acquit herself of her full obligations under the Entente agreement; but she was not prepared to commit herself to the further obligations of military support to another Balkan Entente state (other than Greece with whom Turkey has not only particular treaty relationships but also an especial mutual confidence) attacked by one or more non-Balkan states where Bulgaria was not involved. For the matter of that, Bulgaria felt that

<sup>41</sup> Not printed.

<sup>42</sup> Signed March 23, 1939, League of Nations Treaty Series, vol. CXCIX, p. 82.

she would be endangered by an aggression against any of the Balkan states and had therefore given Turkey the assurance that she would not take any action against members of the Entente. (As against this, however, I should report an expression of personal opinion by the Bulgarian Minister who had participated in the recent conversations between his Prime Minister and Turkish officials to the effect that it would be difficult for his Government to restrain its people from insisting on taking advantage of any opportunity to reclaim the Dobrudja from Rumania and to force Greece to concede the promised outlet to the Aegean.) In reply to a question as to Turkey's attitude in the event that (other conditions of the Entente being applicable) one of the members were to refuse cooperation, the Minister said that that would in the judgment of his Government depend upon whether the default were wilful or the result of *force majeure*. When asked whether Turkey in her own interests and regardless of treaty obligations would support any other state attacked by the Axis powers he intimated that that depended upon calculations in which the principal factor was the degree of support that might in that case be expected from Great Britain and France whose attitude was still enigmatical. They had had no constructive policy of resistance to the aggressions of the totalitarian governments and had been so vague and hesitant that they had allowed their rivals to take over more economic and military potentialities than those that Italy possesses while they were considering how to buy Italy out of the Axis combination.

2. My British colleague, who saw the Minister an hour later, has told me that he was then in a much less pessimistic mood and I gather was prepared to be receptive towards any proposals for cooperation which might be suggested. The British, however, have not yet made to Turkey (or I understand to Greece or Yugoslavia) any such proposals for guaranty as they have made to Rumania<sup>43</sup> along the lines of the guaranty to Poland. Hugesen also told me that he knows of no basis for the rumors of representations to Turkey about freedom of passage of the Straits for British or French naval vessels in case of war. (This accords with denial made to me by the Rumanian Ambassador in reply to my inquiry as to the rumors of a project for the establishment of a base for British naval forces on the Rumanian coast.)

3. As regards the Turco-Rumanian conversations of last weekend, I got from the Minister of Foreign Affairs nothing more definite than

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<sup>43</sup> On April 13 Mr. Chamberlain announced that the British Government would give any assistance within its power to Greece and Rumania if their independence were threatened. See *Documents on British Foreign Policy, 1919-1939*, Third Series, vol. v, p. 186.

that the Turks had received the impression that the Rumanians are frightened and bewildered. The Rumanian Ambassador has informed me that the conversations (which in the absence of other representatives of the Entente were of course not agreements but merely exchanges of views sought by the Rumanian Minister of Foreign Affairs in view of his forthcoming visits to Berlin, London, and Paris) had principally been concerned with points of interpretation of the Entente agreement,<sup>44</sup> and that the results might be roughly summed up as follows:

(a) Doubtful interpretations of the text of the agreement are to be resolved in favor of the principle of mutual assistance; and

(b) even where the obligations of the agreement do not apply the several parties should observe towards each other the most "benevolent" neutrality in case of need. (He implied that this might include Turkey's allowing British and French fleets to traverse the Straits for the purpose of assisting Rumania.)

4. I understand that the German Chargé d'Affaires has within the past few days inquired of the Minister for Foreign Affairs, first, whether Turkey would support Rumania in the event of an attack by Germany and, second, whether she would permit the free passage of British and French naval forces through the Straits, and received the answer that the terms of the Balkan Entente covered his first question and those of the Montreux Convention <sup>45</sup> his second.

MACMURRAY

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765.75/497 : Telegram

*The Minister in Albania (Grant) to the Secretary of State*

TIRANA, April 13, 1939—6 p. m.  
[Received April 14—5:38 p. m.]

39. A circular note dated April 13, 1939 addressed to the Legation was received today from "The Albania Kingdom. The Ministry for Foreign Affairs". I have not replied and I await Department's instructions. The text of the note follows:

"The Ministry for Foreign Affairs presents its best compliments to this Diplomatic Mission and has the honor to communicate to her what follows: (1) the deposition of the King Zog dynasty and its regime; (2) the offering of the Royal Crown to His Majesty Victor Emmanuel III King and Emperor of Italy as King of the Albanians; (3) the preservation of the flag, of the independence and of the sovereignty of Albania; (4) the constitution of a government under

<sup>44</sup> Balkan Entente of February 9, 1934, between Greece, Roumania, Turkey, and Yugoslavia, League of Nations Treaty Series, vol. CLIII, p. 153.

<sup>45</sup> Convention Regarding the Regime of the Straits, signed July 20, 1936, League of Nations Treaty Series, vol. CLXXIII, p. 213.



the presidency of His Excellency Shevqet Verlaci assuming ad interim the Ministries of the Interior and Public Works with members Mr. Xhafer Ypi, Minister of Justice, Djemil Dino, Minister for Foreign Affairs, Feizi Alizotti, Minister of Finance, Ernest Koliqi, Minister of Public Instruction, and Andonbec Minister of National Economy.

The Ministerial Council taking into consideration this historical event for the nation has decided that the 12th, 13th and 14th of this month should be holidays."

GRANT

765.75/458

*The Secretary of State to the Albanian Minister (Konitza)*

WASHINGTON, April 14, 1939.

SIR: I have the honor to acknowledge the receipt of your communication of April 8, 1939 informing me that, in supplement to the oral protest you made on April 7, 1939 against Italian aggression in Albania, the Albanian authorities have directed you to enter a new protest against the violation of treaties signed by Albania and Italy, including the Kellogg Pact.

I have the honor to inform you that I made a statement to the press on April 8, 1939 setting forth the views of this Government with respect to this matter.<sup>46</sup>

Accept [etc.]

CORDELL HULL

765.75/494 : Telegram

*The Ambassador in the United Kingdom (Kennedy) to the Secretary of State*

LONDON, April 14, 1939—2 p. m.  
[Received April 14—9: 55 a. m.]

479. For the President and the Secretary of State. Reference Radio Bulletin number 86 of this morning to State Department press conference where a correspondent stated that "Lord Halifax had also spoken today addressing the House of Lords and had declared that the attitude of the British people which had impelled this decision was reflected in large measure in the United States."

The actual text of that part of Lord Halifax's statement which, referring to the United States, appears in Hansard as follows:

"There is of course no dispute about the strong position and the special interests that Italy had enjoyed in Albania. These things

<sup>46</sup> See Department of State, *Press Releases*, April 8, 1939, p. 261.

were expressly recognized by the Council of Ambassadors many years ago and, so far as I know, they have never been challenged. But, whatever may be said as to that, there can be no doubt as to the general effect produced in all quarters by Italian action. It is not necessary for me to take up Your Lordships' time by stating at length what must be the judgment of His Majesty's Government on these events. That judgment had been shared by the overwhelming mass of opinion in this country, by most of the States of Europe, and by the United States of America."

When I saw the Prime Minister this morning he told me that he was very much disturbed by reaction in the United States as indicated in press reports which have misrepresented what Lord Halifax really said. The Prime Minister himself purposely refrained from making any reference to the United States in his speech to the House of Commons.

KENNEDY

765.75/508 : Telegram

*The Minister in Albania (Grant) to the Secretary of State*

TIRANA, April 17, 1939—6 p. m.

[Received 10:32 p. m.]

47. At a meeting this morning the British, the French, the Greek, the Turkish and American Ministers agreed that on the basis of their observations and knowledge of recent events in Albania, Count Ciano, the Italian Foreign Minister, in his speech Saturday afternoon<sup>47</sup> before the Italian Chamber of Fasci and Corporations was guilty of obvious misstatement of the facts on several points, including the allegation that the Albanians had proposed a new treaty of alliance with Italy, that King Zog had requested the Italians to land troops in Albania, that there was never an ultimatum by the Italians, that there were manifestations which threatened the life and property of Italians in Albania, and that King Zog adopted a course of provocation against the Italians after receiving assurances of help from the democracies. In connection with the last point it was pointed out that King Zog had been actually threatened with, and landing of, Italian troops in the event he consulted any of the Foreign Ministers in Tirana while the negotiations were going on.

None of the Ministers mentioned above have received any instructions from their Governments in regard to the matter of recognition of the new regime in Albania, although the British Minister stated he has been instructed not to commit himself in the event he should be approached by members of the Government and he was also instructed

<sup>47</sup> April 15.

to have work stopped on the new British Legation which is now under construction in Tirana by an Italian contractor.

According to a reliable report Italian engineers are now sending out waves at the Tirana radio station to interfere with the Paris Mondial station which broadcasts in several languages including Italian. The Italian journalist and representative of the United Press in Albania, Lo Russo-Attoma, has been appointed Press Councilor to control all activities of the Albanian press.

The city of Tirana last evening was the scene of a celebration with fireworks staged by the Italians commemorating the union of Italy and Albania which was consummated in Rome Sunday morning when Victor Emmanuel, Mussolini and Count Ciano received the Albanian delegation which offered the Crown of Scanderbeg to the King. Similar celebrations are said to have been staged in other cities of Albania. Reliable comments in Tirana indicate that the delegation with two or three exceptions is not representative of the most influential classes in Albania.

GRANT

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765.75/516 : Telegram

*The Minister in Albania (Grant) to the Secretary of State*

TIRANA, April 20, 1939—10 p. m.

[Received April 21—9:10 a. m.]

50. The Greek Minister, Dean of the Diplomatic Corps, informed me today that he had a private conversation last night with the new Minister for Foreign Affairs, Catsemil Dino, who assumed his duties Tuesday<sup>48</sup> following his return from Rome with the Albanian delegation which presented the Albanian Crown to the King of Italy. Dino informed the Greek Minister that it was the desire of his Government to maintain the same cordial relations which existed between the former Albanian Government and the Diplomatic Missions in Albania. He indicated he would send formal notes to the Chiefs of Missions within the next few days; however, Dino, according to the observation of the Greek Minister, was not optimistic over the Albanian situation as long as Italian troops occupy the country. I am reliably informed from another source that Dino has adopted the policy of sending out feelers with a view of determining the attitude of foreign governments towards the new regime and that his first feeler was a message to Lord Halifax offering to continue Albania's participation in the Non-Intervention Committee in Spain by the payment of dues. Three Foreign Ministers, the Bulgarian, Yugoslav and Spanish, have called

<sup>48</sup> April 18.

upon Dino at his office and the Rumanian and the Bulgarian Ministers sent replies to the note which was sent to Diplomatic Missions on April 13 by the Ministry of Foreign Affairs to which reference was made in my telegram No. 39 of April 13, 6 p. m. Dino has indicated that a new parliament would probably be selected soon. Mussolini according to a press communiqué today informed the Albanian Ministers in Rome Sunday that the new relations created by the union between the two kingdoms would be determined in special conventions which would have as a basis the concession agreement of Albanian independence and sovereignty. Albanian Ministerial Council is now having long sessions daily. It would appear that the Albanian political leaders who are famed for their intractability intend to try to salvage as much as they can from the wreck of their State.

In the meantime Francisco Jacomoni, who was raised to the rank of Ambassador as the result of his successful work in connection with the Italian coup in Albania, is acting ad interim as Lieutenant General under the King of Italy. Incidentally the British Minister when calling to see me yesterday said that he and the Greek Minister had discussed the propriety of extending congratulations to Jacomoni upon his promotion to the rank of Ambassador. I remarked that I thought such congratulations might be construed by the Italians to imply approval of the Italian act of aggression in which the Italian Minister played such an important role. Today the Greek Minister informed me that he had written a note of congratulations to Jacomoni and that he thought the Turkish Minister had taken similar action. The Greek Minister explaining that his country is in a very delicate position as a result of the Italian invasion of Albania said he thought his Government would recognize the new regime here and he added that he believed the other Balkan States would likely recognize also.

In a long confidential conversation which I had last night with a high official of the Albanian Foreign Office, who also served in the former Ministry, it was indicated that there is great dejection among the Albanian political leaders. This official said that while there were many imperfections in the former regime the Albanians preferred it to Italian over-lordship because as time passed it was believed the new Albanian intellectual generation would have gained control of affairs. He said that the so-called Constituent Assembly which met on April 12 and voted to offer the Crown of Albania to the King of Italy did so only at the instigation of the Italian authorities here and that not more than 10 of the delegates numbering more than one hundred voted their convictions. A former Minister who threatened to voice his opposition in the Assembly was warned not to do so on pain of being shot. Commenting on the new Albanian Prime Minister Verlaci my informant said he was a type of feudal lord who had never had at

heart the real interests of Albania. Ypi who established the provisional government following the Italian occupation, he declared, had been selected by the Italian Minister Jacomoni after the veteran president of the Albanian Parliament Pandelli Evangheli had refused to cooperate with the Italians.

According to a press communiqué today the General Secretary of the Italian Fascist Party in Rome will arrive in Tirana next Sunday <sup>40</sup> and will inaugurate the Albanian Fascist Party. The Italian propagandists here are making elaborate preparations for the event.

GRANT

765.75/518 : Telegram

*The Minister in Albania (Grant) to the Secretary of State*

TIRANA, April 22, 1939—6 p. m.  
[Received April 23—10:55 a. m.]

52. I received this morning from the new Albanian Minister for Foreign Affairs, as previously reported, a formal note addressed to me in which it is stated that the Foreign Minister would be glad to establish with me the most cordial personal and official relations and expressing the hope that I would be willing to assure him of my cooperation in the same measure which I have given to his predecessor. In the meantime, before receiving the note, I made arrangements last night to make an informal call on the new Foreign Minister with whom I was already personally acquainted. I had a conversation of more than one hour with Dino who received me most cordially and he stated in a strictly confidential manner his views of the present Albanian situation. I made it quite clear that my call was entirely unofficial.

In substance Dino said that when he and his colleagues were in Rome last week they pointed out to Mussolini the great desire of the Albanians to retain their independence and that Mussolini had given them assurances that he would respect Albania's sovereignty. Dino added that he had confidence in Mussolini's word and he begged me to believe that he and his colleagues were "true Albanians who finding themselves in a most difficult situation were trying to salvage as much as they could from what had occurred." He said that he [and?] his colleagues, had agreed tentatively upon a plan to which the Italians had not objected for the continuation of the present Albanian government for a period of two or three months when a new parliament will be called to adopt a new constitution. In the meantime the present government will function without a constitution using such provisions of the old constitution as may be deemed necessary. He intimated

<sup>40</sup> April 23.

that the Albanian officials have some hope of having an Albanian named as Viceroy to represent the King of Italy within the framework of the new budgets and that in the meantime Francesco Jacomoni, the Italian Ambassador here, would likely act as the representative of the King. With respect to foreign relations he said that his government desires to maintain the same relations with foreign governments which have been maintained heretofore and he added that in order to avoid conflicts he proposed to issue new letters of credence for Chargé d'Affaires from his Ministry to new Ministers Plenipotentiary who may be named to vacant Albanian posts. He said that two posts are now vacant as a result of recent resignations, namely, London and Paris. A sounding has already been made with the British Foreign Office in regard to the London post. He said that his government desires to continue the Albanian Legation at Washington as heretofore and in this connection he requested me to have conveyed to Minister Faik Konitza a personal message urging him to try to understand the delicate situation confronting the members of the present Albanian government and to give them an opportunity to explain what they are trying to do.

In reply to my inquiry in regard to possible Italian assurances for the ultimate withdrawal of Italian troops, Dino said that the Albanian authorities felt that it was not wise to press this point at the present time and further that he believed that Italy's military adventures were not designed to take place in Albania or in this general area but to prepare a base of operations in the event of a general war. He added that he believed the talk of Italian penetration into the inner region of Yugoslavia is Italian propaganda designed to please the Albanians who have been concerned over the Albanian minorities in Yugoslavia. He expressed the opinion that there may be as many as 100,000 Italian troops in Albania at the present time.

Commenting on the new Customs, Monetary and Economic Convention between Italy and Albania<sup>50</sup> which was signed last night by Ambassador Jacomoni and the Albanian Minister of Finance Dino said that Italy had agreed to advance to Albania annually the sum of 15 million gold francs and also not to interfere with Albania's internal taxation system. Notice of the denunciation by May 31 of existing commercial treaties with other foreign powers would be given soon, he said. The convention according to the official newspaper *Drita* today provides that the territory of Italy and Albania should be considered as one customs territory administered by the Italian customs regime. The Albanian gold franc is to be maintained at 6.25 Italian lire and there is created the monetary exchange monopoly in the Italian controlled Albanian National Bank which shall exercise this

<sup>50</sup> *Gazetta ufficiale del Regno d'Italia*, August 1, 1939, pt. 1, p. 3546.

function in conformity with the regulations in force in Italy. Other agreements aim at the realization of enterprise for the economic development of the country and as an immediate consequence of this it was stated the importation of merchandise into Albania shall depend upon the transfer of exchange obligations from the Albanian National Bank as manager in the country of the monopoly of exchange and currencies. The convention it was stated further applies according to the directions of the Duce the fundamental plan of economic assistance by Italy to Albania and by opening up the Italian market to Albanian products will offer to Albania the possibility of realizing with larger profit the economic resources and will encourage her to increase her products which will thus bring rapid and fundamental prosperity to the Albanian people.

GRANT

765.75/519 : Telegram

*The Minister in Albania (Grant) to the Secretary of State*

TIRANA, April 23, 1939—11 p. m.

[Received April 24—8:50 a. m.]

53. An agreement has been signed by the Italian Ambassador Jacomoni and the Albanian government here today<sup>51</sup> provides for equal, civil and political rights for Italians in Albania and for Albanians in Italy. The demand for equal, civil and political rights for Italians in Albania was one of the original Italian demands which was rejected by King Zog. The agreement, it is believed, is the first step in a program for Italian colonization in Albania.

A large Fascist celebration was staged today in Tirana and in other centers. The Secretary of the Fascist Party in Rome was here and there was much waving of Italian and Albanian flags and military demonstrations by units of the Italian army of occupation. I am reliably informed that the Albanian peasants who paraded in their native costumes received one franc each for their participation.

GRANT

875.00/503 : Telegram

*The Minister in Albania (Grant) to the Secretary of State*

TIRANA, April 24, 1939—8 p. m.

[Received April 25—3:10 a. m.]

54. Latest decisions of the Albanian Council of Ministers as announced in the official press are as follows:

<sup>51</sup> Treaty signed at Tirana, April 20, 1939, *Gazetta ufficiale del Regno d'Italia*, August 3, 1939, pt. 1, p. 3611.

1. The Albanian Fascist Party is formed.
2. Principal streets of Tirana are renamed for Italians including the King and Queen of Italy and Count Ciano.
3. Mussolini is given the title of "the first honorary citizen of all Albania" with the following explanation "His Excellency the head of the Italian Government in the historic moments of the Albanian nation designed to show his love for Albania to which he did not deny the sacred rights of a sovereign and independent state which the people has preserved as his invaluable treasure."
4. Count Ciano is given the title "honorary citizen of the capital because in the historic moments of the Albanian people he was an indivisible collaborator and faithful interpreter of the thoughtfulness which the great Duce of Fascism has shown for the preservation of the sovereignty and independence of the Albanian nation."
5. All government employees must give the Fascist salute.
6. The law courts and notary offices shall judge and issue verdicts and other acts in the name of His Majesty Vittorio Emmanuel III King of Italy and Albania and Emperor of Ethiopia.
7. Albania will participate in the exposition at Budapest.
8. The Ministry and Inspector of the Royal Court are abolished.

GRANT

875.00/504 : Telegram

*The Minister in Albania (Grant) to the Secretary of State*

TIRANA, April 25, 1939—noon.

[Received 5 : 35 p. m.]

55. Within the last 24 hours I have discussed the Albanian political situation individually with five of my colleagues, namely, the British, French, Greek, Turkish and Rumanian Ministers. We are agreed that Albanian independence and national sovereignty as constituted at the present moment is a fiction despite the assurances of Mussolini to the Albanian political leaders who met him in Rome to the effect that he would respect Albanian independence and in spite of the hopes and confidential note of certain Albanian government leaders as outlined to me Saturday<sup>52</sup> by the Albanian Minister for Foreign Affairs Dino. In support of the theory that Albanian independence is a myth I submit the following observations.

1. Italian Ambassador Jacomoni who has been officially designated as Lieutenant General representing the King of Italy in Albania is rapidly signing far-reaching agreements with the authorities of the Albanian government. Within the last 3 days agreements have been signed providing for a customs union between Italy and Albania which it is generally conceded will likely result in wiping out practically all trade except Italo-Albanian trade; for monetary and ex-

<sup>52</sup> April 22.



change control through the Italian controlled National Bank of Albania; and for the establishment of equal civil and political rights for Italians in Albania the result of which it is believed will be large scale colonization of Albania by Italians.

2. A puppet government established by the Italians is apparently taking its orders from the Italian Ambassador and Lieutenant General, Jacomoni.

3. It would appear that the Italians may be deliberately deceiving the Albanians who do not really comprehend the true meaning of independence in order to gain the good will of the Albanians and at the same time to prevent insurrection (suggested by the Turkish Minister).

4. The Italians may be creating a façade of independence for outside consumption and perhaps especially for the consumption of the British in view of the accord between Italy and Great Britain.

5. A sizable army of occupation controls every section of the country including all means of communication and there is no indication of early withdrawal of the troops. Troops and supplies are still coming in, according to reliable reports.

6. By the time the new parliament is convened for the adoption of a new constitution "within a month or two" as indicated by the Albanian authorities it seems likely that the Italians will have gained all of their objectives by "agreements" reached with the Albanian government.

7. The Italian propaganda machine is working overtime culminating yesterday in the organization of the Albanian Fascist Party which is to be headed by a prominent member of the former Albanian Parliament who will participate in the directorate of the Italian National Fascist Party. A monster military demonstration was staged in Tirana yesterday with the Italian commander Guzzoni; the General Secretary of the Fascist Party, Starace; the Under Secretary for Albanian Affairs in the Italian Foreign Office Benini; the Italian Minister of Public Works; the Lieutenant General, Jacomoni; the Albanian Prime Minister and the German and French Ministers to Albania in the reviewing stand.

GRANT

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765.75/527 : Telegram

*The Ambassador in Italy (Phillips) to the Secretary of State*

ROME, April 27, 1939—7 p. m.  
[Received April 27—3:12 p. m.]

159. I have received from the Minister for Foreign Affairs a note dated yesterday informing me, and requesting me to inform my Gov-

ernment, that pursuant to the vote of the Albanian National Constituent Assembly on April 12 and the resolution adopted by the Grand Counsel of Fascism on the day following "His Majesty the King and Emperor has been pleased to accept the Crown of Albania for himself and for his royal successors"; that he "assumes for himself and his successors the title of King of Italy and of Albania, Emperor of Ethiopia" and that he "will be represented in Albania by a Lieutenant General who will reside in Tirana" as provided by law, approved by the Senate and Chamber on April 15.

I shall not acknowledge the receipt of this communication unless you instruct me to do so.

PHILLIPS

875.00/507: Telegram

*The Minister in Albania (Grant) to the Secretary of State*

TIRANA, May 6, 1939—11 p. m.  
[Received May 7—12: 25 p. m.]

64. What is described in the Tirana press today as important conversations for the reconstruction of Albania have taken place following the arrival in Tirana Thursday and Friday<sup>53</sup> of high officials of the Italian Government including the Under Secretary of State for Albania in the Ministry of Foreign Affairs, the Italian Minister of Public Works and two Italian senators. Francesco Jacomoni, the Lieutenant General representing the King of Italy in Albania, has participated in the consultations which it is stated have been held to determine the general lines of an economical and technical character which Italy is preparing to give to Albania and a program for the construction of roads, buildings and hotels. Gigli, Minister of Public Works who incidentally was received yesterday at the port of Durazzo with a salute of 19 guns, left Tirana today for a study of highways in Albania. I understand from reliable sources that the Italians plan to improve immediately, presumably for strategic purposes, highways leading from Durazzo to Gjinocastro and Korcha, cities in the south and southeast near the Greek frontier.

The construction program will also provide for the reclamation of large swamp areas it is believed for future Italian colonization. The Under Secretary of State for Albania it is understood also gave consideration to the proposed new Albanian constitution. He returned to Italy today.

In another informal conversation with Dino, the Albanian Minister for Foreign Affairs, I was informed that the Italians will likely de-

<sup>53</sup> May 4 and 5.

mand at least two additional agreements, namely, the control of the *gendarmerie* and further control of the Agricultural Bank.

It is officially announced in the press that the Albanian Minister in London, Lee Kurti, the Chargé d'Affaires in Paris, Prince Abid Hamid who married King Zog's sister 2 years ago, and the Chargé d'Affaires in Cairo, Abdul Sula, have been dismissed by a decree issued by the Italian Lieutenant General Jacomoni.

The first copy of the Albanian *Official Gazette* issued since the Italian occupation has appeared and the texts of the two agreements to which reference was made in my telegrams No. 52, April 22, 6 p. m.; and 53, April 23, 11 p. m., namely, (1) the Customs, Monetary and Economic Union between Italy and Albania and, (2) the agreement which provides that citizens of Albania who reside in Italy and citizens of Italy who reside in Albania shall enjoy all the civil and political rights which they enjoy in their respective national territories. It is regarded as significant that Jacomoni who negotiated these agreements with the Albanian government subsequently signed the decrees as Lieutenant General of His Majesty Victor Emmanuel III, King of Italy and Albania, Emperor of Ethiopia, together with the Albanian Prime Minister and the Albanian Ministers concerned. Copies of these decrees in translation are being sent to the Department air mail via Paris on Monday.

All Albanian paper money carrying the picture of King Zog has been recalled by the Italian controlled National Bank and restamped in such a way that the former King's features are obliterated.

Several Legations including the American, French, Rumanian and Greek are now being picketed by plainclothes spies according to observers who state that the pickets attempt to identify all persons who enter these Legations. It is believed that this system has been instigated by Italian officials. I have suggested to my colleague and neighbor, the Greek Minister who is the Dean of the Diplomatic Corps, that we make official inquiry concerning this matter with a view of protesting if it is proved that such unwarranted methods are being followed. He has agreed.

According to the Italian controlled Albanian press 200 Albanian chieftains from Dibra have called on Jacomoni and signed a pact renouncing blood feuds and promising to settle their quarrels under the protection of Fascism. They also presented a petition which includes request for reduction of taxes. Jacomoni also received the homage of high dignitaries of the Catholic Church in Albania, including the Apostolic Delegate and the Archbishop of Scutari. The Albanian Minister of Finance has gone to Rome as the head of a delegation which will participate in the celebration of the Empire on May 9. A general Bureau of Press, Propaganda and Tourism has

been created. There appears to be a temporary lull in the arrival of Italian troops since no transports have appeared at Durazzo for the last 3 days. The Turkish Minister formerly a high officer in the Foreign Office at Ankara informed me today that he has received confidential information from his Government to the effect that it seems probable that Turkey, England, France and Russia will soon agree to form a military bloc which he commented should be able to stop the aggressors. He added that in the event of war his country would move immediately against Bulgaria, if that country leaned towards the Axis Powers. He agreed with an opinion expressed by the Greek Minister, who has just returned from Athens, where he held consultations with Prime Minister Metaxas that it seems apparent that Italy and Germany have succeeded in neutralizing Yugoslavia at least at the beginning of hostilities but that after the first shock the Yugoslavs would join the forces opposed to the Axis Powers.

GRANT

875.00/508 : Telegram

*The Minister in Albania (Grant) to the Secretary of State*

TIRANA, May 9, 1939—6 p. m.  
[Received May 9—10 : 38 a. m.]

67. From another informal conversation with Foreign Minister Dino and through consultations with several of my colleagues within the last 24 hours, it appears that the latest developments in the Albanian political situation are as follows:

(1) A complete reorganization of the Albanian Ministries is being perfected with Italian organizers in each Ministry. It is believed a purge of Albanian government officers was pursued.

(2) Agreement has been reached between Lieutenant General Jacomoni and the Albanian government to provide for a new *gendarmerie* for the policing of the country with an Italian General Agostinucci who was associated with General Pariani several years ago in Albania in command. The *gendarmerie* will comprise Italian *carabinieri* and former members of the Albanian *gendarmerie*.

(3) The Albanian Foreign Minister acting, it is believed, upon the suggestion of Jacomoni has proposed that Albanians be sent as members of the Italian Senate. The matter under consideration.

(4) A number of political refugees who were exiled by King Zog have returned to Albania with the permission of the Italian authorities.

(5) All Albanian schools have been ordered closed on May 31, more than one half month earlier than is customary. It is reported unofficially that the school buildings will be utilized by Italian troops.

(6) A Fascist militia consisting of Italians residing in Albania and Albanians who are registered in the Fascist Party has been created.

(7) The Albanian Foreign Office is planning to send a new Minister to Berlin, Ekrem Vlora, member of the defunct Republican Parliament succeeding Rauf Fitso who is not sympathetic with the present regime, and a new Minister to Sofia, Maliq Libohova, nephew of King Zog's former Foreign Minister Ekrem Vlora. Other vacancies are London, Paris and Cairo. Dino confided to me that he is having much difficulty with the incumbent at Cairo, Abdyl Sula, who refuses to retire. He said that he did not want to be forced to request the Italian Minister in Cairo to take over the Albanian Legation, indicating in my judgment that this procedure has been suggested by the Italians. I questioned Dino in regard to the matter of credentials which might be required of Ministers to Albania. His reply gave evidence of considerable mental confusion. He indicated that while this matter had not been decided it appeared that it would be necessary to present letters to the Italian Lieutenant General. I thereupon intimated that this would create an unusual situation inasmuch as the present Lieutenant General Jacomoni is the former colleague of all of the Ministers now here. Dino then said he had thought of this and that he hoped a formula could be found to avoid this situation. He suggested that present foreign Ministers who remain here might not be required to present new letters. In this connection it is the consensus of opinion among my diplomatic colleagues with whom I have closely collaborated during the crisis that the Albanian government officials are keenly anxious to keep all the Legations here on the theory that this will help Albania salvage some of its independence, whereas the Italians would much prefer to see them go but are going along in order to please the Albanians and present a façade of national sovereignty for outside consumption for the moment. Dino was much disturbed when I informed him of the picketing of certain Legations by plainclothes spies as reported in telegram No. 64, May 6, 11 p. m. He denied that the Albanians were responsible for this and I assured him that I was confident of this also. He volunteered to investigate the matter but indicated that if it should be proved that the Italians were responsible for the practice he would be helpless in correcting it. This incident is indicative of the rigid control the Italian Lieutenant General Jacomoni exercises over all affairs. The Albanian members are mere puppets some of whom, however, are holding on hoping that a world war may change the situation. It appears that under Italian coercion Albanian officials, civil, military and religious, are boycotting the Legations. I find that even close friends among the Albanians do not visit the Legation. My colleagues report similar experiences. The plan of the Albanian government leaders to have a

new constitution adopted at an early date appears to have been sidetracked by the Italians. Dino indicated that he still has hopes of having a constitution adopted soon by a new assembly and not by the Constituent Assembly which established the present government as desired by the Italians. He said that the new Assembly could act on the proposal of an Albanian chamber of Fascios which has been suggested by the Italian leaders.

9. [8<sup>2</sup>] The new Bureau of Press, Propaganda and Tourism is headed by an Italian journalist who has been the United Press correspondent in Albania.

Celebration of the Italian Empire day was featured in Tirana today by a luncheon for high Italian dignitaries with the Albanian Prime Minister as host.

Unconfirmed report today from an Albanian army officer who is connected with the Italian Army is to the effect that there is continued concentration of troops in the south and southeast and that Albanian residents near portions of the Greek frontier have been directed to withdraw 6 kilometers from the frontier.

GRANT

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875.00/518 : Telegram

*The Minister in Albania (Grant) to the Secretary of State*

TIRANA, June 3, 1939—6 p. m.

[Received June 3—5:35 p. m.]

79. The Albanian Prime Minister Verlaci who headed the Albanian delegation went to Rome Thursday <sup>54</sup> to see King Victor Emmanuel (as reported in my telegram No. 78, June 1, 11 p. m.<sup>55</sup>) today broadcast a speech from Rome to the Albanians which as heard in Tirana in substance was as follows:

The King of Italy (1) accepted the proposal of the Albanian delegation that the Albanian Army be incorporated in the Italian Army, and (2) that Albanian interests abroad shall be protected by the Italian representatives.

The new constitution of Albania as outlined by the Prime Minister and confirmed late this afternoon in a special edition of the *Fashizmi* provides that:

(1) The Albanian state is a constitutional monarchy and the crown shall belong to the King Emperor and his heirs according to the Salic law.

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<sup>54</sup> June 1.

<sup>55</sup> Not printed.

- (2) The flag is red with the two-headed eagle in the middle and the lictor emblem.
- (3) The official language shall be Albanian.
- (4) There is freedom of worship. The exercise of all cults is legal.
- (5) The legislative power shall be exercised by the King Emperor in collaboration with the Fascist Corporative Council.
- (6) The executive power shall be exercised by the government appointed by the King Emperor.
- (7) The judicial power shall be exercised in the name of the King by judges appointed by him.

The Italian Lieutenant General Jacomoni who explained the principal features of the new constitution to the Albanian Cabinet 1 week ago was in concert with the Albanian delegation. It would appear that the Albanian authorities "signed on the dotted line" as indicated by Jacomoni and further that they agreed to make certain proposals to the King of Italy in regard to the Army and the administration of foreign affairs as outlined above as though these proposals were their own. Jacomoni therefore having failed to bring King Zog to terms has now scored 100% in carrying out the totalitarian technique through the aid of the Italian army of occupation and a group of Albanian puppets.

A holiday was proclaimed in Albania and Italian and Albanian flags were displayed following Prime Minister Verlaci's speech from Rome.

GRANT

705.7565/2

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*Memorandum of Conversation, by the Adviser on Political Relations  
(Dunn)*

[WASHINGTON,] June 5, 1939.

Signor Giuseppe Cosmelli, Counselor of the Italian Embassy, came in this morning by appointment, and stated that he wished to inform me in a personal and highly confidential way that the Italian Embassy here had received instructions from its Government to take over the representation of Albanian interests in the United States. He said that the Ambassador had asked that our conversation be considered as entirely personal and confidential, as the Italian Embassy had not been instructed to discuss the matter with the American Government.

Mr. Cosmelli went on to say that they anticipated no difficulty whatever with regard to the Albanian Consulate at Boston, as the Consul in charge there was on very good terms with the Italians and they fully expected that he would turn over his offices without any difficulty whatever upon receiving instructions to that effect from Tirana. He said that he did not know what the attitude of the Albanian Consul

General in New York would be, but that after sufficient time had elapsed for him to receive instructions from the Albanian Foreign Office, they would make an approach to him.

As far as concerned the Albanian Minister in Washington, Mr. Cosmelli recalled that Mr. Konitza had made certain declarations at the time of the Italian difficulties with Albania which might make it difficult for him to acquiesce in this new proposed arrangement. Mr. Cosmelli said, however, that the Embassy would take the matter up shortly with Mr. Konitza himself.

These were the only Albanian establishments in the United States, with the exception of the Albanian representation at the New York World's Fair. The question of taking this over, as the Italian Embassy was instructed to, would be taken up with the Albanian Consul General in New York, who was also the Albanian Commissioner to the World's Fair and had charge of the Albanian Pavilion there.

Mr. Cosmelli asked what would be the attitude of this Government with regard to the Italian representatives intervening with the local authorities or with this Government in matters relating to protection of Albanian citizens. I replied that this was a matter to which we would have to give careful consideration and a decision upon which could not be given until we had assembled all of the facts and developments with regard to the Italian relationship with Albania under the new form of organization which it was apparently now proposed to establish. I asked what it was expected would be the status of the foreign representatives in Tirana, and Mr. Cosmelli stated that on that point they had received no information.

I asked Mr. Cosmelli whether the Albanian Foreign Office, in instructing their representatives here to turn over their offices to the Italian representatives, would instruct the Albanian representatives to so inform the Department of State. Mr. Cosmelli replied that he had no specific information along these lines, but he hoped that the instructions to the Albanian representatives would include directions to inform the State Department of their orders.

Mr. Cosmelli then said that the Ambassador had asked him to say that they would appreciate it if they could be permitted to keep in touch with the Department on the developments in connection with their instructions as they went forward with their arrangements to take over the Albanian representations. I said that I would be very glad to have him keep in touch with us on this matter, and that he could let us know the results of their approaches to the different representatives as they made them.

JAMES CLEMENT DUNN



875.00/519 : Telegram

*The Minister in Albania (Grant) to the Secretary of State*

TIRANA, June 5, 1939—11 p. m.

[Received June 5—7:30 a. m.]

82. In confirmation and with interesting new angles of the agreement which was signed in Rome Saturday afternoon by the Italian Foreign Minister, Count Ciano, and the Albanian Foreign Minister, Dino, whereby the Italian Foreign Office assumes the responsibility for Albanian interests abroad as indicated in my telegram No. 79, June 3, 6 p. m. I quote below, in translation from the French, a note which I have received tonight from the Minister for Foreign Affairs D. Dino. The fourth paragraph appears to be particularly significant and is the subject of conferences tonight among several Chiefs of Mission.

The Albanian delegation to Rome headed by Prime Minister Verlaci returned to Tirana late Sunday afternoon, speeches were made including one by the Italian Lieutenant General Jacomoni and Italian fireworks were displayed. This spectacle was followed today by the announcement that Verlaci and three other Albanians had been appointed Senators in Rome; that Foreign Minister Dino had been decorated and made an Ambassador; that Father Fishta, former head of the Franciscan Order and poet laureate in Albania, had been made a member of the Italian Academy; the Albanian Minister of Education, Koliqi, a professor of the University of Rome; and General Zef Sereggi, former personal adjutant to King Zog, a division general. That the capitulation of the handful of Albanian puppets who were selected by the Italian authorities to head the new government following the Italian military occupation appears to have been complete in the august presence of King Victor Emmanuel. Viceroy Jacomoni's cup of joy is full to overflowing in striking contrast to the expressions of disgust among the majority of diplomatic officers over the success of the totalitarian technique. Foreign Minister Dino's note follows. (Enclosed with the note was a copy of the text of the Rome agreement which was incorporated in my telegram No. 80, June 5, 5 p. m.<sup>56</sup>)

"Mr. Minister: I have the honor to bring to the knowledge of Your Excellency that between the Albanian and Italian Governments an agreement concerning the unification of diplomatic and consular services of the two Kingdoms was concluded in Rome on June 3, 1939.

In virtue of this agreement the international relations of the two countries shall be taken care of by the Ministry for Foreign Affairs in Rome.

<sup>56</sup> Not printed.

Begging Your Excellency to have the kindness to find herewith a copy of the aforesaid agreement in the Italian language, I hasten to inform you that the Albanian Royal Government has decided to abolish its own Foreign Office as a result of the application of the stipulations of the agreement.

I am happy to be entirely at the disposal of Your Excellency for all you may judge useful in relation with the new situation from which results the incompetence of the Albanian Royal Government to accord henceforth to the representations and the diplomatic representatives accredited up to now to Tirana the usual privileges and immunities.

Please accept, Mr. Minister, the assurance of my high consideration. The Minister for Foreign Affairs D. Dino."

GRANT

124.75/29a : Telegram

*The Secretary of State to the Minister in Albania (Grant)*

WASHINGTON, June 10, 1939—1 p. m.

26. Reference is made to your telegram No. 82, of June 5, 11 p. m. to the effect that you have received a note from the Albanian Minister for Foreign Affairs informing you that the Albanian and Italian Governments concluded an agreement on June 3, 1939 concerning the unification of the diplomatic and consular services of the two countries in accord with which the Albanian Government has decided to abolish its own Foreign Office and to cease to accord henceforth to foreign representatives in Albania the usual privileges and immunities. In view of this decision of the Albanian Government you are instructed orally to inform the appropriate authorities in Tirana that you will close the Legation and depart for the United States.

A subsequent telegram will be sent instructing you with regard to the closing of the Legation and the disposition of the staff.<sup>57</sup>

Meanwhile, however, I wish to express to you on behalf of the President and myself, our appreciation of the able manner in which you have carried on the duties of American Minister under circumstances of unusual difficulties.

HULL

701.7511/44

*Memorandum of Conversation, by the Secretary of State*

[WASHINGTON,] June 24, 1939.

The Minister of Albania called at my request. I said that it was awful to contemplate the strange courses being pursued in many parts

<sup>57</sup> Instructions not printed. The Minister informed the Department on July 11 that he was closing the office to the public the next week; however, it was not until September 16 that all the business was wound up and the Legation closed (124.75/30, 37, 41).

of the world these days, but that it was not a question, however, of how much one may deplore the events that are taking place or how much some of us may sympathize with those who experience such developments.

I went on to say that on June fifth the Foreign Minister of Albania officially notified this Government through our Legation in Tirana that the Albanian and Italian Governments had signed an agreement on June third, whereby the diplomatic and consular services of the two countries were unified and the Albanian Foreign Office abolished. At the same time our Legation was notified by the Albanian Minister that as a result, the Albanian Government was incompetent to accord in the future the usual privileges and immunities to foreign representatives in Albania. I added that these developments were different from those in Czechoslovakia some months ago which I need not elaborate upon, since it was a question of forceful taking by German authorities.

I then said that much as I regretted to have to inform the Minister, this Government, having felt obliged to order its Minister back home, was no longer in a position to extend privileges and immunities to the Minister of Albania. He seemed not to be surprised, in making reply to what I had said, but remarked that Albanians in this country desired any kind of showing possible in the way of continuing the Legation that would have a moral influence; that the Minister himself would find that anything he might do in this direction by holding on, would be an impediment to him personally.

C[ORDELL] H[ULL]

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875.00/519

*The Secretary of State to the Ambassador in Italy (Phillips)*

No. 518

WASHINGTON, July 31, 1939.

SIR: Reference is made to telegram No. 82 of June 5, 11 p. m., 1939 from the American Minister in Tirana reporting that the Albanian Foreign Minister had informed Mr. Grant that the Albanian Government had decided to abolish its own Foreign Office. You are advised that as a result of the cessation of the functions of the Albanian Legation in Washington and of the Albanian Consulate General in New York and the Consulate in Boston, Albania does not appear either on the list of embassies and legations in Washington as published in the Diplomatic List, Department of State, July 1939, or on the list of Foreign Consular Offices in the United States, Department of State, July 1, 1939.

Since the Department's decision to withdraw American diplomatic and consular representation from Albania, as announced in the Secre-

tary's press conference on June 12, 1939, consideration has been given to the question of the protection of American interests in that country under the new circumstances. A practicable solution might be for the Consulate at Rome to handle informally and without publicity in due consultation with the Embassy such consular matters, with the exception of visa and citizenship cases which fall within the purview of the Consulate General in Naples, as may arise from time to time in Albania.

The Department would appreciate any comments which the Embassy may care to make on the foregoing suggestion.

Very truly yours,

For the Secretary of State:  
SUMNER WELLES

## BELGIUM

### PRELIMINARY DISCUSSIONS WITH REGARD TO REVISION OF TRADE AGREEMENT BETWEEN THE UNITED STATES AND BELGIUM<sup>1</sup>

611.5531/765

*The Belgian Ambassador (Van der Straten-Ponthoz) to the Secretary of State*

[Translation]

WASHINGTON, April 11, 1939.

MR. SECRETARY OF STATE: On July 9, 1937, Your Excellency did me the honor of sending me a letter<sup>2</sup> in which were communicated to me the changes proposed by the American Government in the Belgian counter-draft relating to the general provisions of our Trade Agreement.

In connection with that communication, I have the honor to forward to you enclosed:<sup>3</sup>

(1) A copy of the text of a new Belgian counter-draft of the General Provisions;

(2) This same text compared with the last American draft, containing between / / the words or phrases which the Belgian Government would like to have eliminated, and underlined, the words or phrases which the Belgian Government would like to have substituted for the text between / /, or added to the American text. In addition, there appears in this document, opposite each article, a brief remark giving the reason for the changes made by the Belgian Government in the last text proposed for its acceptance.

I hold myself at the disposal of Your Excellency for the purpose of proceeding with any exchange of ideas which you might consider useful in regard to the enclosed texts.

I avail myself [etc.]

R. VAN DER STRATEN

611.5531/773a

*The Department of State to the Belgian Embassy*

#### MEMORANDUM

On March 29, 1938 [1939], His Excellency the Belgian Ambassador, in a conversation with Mr. Sayre,<sup>4</sup> inquired regarding the possibility

<sup>1</sup> For previous correspondence regarding trade relations between the United States and Belgium, see *Foreign Relations*, 1938, vol. II, pp. 204 ff.

<sup>2</sup> *Ibid.*, 1937, vol. II, p. 220.

<sup>3</sup> Enclosures not attached to file copy of this document.

<sup>4</sup> Francis B. Sayre, Assistant Secretary of State; memorandum of conversation not printed.

of a trade agreement between Belgium and the United States in which the United States would grant concessions on products of interest to Belgium which were included in the trade agreement between the United States and Czechoslovakia.<sup>5</sup> The Ambassador was informed that studies were in progress concerning the possibilities of a new or supplementary trade agreement with Belgium, and that these studies related not only to concessions included in the agreement with Czechoslovakia which might be of interest to Belgium, but also to the broader question of what changes in the concessions contained in the existing agreement might be of mutual benefit to the United States and Belgium.

As a result of these studies, the Government of the United States believes that the scope of possible concessions by both countries is sufficient to justify the opening of negotiations with a view to a general revision and expansion of the present trade agreement. This Government envisages the possibility of an exchange not only of new concessions on articles not included in the present agreement, but also further improvements in the treatment of articles already included in the agreement. For this purpose it is believed that the negotiation of a new agreement, rather than a supplementary agreement, would be appropriate.

There is attached hereto, as Appendix A,<sup>6</sup> a list of articles on which the United States would be prepared to consider requests by the Belgian Government for concessions in the form of reductions in, or bindings of, existing duties in the event that a new agreement should be negotiated. The articles included in this list have been selected on the basis of the rule, followed generally by the United States in trade-agreement negotiations, that concessions are accorded to each country with respect to articles of which that country is the principal or an important supplier of imports into the United States. The Belgian Government is of course aware of the statutory fifty-percent limitation in the reductions which may be offered in connection with trade-agreement negotiations. Where a rate of duty is reduced successively in two trade agreements this limitation applies to the sum of both reductions. There is indicated, in the attached list, with respect to each item, the extent of any reduction which has already been made through trade-agreement negotiations.

In the event that the two Governments should agree to negotiate a new trade agreement, the United States would proceed with its customary public notice of intention to negotiate, and would propose to publish, in connection therewith, the attached list, subject to such

<sup>5</sup> For correspondence regarding the trade agreement between the United States and Czechoslovakia, see *Foreign Relations*, 1938, vol. II, pp. 223 ff; for text of agreement, signed March 7, 1938, see Department of State Executive Agreement Series No. 147, or 53 Stat. 2293.

<sup>6</sup> Not printed.

modifications as might be agreed upon by the two governments. It would be stated in connection with the public notice that requests by the Belgian Government for concessions would be considered only with respect to articles included in the list.

The Belgium Government is doubtless aware that under the procedure required by law in connection with the negotiation of trade agreements, no commitments can be made as to concessions to be granted by the United States until all interested parties have been given an opportunity to present views and information to the Government of the United States at public hearings relating to the proposed negotiations.

There is also attached, as Appendix B,<sup>7</sup> a preliminary and tentative list of articles on which the United States would expect to request concessions. This list has been compiled as a result of a study of the major items in Belgian statistics of imports from the United States. It is expected that some further items will be added to the list at a later date in consequence of further studies, including consideration of the information and views which may be received from traders at the above-mentioned public hearings. It is believed, however, that this preliminary list will be found to include all of the major items on which the United States would wish to request concessions.

This preliminary list is in two parts. The first part includes articles already included in the present agreement on which the United States would be interested in receiving concessions additional to those already contained in the agreement. The second part includes articles not covered by the present agreement on which the United States would be interested in receiving new concessions, including bindings of existing treatment in the case of those articles in the list which are now subject to a low rate of duty and exempt from import restrictions.

As regards general provisions, the Belgian Government is aware of the nature of the safeguards of concessions, and of the other general provisions, which this Government would expect to have included in the proposed new agreement.

WASHINGTON, May 19, 1939.

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611.5531/773c : Telegram

*The Secretary of State to the Ambassador in Belgium (Davies)*

WASHINGTON, June 23, 1939—6 p. m.

40. The Department wishes to know whether the Belgian Government is interested, in principle, in negotiating a revised trade agree-

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<sup>7</sup>Not printed.

ment as proposed in the memorandum handed to the Belgian Ambassador here on May 19, 1939. While we realize, of course, that further time for study may be required before the Belgians can give us a definitive reply, we would be glad to know if the Belgian Government is sufficiently interested in our proposal to justify our continuing the statistical studies on which the two preliminary lists attached to our memorandum of May 19 are based. Please reply by cable.

HULL

611.5531/774: Telegram

*The Ambassador in Belgium (Davies) to the Secretary of State*

BRUSSELS, June 24, 1939—11 a. m.

[Received June 24—9:05 a. m.]

80. Department's telegram 40, June 23, 1 [6] p. m. Embassy has ascertained informally that Belgian Foreign Office is favorably disposed to proposed negotiations and is now consulting other interested departments of the Government. The Foreign Office hope that a reply announcing acceptance in principle will be sent in about 2 weeks.

DAVIES

611.5531/780

*Memorandum by the Assistant Chief of the Division of European Affairs (Culbertson) to the Chief of the Division of Trade Agreements (Hawkins)*

[WASHINGTON,] July 12, 1939.

MR. HAWKINS: You will recall that I received last week a letter from Orme Wilson in Brussels, in which Wilson stated that it might not be earlier than the end of August or the first part of September before the Belgians gave us a definitive list for publication in the notice of intention to negotiate. We agreed that if we did not get out notice of negotiation before that time we would be running too much into the new year in the negotiations for comfort, in so far as Congress was concerned. I telephoned de Gruben<sup>s</sup> and told him that I had received this letter from Wilson and that we were a bit concerned about the time involved, and that I was wondering whether his Government really understood the time involved between announcement of intention to negotiate and the actual negotiations. I told him that I was afraid the authorities in Brussels were trying to determine at this stage the actual concessions which they would request. I indicated to him that we were anxious not to have these negotiations run into the

<sup>s</sup> Baron Hervé de Gruben, Counselor of the Belgian Embassy.



new year and that if we were not to receive the Belgian list until September, we might wish to reconsider the question.

De Gruben understood thoroughly what we had in mind and telegraphed his Foreign Office. He telephoned me this morning to say that he had received a telegram authorizing him to notify the Department of the Belgian Government's "agreement on the suggested negotiations". This telegram did not, however, include any information with regard to the list other than to say that detailed mail instructions were being sent from Brussels today.

I suggested that he might wire back and check whether these detailed instructions included the list which the Belgian Government would agree to for publication. He said that he would do this. I told him that in the meantime I felt we could go ahead with the machinery of getting ready to issue the notice of intention to negotiate, and that just as soon as the list is received publicity would be given to the matter.

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611.5531/781

*Memorandum of Conversation, by the Chief of the Division of Trade Agreements (Hawkins)*

WASHINGTON, July 17, 1939.

Baron de Gruben called in connection with certain difficulties which have arisen in connection with the early announcement of the negotiation of a revised trade agreement. He said his Government is very reluctant to agree to limiting the discussions of concessions by this country to the items in a published list until it has had opportunity to contact all of the Belgian producers who might be interested in having items included in the list, and that the Belgian Government probably would not be able to complete its investigation until September. Baron de Gruben stated that he realized the objections to such a delay and also that his Government apparently does not fully understand our procedure even yet, nor apparently realize that the proposed published list prepared by us in all probability covers every item of any consequence at all in which Belgium might conceivably have an interest. In order to assist his Government in reaching an early conclusion as to what it wants published, Baron de Gruben asked if we could furnish him detailed statistics on the items imported from Belgium. I gave him the large list of products considered by the Trade Agreements Committee in formulating the list for publication which includes detailed statistics and information, but not the comments on the items which were prepared for the use of the Trade Agreements Committee. Baron de Gruben asked when I thought we ought to get out the announcement and I told him that the sooner we could get it out the

better, since it is desirable from our point of view not to have the negotiations extend over into the next calendar year. I said that I had hoped that we could get the announcement out by August first.

In response to his request for my suggestions as to what further considerations he should advance to his Government in support of going ahead with the announcement promptly on the basis of our list, I said that the data I had just furnished him would seem to cover all items of any consequence whatever in the trade, and that if his Government wanted any of these items added to the list formulated by us, I would be glad to present these requests to the Trade Agreements Committee. In any event, if it should turn out that the Belgian investigations between now and the time when negotiations were actively undertaken revealed some product not in the published list, it is possible under our procedure to issue a supplementary announcement. However, I pointed out that in such a contingency, the negotiations would be delayed somewhat and, therefore, it would not be worthwhile from the standpoint of either Government to issue a supplementary announcement unless there had been some oversight involving an item of real importance. This latter contingency is a very unlikely one in view of the comprehensive nature of the published list and of the completeness of the list from which the published items are taken. Baron de Gruben said that he fully understood and appreciated all of this.

He then went on to a different phase of the subject, and handed me the attached list of products<sup>9</sup> in respect of which he said his Government would like an indication of what we are likely to ask the Belgian Government in the way of concessions. He said his Government wanted to gauge what it would be called upon to grant in order to determine how much it would be justified in asking from us. I told Baron de Gruben that I could not quite see the necessity of this since his Government could determine after our hearings and after we had gotten into definitive negotiations how much it was justified in asking of us in the light of what we definitely requested of it. I also pointed out that to indicate at this stage the nature of the concessions we are likely to ask presents difficulties from a procedural standpoint since we normally do not formulate our requests until after full study and after the hearings have been completed and we have before us all the evidence submitted by private interests. I said that, of course, we do formulate tentative ideas of what we might ask for on various products of particular interest, but that to give such tentative indications to his Government at this stage might cause his Government to embark upon the negotiations on assumptions which would turn out to be unfounded when we had carefully examined the question

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<sup>9</sup> Not printed.

of what requests we should make in the light of information obtained from the trade; and for this reason, I did not think it feasible to give his Government the indications referred to. He said he fully understood these points, but that he had been asked by his Government to obtain this information and hoped that we would consider it further.

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611.5531/779

*The Belgian Ambassador (Van der Straten-Ponthoz) to the Secretary of State*

[Translation]

D. 4151  
No. 2884

WASHINGTON, July 19, 1939.

MR. SECRETARY OF STATE: In conformity with instructions from my Government, I have the honor to notify Your Excellency of its agreement to the proposal to open negotiations with a view to the widening of the Trade Agreement of February 27, 1935,<sup>9a</sup> which Your Excellency was good enough to propose to me in the form of a memorandum dated May 19, 1939.

I shall advise Your Excellency later of the changes, in the list of products connected with our export trade to the United States (Annex A to the memorandum mentioned above), which my Government will have the honor to propose to you.

In addition, my Government has informed the United States Embassy at Brussels that it wishes to obtain complementary and definitive information regarding the list of products connected with American export trade to Belgium (Annex B of the memorandum mentioned above). My Government is pleased to believe that Your Excellency will be good enough to give it this information without delay, in consequence of the acceptance in principle which I have the honor to communicate to you. I shall be happy also to be put in possession of the information on this subject which Your Excellency may communicate to the Belgian Government.

I take [etc.]

R. V. STRATEN

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611.5531/782 : Telegram

*The Chargé in Belgium (Wilson) to the Secretary of State*

BRUSSELS, July 25, 1939—1 p. m.

[Received July 25—11 a. m.]

91. For Culbertson. Your letter of July 8.<sup>10</sup> I am informed that Belgian authorities consider that word "generally" contained in De-

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<sup>9a</sup> Department of State Executive Agreement Series No. 75, or 49 Stat. 3680.

<sup>10</sup> Not found in Department files.

partment's memorandum of May 19 to Belgian Ambassador permits them to incorporate in list of items now in preparation certain articles of which Belgium is not the principal or an important supplier in the expectation that concessions which may be obtained in negotiations will materially increase exports of these items and bring them within above-mentioned categories. In order to determine which these articles shall be, questionnaire is being addressed to Belgian industrialists who must send in their replies by September 1. It is expected that list can be forwarded to Washington by September 15.

Understand that complete information has been sent to De Gruben for transmission to Department. Letter follows.

WILSON

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611.5531/782 : Telegram

*The Secretary of State to the Chargé in Belgium (Wilson)*

WASHINGTON, July 31, 1939—5 p. m.

47. Your 91, July 25, 1 p. m.

1. You are requested to inform the Belgian authorities that if the additions to our list which the Belgian Government intends to propose do not reach us until September 15, and if notice of intention to negotiate cannot be issued until after that date, negotiations cannot, under our procedure, begin until the latter part of October. This would be a far greater delay than was conceived likely when we made our proposal of May 19. Consequently, if no public notice can be issued before September 15 we will have to reconsider our proposal of May 19. On the other hand, it is permissible under our procedure, to issue a supplementary notice after the publication of the first notice, listing additional items.

2. In order to avoid further delay, we are prepared to proceed as follows. Announcement would be made immediately, listing the articles included in annex A to our memorandum of May 19, together with the items suggested below in paragraph 5 and such of the items in paragraph 6 as the Belgian Government may wish. Negotiations could then be started early in September. If, after the Belgian Government has received the replies to its questionnaire, it is found that any articles on which the Belgian Government considers it important to secure a concession and which we would feel justified in including in the negotiations have not been included in our public announcement, we will give the most sympathetic consideration to any request which the Belgian [Government] may make for the publication of a supplementary announcement in the latter part of September, provided that the trade in such articles is of sufficient importance.

3. As regards the list of articles on which we might be interested in asking concessions of Belgium, it is not possible for us to limit ourselves to a definitive list before the public hearings on the proposed negotiations, since this would be contrary to the intent of our law which requires that the views expressed by our producers be taken into account in the negotiations. However, with the supplement to our list, given below in paragraph 7, we have covered all the items which, on the basis of an analysis of trade statistics, would appear to be of special interest to us.

4. As regards the word "generally" in our memorandum, it is our policy to reserve a tariff concession on any article so far as practicable for the country which seems likely to be the most important beneficiary. In general this means the country which is the chief source of supply, but there are exceptions, as in the case of articles of which Czechoslovakia has been the chief source in recent years, where the second largest source of supply is, under present conditions, considered likely to be the main beneficiary of any concession which might be made. Only under special circumstances are we prepared to depart from the first supplier rule.

5. We are prepared to list with our public notice, in addition to those included in Annex A to our memorandum of May 19, the following items: . . .

6. In addition, we are prepared to list the following items if the Belgian Government so desires, although it is doubtful if Belgium would benefit much from any concessions we might make on these items: . . .

7. The following is a list of the items, in addition to those included in Annex B, which would appear to be of interest to the United States: . . .

8. Please impress upon the Belgian authorities our desire to receive at the earliest possible moment a reply indicating whether they will consent to our publishing an announcement of intention to negotiate subject to the conditions stated above, and whether they wish any of the items listed in paragraph 6 to be added to our list for publication.

9. The Belgian Embassy, on instructions from Brussels has asked us to indicate the nature of concessions we would ask on certain products. We replied that we normally do not formulate our requests until we have studied evidence presented by private interests at hearings, and we would not wish the Belgian Government to embark on negotiations on assumptions which might turn out to be unfounded after we had examined the whole trade between the two countries in the light of information obtained from traders.

HULL

611.5531/788 : Telegram

*The Chargé in Belgium (Wilson) to the Secretary of State*

BRUSSELS, August 10, 1939—3 p. m.

[Received 7:12 p. m.]

96. My 94, August 8.<sup>11</sup> I am in receipt of a note from the Foreign Office stating that in view of the arguments advanced in my note transmitting pertinent portions of Department's telegram No. 47, July 31, 5 p. m., the Belgian Government accepts that the announcement to negotiate and the public hearings shall relate for the present to the three lists of products contained in Annex A accompanying the memorandum of May 19 and in Department's telegram No. 47, July 31, 5 p. m.

The Belgian Government reserves the right to transmit to the United States Government in September, after consultation with the groups of producers in the Belgo-Luxemburg Economic Union, an additional list of products to be discussed during the approaching Belgo-American negotiations.

Full text by mail.<sup>11</sup>

In conversation with Mr. Suetens of the Foreign Office yesterday he intimated that this list might consist of a considerable number of articles. I believe that various groups in the Economic Union will endeavor to influence the Belgian Government in this sense.

WILSON

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[For text of public notice of intention to negotiate a new trade agreement with Belgium, issued August 16, 1939, by the Department of State, see Department of State, *Press Releases*, August 19, 1939, pages 135 ff. For additional public notice, issued August 22, 1939, see *ibid.*, August 26, 1939, page 170. The notice of August 16, 1939, contains the list of products on which the United States would consider granting concessions to the Belgo-Luxemburg Economic Union and the Belgian Congo.]

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611.5531/801a : Telegram

*The Secretary of State to the Chargé in Belgium (Wilson)*

WASHINGTON, August 24, 1939—2 p. m.

51. Because of Labor Day holiday, it has been decided to extend the time for written statements from September 16 to September 27 and for opening of hearings from October 2 to October 9. These changes in dates were announced August 22.

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<sup>11</sup> Not printed.

We therefore expect to be able to make definitive offers of concessions about October 16. Meanwhile, we are preparing a reply to the Belgian counter-proposal of general provisions of April 11, 1939, with a text adapted for inclusion in a new trade agreement. This will be mailed in a few days. We also will prepare as soon as possible a tentative list of requests for concessions by Belgium, which will be subject to revision about October 16.

Please inform Foreign Office.

HULL

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611.5531/805 : Telegram

*The Chargé in Belgium (Wilson) to the Secretary of State*

BRUSSELS, September 5, 1939—1 p. m.

[Received September 5—9 a. m.]

117. The Foreign Office has inquired whether the Embassy has received any information regarding the Department's plans for trade agreement negotiations in view of present political situation in Europe; inquiry was also made as to where these negotiations would be held. Please reply by cable.

WILSON

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611.5531/805 : Telegram

*The Secretary of State to the Chargé in Belgium (Wilson)*

WASHINGTON, September 13, 1939—7 p. m.

60. Your 117, September 5, 1 p. m. We are going forward with our trade agreement preparations on the assumption that conditions arising from the war will not be such as to preclude the possibility of the conclusion of a mutually satisfactory agreement.

The war has not altered our ability to offer to Belgium increased facilities for Belgian imports into the United States. We here do not now know in what measure the war will affect our export trade with Belgium. We are assuming however that the Belgian Government will continue to be in a position to offer American trade adequate compensation for the concessions we will be prepared to make.

In view of the existing situation in Europe we feel that definite decision regarding the place where the definitive negotiations are to be held should be deferred until early October.

HULL

611.5531/821a : Telegram

*The Secretary of State to the Ambassador in Belgium (Davies)*

WASHINGTON, September 21, 1939—2 p. m.

66. As indicated in the Department's 60, September 13, 7 p. m., we have been going forward with our trade agreement preparations on the assumption that circumstances would permit the conclusion of a mutually beneficial agreement. We have not, of course, ignored the potentialities in the European situation as they may affect Belgium but since future developments must necessarily be largely a matter of conjecture we have not felt that we would be justified in suggesting any alteration in our original plans. Developments as set forth in your 137 and 138 of September 18<sup>12</sup> tend to take us out of the field of conjecture and raise in our minds the question whether we should think of suspending our preparations until the situation has developed some degree of clarity.

We of course recognize that Belgium is at present in a difficult position and is not in all probability now able to say what it may or may not be in a position to do by way of trade agreement negotiations. However, we should like to know whether the Belgians are still going forward with their preparations and what they feel with reference to the feasibility of going forward as originally planned. Please talk over this whole question sympathetically with the appropriate authorities and in submitting your report we should appreciate receiving your own views. We are receiving inquiries as to our plans in regard to the negotiations and for that reason an early report would be helpful.

HULL

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611.5531/831 : Telegram

*The Ambassador in Belgium (Davies) to the Secretary of State*

BRUSSELS, September 27, 1939—6 p. m.

[Received 8:37 p. m.]

146. Your telegram No. 66, September 21, 2 p. m. Foreign Office officials expressed yesterday to representative of the Embassy the opinion that owing to the existing political situation it would be impracticable for Belgium to commence now the negotiations for a new trade agreement adding that until forthcoming negotiations concerning blockade problems with the French and British are completed it would be very difficult to know what supplies of raw materials Belgium may be able to import for purposes of manufacturing and export. As another evidence of the prevailing uncertainty they

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<sup>12</sup> For telegram No. 137, see vol. I, p. 736; No. 138, not printed.



referred to possible quota concessions to the United States in revised trade agreement asserting that Belgium might be compelled by the necessities of war to disregard these and make its purchases of the articles in question in more favorably situated countries. They seemed confident that by the time Mr. Theunis<sup>13</sup> is able to discuss the matter with the Department (see my despatch No. 469, September 22)<sup>14</sup> the negotiations with France and Great Britain will have terminated and the situation will be clearer.

There appears to be no indication that the Belgian authorities are not desirous of concluding a new trade agreement. They say that they are proceeding with their preparations such as the questionnaire addressed to Belgian manufacturers (see Embassy telegram No. 91, July 25, 1 p. m.) and that they will study the documents mentioned in Department's telegram 51, August 24, 3 [2] p. m. The Chief of Economic Division of the Foreign Office in a recent letter to the Embassy stated that "it goes without saying that the Royal Government is entirely disposed notwithstanding the present events to enter into negotiations with the United States Government". They appear to feel however that a postponement of the negotiations for the reasons set forth above is essential.

In the present situation I consider it advisable to await Theunis' arrival in Washington before proceeding further with final preparations for negotiation.

DAVIES

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611.5531/913

*The Belgian Embassy to the Department of State*

MEMORANDUM

D. 4151

No. 4055

The Belgian Government desires to proceed with the negotiations with the American Government for the revision of the Commercial Agreement of February 27th 1935. In view of present conditions which require the presence in Belgium of competent Belgian officials, to adapt the commercial relations of the country to the requirements of prevailing war conditions in Europe, it is impossible for them to come to Washington. The Belgian Government ventures to hope that it may be possible for the appropriate American officials to come to Belgium in order to submit the views of the American Government. The preliminary examination of these views should be made in Belgium, as it would require the collaboration of several Belgian admin-

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<sup>13</sup> George Theunis, Belgium's Special Ambassador to the United States.

<sup>14</sup> Not printed.

istrative departments. The Belgian Government should like to be informed as soon as possible as to the American wishes in regard to reductions in the Belgian Tariff and the draft of the General Provisions. As the study of these subjects will require a certain amount of time, the Department of State will perhaps find it expedient to transmit their desiderata through the American Embassy at Brussels before the arrival of the delegation in Belgium. The Belgian Government will not be ready to begin the negotiations before the 15th of November. It would seem preferable, however, that they be postponed to a later date, as the commercial negotiations with certain belligerent countries are still under discussion.

If the negotiations commenced in Brussels should not reach a definite result, the Belgian Government would be glad to consider the possibility of continuing them and ultimately, concluding them, in Washington.

WASHINGTON, October 24, 1939.

611.5531/913

*The Department of State to the Belgian Embassy*

MEMORANDUM

Reference is made to the Belgian Embassy's memorandum of October 24, 1939, indicating the readiness of the Belgian Government to proceed with negotiations for a revised trade agreement with the United States. This Government finds itself in general accord with the suggestions for procedure made by the Belgian Government and will be glad to undertake to transmit a list of its desiderata and a draft of the general provisions, both of which are now in process of preparation, through the American Embassy at Brussels at as early a date as the usual procedure of consultation with the different governmental agencies and other appropriate sources concerned makes possible. When the Belgian Government has completed its study of this material, this Government will be glad to consult with the Belgian Embassy in Washington as to the place where, in the light of the situation prevailing at that time, it may appear that the negotiations might most appropriately be held.

It is this Government's understanding that the Belgian Government has had under consideration the possibility of requesting that this Government consider granting concessions on certain products in addition to those contained in the list of products on which the United States will consider granting concessions published on August 16, 1939, and that such a list of products would not be likely to differ substantially from the tentative list presented informally to the American Embassy in Brussels last August. The publication of a supplement-

tary list of products on which the United States will consider granting concessions would, of course, occasion a material delay in the date of conclusion of the negotiations, since, following such publication, it would be necessary for this Government to allow sufficient time for receiving representations relative thereto from interested persons and to hold public hearings. It would probably not be possible to start negotiations relative to products on a supplementary list until at least six weeks following the publication of such list.

In this connection this Government would like to point out that preliminary study of the tentative list furnished the American Embassy in August indicates that in a great majority of cases Belgium is a relatively minor supplier of the products contained therein. Preliminary study indicates that in 1938 United States imports from Belgium of dutiable products in this list of which Belgium has been, or could reasonably be expected to be in the future, a supplier in sufficient proportion to warrant their consideration for possible inclusion in a supplementary published list amounted only to about \$300,000. It would hardly appear likely that, even if this Government makes liberal allowance for certain existing special trade conditions in interpreting its customary policy of restricting concessions to products of which the other country is the principal or important supplier, it could consent to including more than a relatively small part of the additional products tentatively mentioned by the Belgian Government in a published supplementary list of products to be considered for concessions.

Inasmuch as this Government is in full accord with the apparent desire of the Belgian Government to proceed with trade-agreement negotiations without undue delay it ventures to express the hope that in the circumstances the Belgian Government may decide not to request the issuance of a supplementary list. If, however, the Belgian Government wishes that such a list be published this Government would appreciate receiving as soon as possible a definitive list of the products which the Belgian Government desires to have considered for such publication.

WASHINGTON, November 2, 1939.

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611.5581/916

*Memorandum of Conversation, by Mr. Constant Southworth of the  
Division of Trade Agreements*

[WASHINGTON,] November 2, 1939.

Baron de Gruben called by invitation at Mr. Hawkins' office and was handed a copy of the attached memorandum<sup>15</sup> in reply to the

<sup>15</sup> *Supra.*

Belgian Embassy's memorandum of October 24, 1939 expressing a desire to negotiate a new trade agreement. In response to Baron de Gruben's question as to how soon a list of the concessions desired by the United States would be ready for Belgian consideration he was informed that we could probably have such a list ready in about three weeks. Baron de Gruben then said that in view of this estimate he would inform his government that the list would be ready to reach them by about December 1.

He stated that the Belgian Government is desirous of opening up markets in the United States for certain products not previously sent here by Belgium in important quantities. It is particularly desirous of obtaining various concessions previously granted to Czechoslovakia. It was pointed out to him that a number of the products on which we gave concessions in the Czechoslovak agreement are on the Belgian published list and also that as more and more trade agreements are negotiated Belgium will participate increasingly, through most-favored-nation treatment, from concessions on products in the Czechoslovak agreement. He replied that while he appreciated that fact he hoped that as many as possible of the Czechoslovak concessions would be granted Belgium direct.

In response to Baron de Gruben's question as to whether it would be feasible for us to send a negotiator or negotiators to Belgium at the appropriate time Mr. Hawkins said that as far as he could see now it probably would be feasible to do so.

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611.5531/921

*The Chargé in Belgium (Wilson) to the Secretary of State*

No. 570

BRUSSELS, December 21, 1939.

[Received January 11, 1940.]

SIR: Adverting to my telegram No. 221, of December 19, 1939, 1 p. m.,<sup>16</sup> I have the honor to inform the Department that Mr. de Fontaine of the Foreign Office called at the Embassy on December 19 in order to tell me that his Government has now completed the list of Belgian products, additional to those enumerated by the Government of the United States, on which it plans to request concessions during the contemplated negotiations for the revision of the trade agreement of 1935. He assured me that this list will be forwarded this week by air-mail to the Belgian Embassy at Washington for the perusal of the Belgian Ambassador and of Mr. Grenade, the Commercial Attaché, and expressed the opinion that before transmitting this list officially to the Department of State the Belgian Embassy

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<sup>16</sup> Not printed.

may desire to discuss it informally with the appropriate officials of the Department. It was possible, added Mr. de Fontaine, that during this period the Belgian Government might desire to make minor alterations in the list by adding or withdrawing one or two products. He believed, however, that this could be done if necessary by cable without difficulty. It would appear, therefore, in the light of the above information that the supplementary list will reach Washington about the first of January.

With reference to the place where the negotiations will be held, Mr. de Fontaine expressed to me again the hope that they would take place in Brussels, as in the present difficult circumstances it would be almost impossible for the Belgian Government to send representatives to Washington. He was of the opinion that if the American counter-proposals for the general provisions of the revised treaty and the list of requests for tariff concessions should arrive at an early date, they could receive the consideration of the Belgian authorities simultaneously with the completion of the necessary formalities incidental to the submission of the Belgian supplementary list of products to the United States Government. This would tend to expedite the commencement of the negotiations.

Respectfully yours,

ORME WILSON

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[Preparations for the negotiation of a new trade agreement continued into 1940 until, on April 17, 1940, the Trade Agreements Committee met and concluded (1) that a comprehensive agreement should not be attempted, but only a revision of the existing instrument with concentration on a relatively small number of items of first-rank trade importance; and (2) that a formula should be worked out whereby the agreement could be more rapidly adjusted to war and post-war conditions (611.5531/943). The invasion of Belgium by Germany put an end to these trade agreement discussions.]

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**UNSUCCESSFUL NEGOTIATIONS FOR AGREEMENT BETWEEN THE  
UNITED STATES AND BELGIUM FOR THE EXCHANGE OF WHEAT  
AND COTTON FOR STRATEGIC RAW MATERIALS**

611.5531/758

*The Belgian Ambassador (Van der Straten-Ponthoz) to the Secretary  
of State*

No. 794

WASHINGTON, March 3, 1939.

SIR: During the visit of Prince de Ligne<sup>17</sup> to Washington, it developed in the course of conversations of Prince de Ligne and members

<sup>17</sup> Prince Eugène de Ligne was on an official visit to the United States during February 1939 with instructions from the Belgian Government to explore the

of the Belgian Embassy with officials of the State Department regarding general trade and economic conditions, that it might be useful to give further consideration to the following objectives on which there seems to be an identity of view between the American and Belgian Governments:

1) The possibility of arranging interchange of reserve stocks of certain essential commodities. I understand, for example, that the American Government is interested in accumulating reserve stocks of certain strategic materials, and would be interested in knowing whether such materials might be available from the Belgian Congo, and whether the Belgian authorities might be disposed to discuss an exchange of them for certain American products, such as cotton and wheat. I am requesting Prince de Ligne to discuss that with the appropriate authorities of the Belgian Government upon his return.

2) There has been expressed to the American Government the interest of my Government in the further development of trade relations between the Belgian Congo and the United States, especially in such products as might be complementary. With regard to that subject, data is being collected with a view to ascertaining what commodities could advantageously be produced in the Belgian Congo which the United States at present desires to secure from abroad. This part of the program, I understand, would have to be worked out on a commercial basis.

In that connection, the suggestion has arisen that American and Belgian private groups which might be interested in the development of this trade, could be brought together to discuss the possibilities. I understand further that the State Department is ready to examine sympathetically whether any mutually beneficial result could come from an extension of the trade agreement between the United States and Belgium involving reciprocal lessening of trade barriers on commodities that might move between the United States and the Belgian Congo.

3) Thought has been given to the difficulties that might arise in trade between the United States and Belgium. These conversations appear to indicate that it will be the wish of both Governments to facilitate the continuation of trade, indefinitely and in the future, between the two countries, as far as possible.

I avail myself [etc.]

STRATEN

611.5531/758

*The Secretary of State to the Belgian Ambassador  
(Van der Straten-Ponthoz)*

WASHINGTON, March 8, 1939.

EXCELLENCY: I have the honor to acknowledge the receipt of Your Excellency's note of March 1 [3], 1939, in regard to the discussions

possibility of arrangements for supplying the United States with strategic and other materials produced in the Belgian Congo, and in turn for the United States to supply essential commodities to Belgium in the event of general war in which neither country was a belligerent.

of the general economic and trade conditions in Belgium and the United States which have taken place during the visit of Prince de Ligne. Its observations summarize satisfactorily the matters that have been discussed and the general attitudes expressed.

It may be useful to add that the United States Department of Commerce will be prepared to facilitate discussions between Belgian interests and American business groups for the purpose of encouraging trade between the Belgian Congo and the United States and production in the Belgian Congo of commodities which might enter into such trade.

The Department of State will be glad to continue discussion of these matters at your convenience.

Accept [etc.]

CORDELL HULL

811.24 Raw Materials/88

*Memorandum of Conversation, by the Adviser on International Economic Affairs (Feis) to the Assistant Secretary of State (Sayre)*

[WASHINGTON,] April 13, 1939.

Baron de Gruben<sup>18</sup> came in this morning. The visit was undoubtedly induced by the extensive stories in the press regarding the Byrnes project<sup>19</sup> for exchanging surplus stocks of wheat and cotton for reserve stocks of strategic raw materials. It will be remembered that when the Prince de Ligne was in this country, the possibility was discussed with him and formed one of the items of the exchange of correspondence which took place between the Secretary of State and the Belgian Ambassador (in fact my belief is the consultation held with Secretary Wallace<sup>20</sup> at that time to ascertain whether the Department of Agriculture had the legal authority to dispose of its wheat and cotton surpluses in this way was the origin of the whole project).

Baron de Gruben in his usual systematic fashion went over the various pieces of legislation now in Congress having to do with the acquisition by purchase of strategic raw materials. He then reviewed the newspaper accounts of the Byrnes project. I gave him such background as seemed useful and suitable, and acquainted him fully with the statement that had been put out by the Department. I emphasized to him the fact that the contemplated exchanges had to do solely with the accumulations of permanent reserves and in no way affected ordinary commercial dealings on the trade agreements program.

He then asked whether the discussion of the subject held with the Prince de Ligne could be regarded as the beginning of an interchange

<sup>18</sup> Baron Hervé de Gruben, Counselor of the Belgian Embassy.

<sup>19</sup> James F. Byrnes, Senator from South Carolina; for text of Senator Byrnes' proposal, see Department of State, *Press Releases*, April 15, 1939, p. 297.

<sup>20</sup> Henry Wallace, Secretary of Agriculture.

with his Government. I replied that such was the underlying intention and that the form in which the matter was expressed in the memorandum which the Prince de Ligne had taken with him<sup>21</sup> was responsive to our present ideas. I stated that we had not pressed the discussions further because we were waiting to give the Prince de Ligne time to consult other interested branches of his Government, and also for the present confusion of the atmosphere to become less.

However, I said I am sure the Secretary of State would be glad if he could see his way clear to cable to his Government and convey the general background which we had just reviewed and to ascertain whether the matter, as expressed in the memorandum which the Prince de Ligne had taken with him, was of interest to his Government. He said he would do so.

I informed him in response to his further inquiry that we had not undertaken discussions with any other Government up to the present.

H[ERBERT] F[EIS]

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811.24 Raw Materials/89c: Telegram

*The Secretary of State to the Ambassador in Belgium (Davies)*

WASHINGTON, April 24, 1939—6 p. m.

24. The Belgian Embassy here has been requested to inquire what interest the Belgian Government has in the possibility, reported by Prince de Ligne, of exchange of American cotton and wheat for strategic materials.

This Government is prepared to negotiate agreements for such exchanges and is pressing the proposal actively. London has been instructed to mail you a copy of the Department's telegram on the subject,<sup>22</sup> for your information and use. You are requested to inform the appropriate officials of the Belgian Government that you are prepared to discuss this matter if the Belgian Government is interested.

It is assumed that any agreement with the British and Netherlands Governments covering supplies of tin would necessitate a special production quota under the International Agreement. The Belgian Congo should be able to participate in such an extra-market quota and the Belgian Government thus be in a position to supply tin.

HULL

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<sup>21</sup> Not printed.

<sup>22</sup> See telegram No. 267, April 18, noon, to the Ambassador in the United Kingdom, p. 234.



811.24 Raw Materials/133 : Telegram

*The Ambassador in Belgium (Davies) to the Secretary of State*

BRUSSELS, May 13, 1939—5 p. m.  
[Received May 13—1:25 p. m.]

64. Department's telegram No. 24, April 24, and my telegram No. 62, April 29, 6 p. m.<sup>23</sup> In response to note delivered by me to the Prime Minister April 29 outlining the Department's views I was handed yesterday a formal written reply during conference at the Foreign Office in which Prime Minister states that he is ready to examine the proposals with the desire to give a favorable answer. From oral statements made by Belgian officials at the time the reply was handed to me I understand that the Belgian Government has accepted in principle the desirability of the proposed exchange of strategic raw materials for agricultural products subject to the subsequent working out of details through further discussion. The full text of both notes is being transmitted by pouch due in New York May 24.<sup>24</sup>

Following is a summary of the main points of the Belgian reply.

1. The amount of tin available would be subject to arrangements that could be made with the International Tin Cartel which would entail discussion with technicians.
2. No cartel restrictions affect other raw materials produced in the Belgian Congo such as manganese, radium, cobalt and bort which they can more freely discuss.
3. The Belgian Government would also be interested in procuring gasoline for the Congo through proposed exchange transactions.
4. Information is requested as to the quantity of each commodity which United States might require.

During the conversation they brought up the question of transportation with special reference to the possibility of making shipments in event of armed conflict in Europe and consequent establishment of a blockade possibly preventing the receipt of food supplies. In that connection I was asked whether an exception in pending neutrality legislation could be made for delivery of foodstuffs destined for civilian population in time of war through some philanthropic organization such as the Red Cross.

The Belgian authorities promised to investigate promptly the International Tin Cartel situation in order to obtain definite information on this subject and agreed to furnish us with data as to amounts of cotton and wheat which Belgium could absorb.

Request information by cable with reference to points above named together with any suggestions from the Department which would

<sup>23</sup> Letter not printed.

<sup>24</sup> Despatch No. 324, May 15, and the two enclosed notes, not printed.

facilitate further discussion. I require especially information concerning quantities of various commodities desired by United States which Belgium might be able to furnish.

DAVIES

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811.24 Raw Materials/133 : Telegram

*The Secretary of State to the Ambassador in Belgium (Davies)*

WASHINGTON, May 19, 1939—4 p. m.

29. Your 64, May 13, 5 p. m. The Department is pleased to learn of the Belgian Government's acceptance in principle of the proposed exchange.

With respect to tin it is suggested that you keep in touch with the American Embassy in London since the British Government also has accepted the proposal in principle and is giving consideration to supplying tin and rubber in exchange for American cotton. The Embassy at London is being requested to keep you informed of developments there affecting tin. It is probable that we would be prepared to accept as much tin as the Belgian Government might be able to supply.

The following comments can be offered at this time with respect to the other raw materials mentioned by the Belgian Government. This Government would not be prepared at present to discuss the acquisition of manganese although it might be given consideration at some later time when the political situation surrounding consideration of bills authorizing the purchase of strategic materials may be clarified. Additional quantities of radium would be of value from the standpoint of health rather than strategic considerations, and this Government probably would consider the acquisition of as much as 50 grams immediately or more over a period of time. Cobalt is ordinarily not considered a strategic material but this Government might be willing to accept up to one million pounds of cobalt metal as a war reserve if the Belgian Government were willing to accept cotton and wheat that could not be covered by more important materials which they can supply. This Government would not be interested in acquiring stocks of boro.

This Government would not be interested in supplying gasoline to the Congo in connection with the proposed exchanges. You will of course emphasize that American products will be made available for exchange only if we have adequate assurances that they will be held off commercial markets, as reserves for war emergencies.

The Department, of course, is unable to forecast what sort of neutrality legislation will be adopted by the Congress and what effect

it will have on the transportation of food supplies to Europe in the event of war. For your information, however, one of the bills under consideration, the Pittman Neutrality Bill,<sup>25</sup> includes a provision that none of the restrictions established by the Bill shall "prohibit the transportation by vessels under charter or other direction and control of the Red Cross, proceeding under safe conduct granted by states engaged in armed conflict, of officers and Red Cross personnel, medical personnel and medical supplies, food and clothing, for the relief of human suffering."

HULL

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811.24 Raw Materials/155 : Telegram

*The Ambassador in Belgium (Davies) to the Secretary of State*

BRUSSELS, June 1, 1939—6 p. m.

[Received June 1—1:51 p. m.]

69. Substance of Department's telegram No. 29, May 19, conveyed to Belgian authorities who again requested definitive information as to amount of tin required. Understand that problem of providing storage for cotton and wheat acquired through exchange transaction is now receiving attention although perishable character of these materials is occasioning some concern as well as possible transportation difficulties in the event of war.

Camille Camus, *Chef de Cabinet* of the Minister of Colonies and representative of the Belgian Government on International Tin Cartel, plans to accompany Minister on brief journey to the United States leaving on steamship *Normandie* June 7. He informed Embassy today that official engagements might prevent him from going to London in order to see president of Cartel before leaving. I am urging Camille Camus to investigate London cartel situation prior to his departure and he promised to do so if possible. While in the United States will stay Hotel Ritz New York and will probably go to Washington. He stated that Belgium's annual tin production quota is 15,000 tons of which only 7,000 tons is now commercially utilized leaving balance available. This production might be increased if necessary. He suggested that Cartel might consent to permit Belgium to make such deliveries over a term of years.

Despatch follows by next pouch.

DAVIES

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<sup>25</sup> *Congressional Record*, vol. 84, pt. 3, p. 2923.

811.24 Raw Materials/155 : Telegram

*The Secretary of State to the Ambassador in Belgium (Davies)*

WASHINGTON, June 2, 1939—6 p. m.

31. Your 69, June 1, 6 p. m. Since the United States accounts for approximately one half of the world's consumption of tin, this Government probably will wish to acquire reserve stocks considerably in excess of the supply available from the Belgian Congo. To be more specific, you may state that this Government probably would consider an exchange deal involving as much tin as Belgium could arrange to supply over a 2-year period. Assuming that export quotas under the International Agreement will remain at present levels, and using the figures presented by Camille Camus, apparently the maximum amount of tin that could be supplied by Belgium without raising production above the standard quotas of the International Agreement would be in the neighborhood of 8,000 short tons a year, or 16,000 tons for the 2-year period.

This Department and the Department of Agriculture will be interested to have further information as to the nature of the concern of the Belgian authorities regarding the "character of these materials" as mentioned in your telegram.

As to possible transportation difficulties in the event of war, you may wish to point out that the best means of avoiding such difficulties will be to expedite the present negotiations, stating that this Government will be prepared to make the desired amounts of wheat and cotton available as quickly as possible after an agreement has been reached.

HULL

811.24 Raw Materials/275

*Memorandum of Conversation, by the Adviser on International Economic Affairs (Feis)*

[WASHINGTON,] June 5, 1939.

Baron de Gruben of the Belgian Embassy called this morning to review certain phases of the discussions which have been taking place between the two Governments for a possible exchange of cotton, wheat, tin and rubber. He gradually brought the conversation to the problem of transport in the event of an outbreak of war in Europe.

He stated that he now recognized in the light of the Secretary's proposals for the establishment of "combat areas" in which American ships would not travel, our reluctance to enter into any of the types

of agreements Prince de Ligne had discussed with us during his visit here.

He stated that of course this policy established more clearly than ever the importance to the small neutrals such as Belgium to endeavor to make arrangements for supplying themselves with vital necessities in wartime. He said he was sure we recognized that our policy in this matter would be of vital importance to Belgium. He expressed interest in the plan whereby some organization, monetary in character, could be created that would have international standing and be permitted by the belligerents to carry on the necessary commerce.

He also discussed the possibilities, if war should come, of the United States reaching an agreement with the belligerents whereunder ordinary trade with neutrals—properly safeguarded—could be continued. We reviewed in general the arrangements worked out during the last war.

I assured him that both because of the natural state of friendly relationship existing between ourselves and other neutral countries, and because of the very substantial character of the trade interests involved, this country would unquestionably do everything that it could compatibly with safety and non-involvement to continue ordinary neutral trade.

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811.24 Raw Materials/162 : Telegram

*The Ambassador in Belgium (Davies) to the Secretary of State*

BRUSSELS, June 7, 1939—4 p. m.

[Received June 7—2 p. m.]

74. My telegram No. 69, June 1, 6 p. m. Despite our urgent request Camus has found it impossible to go to London for conference with head of tin cartel before departure for Washington. He advises that he expects to see latter on his return to Europe about June 25. Doubtful whether he will be able to make definite commitment before such meeting. Pertinent portion Department's telegram No. 31, June 2, conveyed to him orally.

Our information here appears to indicate that there is greater probability of acquisition of cotton rather than wheat. This is due not only to storage problems and perishable quality of latter product but also possibly on account of existing arrangements with reference to Rumanian wheat. Further progress in negotiations here dependent upon Belgian Government's decision concerning these commodities.

We shall continue to follow matter here actively.

DAVIES

811.24 Raw Materials/162: Telegram

*The Secretary of State to the Ambassador in Belgium (Davies)*

WASHINGTON, June 8, 1939—3 p. m.

34. Your 74, June 7, 4 p. m. The Department of Agriculture here is particularly anxious to have cotton included in the deal and is not pressing for the disposal of wheat.

HULL

811.24 Raw Materials/175: Telegram

*The Ambassador in Belgium (Davies) to the Secretary of State*

BRUSSELS, June 17, 1939—noon.

[Received June 17—10 a. m.]

77. The substance of the Department's telegrams 34, June 8, 3 p. m.; and 36, June 14, 11 a. m.,<sup>26</sup> was conveyed to the Director General of the Political Division of the Foreign Office. At the same time the Department's point in telegram No. 31, June 2, 6 p. m., that the best means of avoiding transportation difficulties after the outbreak of hostilities would be to expedite negotiations was made.

In reply the Director General conveyed the impression that Belgium was not primarily interested in acquiring stocks now of what he again called perishable goods but might be willing to agree to the proposed exchange of stocks of raw materials if the present negotiations could also include the devising of a formula whereby Belgium could be assured of being able to continue to obtain foodstuffs after the outbreak of a war in which Belgium and the United States should be neutral and Belgium would be affected adversely by a British blockade.

DAVIES

811.24 Raw Materials/233

*Memorandum of Conversation, by the Ambassador in Belgium (Davies)<sup>27</sup>*

By appointment, the Ambassador, accompanied by Miss Willis,<sup>28</sup> called on the Prime Minister at 10:30 A. M. on Friday, July 7, 1939. Mr. Pierlot received the Ambassador with Mr. Van Langenhove, the Secretary General of the Foreign Office, and Baron van Zuylen, the Chief of the Political Division.

The Ambassador opened the discussion by stating that he was leaving early next week for the United States and that he very much de-

<sup>26</sup> Latter not printed.

<sup>27</sup> Transmitted to the Department by the Ambassador in his despatch No. 386, July 10; received July 21.

<sup>28</sup> Frances Willis, Second Secretary of Embassy in Belgium.

sired to have some definite reply from the Belgian Government in regard to the American proposal for the exchange of strategic raw materials which had been under discussion for some time. The Ambassador stated that in his opinion the question was a simple one, and involved principally a question of policy on the part of the Belgian Government which could be readily determined. Questions of details and in regard to prices, quantity, and quality, etc., could be determined relatively easily because of the fact that the matter had been canvassed very thoroughly in the British-American barter agreement. He hoped therefore that a decision could be had so that he could transmit a favorable reply in principle to his Government before his departure.

The Prime Minister stated that the Government was in favor of such an agreement in principle but that there were details which were of paramount importance to them. He stated further that there were two aspects of the question: (1) the amount of tin the Belgian Government could supply to the United States, which depends upon the tin cartel, and (2) a problem which is far more vital to Belgium, that is, the continuation of the supply of foodstuffs should a war break out, and Belgium remain neutral, and Great Britain establish a blockade. The Ambassador replied that in regard to tin, the United States Government was prepared to take any amount whatever that the Belgian Government could supply. He suggested that the tin cartel was working only on a basis of 50 to 60% of capacity and that there was therefore a margin above Belgian requirements available, and that his opinion was that the cartel would probably accommodate the Belgian Government. To the second point raised by the Prime Minister, the Ambassador replied that this was not a problem which was envisaged by the American proposal, as the American Government was interested in the exchange of stocks of raw materials to be made before war should break out.

In reply, the Prime Minister stated that the mere exchange of strategic raw materials did not interest the Belgian Government unless at the same time some promise could be obtained from the United States that Belgium could continue to obtain foodstuffs after the outbreak of a war. He added that it was not necessarily a juridical agreement which the Belgians wanted, but some indication that the American Government would take the measures necessary to make possible the shipment to Belgium of wheat, for example, and other foodstuffs. The Prime Minister again brought out the point that there were no storage facilities in Belgium for large supplies of wheat and even if Belgium agreed to take a large amount of wheat in exchange for tin, the problem of transportation after the outbreak of war would present itself, and he inquired whether storage could be arranged for the wheat in the United States.

The Ambassador readily admitted that the Belgians must be concerned about the food supply in time of war, but urged that first things be considered first and that what we were concerned with was an exchange of our cotton or wheat for their tin or other commodities now and before war should come. The Prime Minister replied that it was all very well to talk of considering first things first, but that there is an old French saying that "To govern is to look ahead", and the Belgian Government therefore could not neglect the second problem, that is, feeding the Belgian population after the outbreak of war. The emphasis was placed by the Foreign Office on wheat instead of cotton, as had been the case in preceding discussions. The Ambassador indicated that he believed the American Government might be willing, in addition to an agreement in regard to the exchange of stocks of raw materials, to agree informally to use its good offices with the British Government in case of war to allow foodstuffs to be shipped to Belgium. He made it clear, however, that the American Government could not possibly guarantee anything in this respect because the results would depend upon the British Government.

The Prime Minister stated that perhaps it would be better to await the passage of the American neutrality legislation, which at present appears to be in a somewhat confused state, before attempting to reach an agreement.

The Ambassador expressed the opinion that it would be unfortunate not to arrive speedily at some arrangement; that if it were to be done, it would be advantageous psychologically to do it promptly. He repeated that although the United States could give no formal guarantees in regard to the delivery of foodstuffs to Belgium in war time, the friendly feeling of the United States for Belgium would assure that, as in the last war, Belgium could count on the sympathetic consideration of its problems by the United States. The Ambassador observed that Belgium's supply of wheat came from Rumania, South America, or the United States. In case of war, the Rumanian source of supply would very likely be cut off, and if there were a British blockade, the United States would probably have more influence than the South American countries in persuading Great Britain to let food supplies pass a British blockade to Belgium.

In a summary the Ambassador brought out four points:

1. Is the Belgian Government prepared to exchange tin for cotton now?
2. If it is a question of the exchange of wheat, does the Belgian Government desire to acquire a stock of wheat in the United States, subject to Belgian order, possibly with the understanding that the United States Government would, after the outbreak of hostilities, use its best efforts with the British Government to secure their cooperation in delivering to Belgium, in case of a British blockade?



3. He emphasized again the value of an agreement quickly arrived at between the United States and Belgium for the exchange of stocks of raw materials. In this connection, he pointed out that while the question of the amount was important, everyone recognized the financial limitations in the amount involved. Nevertheless, it would be beneficial for both countries to do whatever was necessary, promptly and expeditiously.

4. In the event that Belgium's policy or commitments to any other nation prevented or constituted an obstacle to the conclusion of such an agreement, the Ambassador indicated that it would greatly clarify the situation if that were admitted now, before further negotiations.

The Prime Minister did not comment directly on all four of the above points because, as they were being translated for him, when the fourth point was reached he immediately asked if the Ambassador had any special nation in mind, for example, Germany, and the Ambassador replied in the affirmative; whereupon both the Prime Minister and Baron van Zuylen said, "No; there is nothing in our relations with Germany which could preclude the type of agreement sought by the United States in this connection."

The Prime Minister said that he would like to re-examine the question with his Minister of Finance and Minister of Economic Affairs, but he threw out the suggestion that in view of the difficulties of transportation, etc., it might be possible to arrange for a sale of tin now to the United States Government and the constitution of stocks later. The Ambassador quickly replied that if we wanted to buy tin, we could go out into the market and buy it without having to come to Belgium to get it, and that what we were looking for was not only a stock of tin but also an outlet for some of our farm products. The question then came up in regard to whether it was the desire of the United States to have an equal value of cotton or wheat exchanged for an equal value of tin. The Ambassador replied in the affirmative and the Prime Minister then said that such an exchange would require Belgium probably to take more cotton and wheat than she really wanted. The Ambassador again emphasized that the question of the amounts to be exchanged was entirely secondary. We wanted the tin and were ready to take as much as the Belgians could provide, or were willing to trade, and he added that we were aware of the fact that the budgetary problem would present itself and that the Belgian Government would have to consider how much tin it could afford to acquire in order to exchange it for cotton or wheat.

The Prime Minister concluded the discussion by saying that he would examine the question in the light of the new information given him by the Ambassador and that he hoped to have a reply for the Ambassador by Monday afternoon.<sup>29</sup>

BRUSSELS, July 7, 1939.

<sup>29</sup> July 10.

811.24 Raw Materials/234

*The Chargé in Belgium (Wilson) to the Secretary of State*

No. 389

BRUSSELS, July 11, 1939.

[Received July 21.]

SIR: I have the honor to refer to the Embassy's strictly confidential despatch No. 386, of July 10, 1939,<sup>30</sup> concerning the conversation which the Ambassador had on July 7, 1939, with the Prime Minister and to report that this morning the Embassy has received a note dated July 10, 1939, a copy and translation of which are enclosed,<sup>31</sup> from the Prime Minister and Minister for Foreign Affairs and Foreign Commerce.

In the second paragraph of this note it is stated that

"As I have had the honor to explain, this operation (of exchange) offers no practical interest for Belgium except in so far as the latter could obtain guarantees concerning the delivery and transportation of merchandise which it might acquire, in the case of an international conflict in which it (Belgium) would not be involved."

In the Embassy's telegram No. 77 of June 17, 1939, 12 noon, and the above-mentioned despatch the existence of this attitude on the part of the Belgian Government was commented on, and in this note it is officially confirmed.

The Belgian Government expresses its willingness to agree to an immediate exchange of tin for wheat, upon the definitive understanding that Belgium can count on the moral support of the United States and the latter's willingness to use its good offices with a view to assuring the desired transportation to Belgium in the event of an international conflict. The full meaning of the Belgian note in this connection can be appreciated only when read in conjunction with the memorandum of the Ambassador's conversation of July 7, 1939, with the Prime Minister.

Having set forth this condition, the Prime Minister in his note stated that the Belgian Government is now ready to indicate its agreement to an exchange of tin for wheat. The amounts to be exchanged are not stipulated in the note, but Mr. Le Ghait, Mr. Pierlot's *Chef de Cabinet*, telephoned to a member of the Embassy staff and stated that it was hoped to be able to determine the amounts within the next few days, so that the Embassy would be in possession of this information before the arrival of the Ambassador in the United States. A memorandum of this telephone conversation is likewise enclosed.<sup>31</sup>

<sup>30</sup> See footnote 27, p. 447.

<sup>31</sup> Not printed.

The substance of the note from the Foreign Office is not being telegraphed to the Department, as it is believed that without the background information contained in the memorandum of the conversation of July 7, 1939, between the Prime Minister and the Ambassador, the full import of the note would be lost. The Ambassador is sailing tomorrow, July 12, 1939, for the United States on the *Queen Mary* and is taking with him a copy of his despatch No. 386 of July 10, 1939, with the memorandum. A copy of this despatch, No. 389 of July 11, 1939, with its enclosures is being sent to him by special messenger. The aforementioned two despatches are being forwarded in the regular manner to the Department in the pouch which leaves the Embassy tomorrow, to go forward by the S. S. *Manhattan*, which is not scheduled to arrive in New York until July 20, 1939, or several days after the arrival of the Ambassador.

The information promised by the Foreign Office in regard to the amount of tin the Belgian Government is prepared to exchange for wheat will, if received, be telegraphed to the Department.

Respectfully yours,

ORME WILSON

811.24 Raw Materials/253

*The Chargé in Belgium (Wilson) to the Secretary of State*

No. 409

BRUSSELS, July 28, 1939.

[Received August 8.]

SIR: With reference to my telegram No. 92 of July 26, 1939, 6 p. m.,<sup>22</sup> stating that the Belgian Government had encountered certain difficulties in connection with the proposed exchange of wheat for tin referred to by the Belgian Minister for Foreign Affairs in his note of July 10, 1939 (see my despatch No. 389 of July 11), I have the honor to inform the Department that I have had conversations on July 26 with Mr. Van Langenhove, the Secretary General of the Ministry for Foreign Affairs, and on the previous day with the Prince de Ligne, in which the subject of these difficulties was discussed.

In the course of these conversations I gathered that the Belgian Cabinet is giving its continued attention to the proposed barter, but that the Belgian authorities are encountering considerable opposition and certain technical difficulties. A number of wheat-producing countries with which Belgium has concluded commercial agreements, such as Argentina and Canada, have heard of the proposed exchange and are making representations to the Belgian officials, alleging that if American wheat should be acquired in this manner Belgium would be according privileged treatment to the United States. They claim

<sup>22</sup> Not printed.

the right under the terms of their agreements to deliver this wheat to Belgium provided they can offer equally satisfactory terms. I pointed out to Mr. Van Langenhove that these representations of the aforementioned governments could be properly answered by informing them that the proposed exchange of tin for wheat was in no sense a commercial transaction and could not, therefore, constitute a valid ground for protest, and was informed in reply that the Belgian Government intended to take this position. In addition to the foregoing I was told that certain members of the Cabinet are not entirely in favor of the proposed transaction and that a number of Belgian commercial interests have also expressed disapproval, the Chamber of Commerce at Antwerp, for instance, which apparently dislikes direct intergovernmental trade, and a number of Belgian exporters to wheat-producing countries with which commercial arrangements have been made, who fear that their business will suffer if their markets should be affected by retaliatory action taken by the countries in question.

On the subject of tin, the Prince de Ligne stated to me that the Belgian Government has approached a number of leading Belgian producers. The latter, however, do not show any eagerness to dispose of any of their product, as they are now selling their entire quota to private interests and fear that if they should divert some of their sales temporarily to the Belgian Government, they might thereby lose regular customers. Another aspect of this matter is the problem of where the Government will find the necessary funds, as such purchases would, of course, entail a burden on the budget. The Prince de Ligne told me in this connection that he had consulted with Mr. Gutt, the Minister of Finance, in regard to obtaining the tin through negotiations with the Cartel. No inquiries have as yet been made in London by the Belgian officials who, I gather, apprehend that the Cartel would not show any enthusiasm for the proposed transaction, as the tin to be acquired thereby would probably be obtained at reasonable prices, it being the policy of the Cartel, on the other hand, to reserve the production of its members for more advantageous sales, such as might be effected in the event of war. It appears that Mr. Gutt considers it advisable to wait until September, when an important meeting of the Cartel will be held in Brussels. He suggested to the Prince de Ligne that at that time a request could be made for a general raise in production quotas for the benefit of the United States, as he understood that the American Government desired a very large quantity of tin. I pointed out to the Prince de Ligne that such a project would apparently constitute a purchase and not an exchange, and could not, therefore, be considered under the present plans. To this he rejoined by stating that he had heard that Congress had appropriated a large sum for direct purchase and that these

funds could be used as indicated above. In reply I stated that I did not have before me the latest information on this subject and maintained the views I had expressed concerning the necessity for an exchange of materials and not a purchase.

At the conclusion of my conversation with the Prince de Ligne, I indicated that the approaching end of the Congressional Session might delay ratification of such a barter arrangement until next year unless very prompt action should be taken, and urged that the Belgian Foreign Office send me as soon as possible a note giving the present status of the matter. To judge from my subsequent conversation with Mr. Van Langenhove, it would appear that the Belgian Cabinet is now studying and discussing the matter actively. It is hoped that the Belgian officials will be in a position to reach some definitive conclusion within the next few days.

Respectfully yours,

ORME WILSON

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811.24 Raw Materials/248 : Telegram

*The Chargé in Belgium (Wilson) to the Secretary of State*

BRUSSELS, July 29, 1939—2 p. m.  
[Received July 29—8:30 a. m.]

93. My telegram No. 92, July 26, 6 p. m.<sup>33</sup> The Secretary-General of the Foreign Office, Mr. Van Langenhove, yesterday stated orally to two members of the Embassy staff that in spite of the numerous difficulties encountered, which he summarized, the Belgian Government was prepared to take 30,000 tons of wheat in exchange for tin. He added that this statement was being made to supplement Mr. Pierlot's note of July 10 (see Embassy's despatch No. 389, July 11) and that to save time instead of sending a second written note he had put the substance of what he said in an *aide-mémoire* (undated and not initialed) which in translation reads as follows:

"In the note which he addressed on July 10 to His Excellency the Ambassador of the United States relative to the American proposal looking toward the exchange of certain raw material and agricultural products Mr. Pierlot explained that in the absence of a guarantee with respect to delivery and transportation in the event of an international conflict such a transaction would be of no practical interest to Belgium but that the latter, desirous of showing the spirit of cooperation by which it is animated would be pleased to agree in principle to an exchange of tin for wheat.

The Belgian Government has experienced the greatest difficulties in formulating a practical proposal to this end.

In the first place it would be contrary to the policy which it has outlined for itself to carry out the transaction otherwise than through

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<sup>33</sup> Not printed.

the intermediary of normal commercial channels and it is frankly reluctant to impose a given direction upon the transaction in these channels furthermore as Mr. Pierlot's note of July 10 has already indicated Belgian storage capacity for wheat is virtually exhausted.

Finally Belgium's ability to furnish tin is likewise limited.

These different circumstances compel the Belgian Government as Mr. Pierlot had indicated to limit the scope of the transaction and to propose that it apply merely as an experiment to fix quantity of 30,000 tons.

It goes without saying that the terms of the transaction, especially the determination of the exact prices, quantities and qualities, the times and conditions of delivery, should be decided subsequently with the assistance of experts."

WILSON

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811.24 Raw Materials/243 : Telegram

*The Acting Secretary of State to the Chargé in Belgium. (Wilson)*

WASHINGTON, August 16, 1939—6 p. m.

50. Your 93, July 29, 2 p. m. We greatly appreciate the fact that Belgium, despite the difficulties it had to overcome to formulate any proposal for an exchange of commodities for reserve stock purposes, has put forward the offer conveyed in your 93. However, after mature consideration, it is judged best not to undertake to proceed with this offer for a variety of reasons, among which the following are important:

- (1) The acquisitions for reserve stock purposes would be so comparatively small as to be incommensurate with the elaborate negotiations and administrative arrangements that would be necessary.
- (2) It is recognized that the Belgian Government would have difficulty securing a separate additional quota release from the International Tin Committee to procure this supply.

For your information only: We are somewhat influenced by the fact that the amount of American wheat available for export during the current crop year will not be excessive, and that furthermore, inquiries from Argentina lead to the belief that that country would misunderstand the transaction at a time when an effort is being made to reach an international agreement on the marketing of wheat.

Were the Belgian interest shifted to cotton, the matter would present less serious obstacles from our end.

It is suggested that you also call the attention of the Belgian Government to legislation enacted by Congress and now awaiting the signature of the President,<sup>34</sup> enabling the Commodity Credit Corporation to sell cotton or wheat or other agricultural surpluses which it

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<sup>34</sup> House Joint Resolution No. 375, approved August 11, 1939; 53 Stat. 1418.

holds on loan to foreign governments at a special price on condition that such stocks will be held for a period of not less than five years unless required in the meantime to meet a war or war emergency resulting in serious interruption of normal supplies of such commodities. The price concession which may be made in connection with such sales is limited to a reduction below the prevailing world market price of an amount not to exceed the average carrying charges which would be incurred by the Commodity Credit Corporation were such commodities held here for an additional eighteen months period.

WELLES

## CZECHOSLOVAKIA

### REFUSAL OF THE GERMAN GOVERNMENT TO ISSUE AN EXEQUATUR TO THE AMERICAN CONSUL GENERAL AT PRAGUE<sup>1</sup>

125.733/31 : Telegram

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

BERLIN, May 12, 1939—4 p. m.  
[Received May 12—2:20 p. m.]

353. Following is the translation of a *note verbale* dated May 9 received from the Foreign Office this morning.

“Under article 6, paragraph 1, of the order of the Fuehrer and Reich Chancellor of March 16, 1939 governing the protectorate of Bohemia and Moravia,<sup>2</sup> the foreign affairs of the protectorate are conducted by the Reich. The result is that the government of the protectorate does not receive foreign missions and that foreign missions accredited to the former Czechoslovak Government are no longer legally permitted to continue in the exercise of their official duties.

By transforming their former diplomatic missions accredited to former Czechoslovak Government into consulates general, several countries have taken this fact into consideration. A few powers have not yet done so.

In view of the fact that nearly 7 weeks have elapsed since the promulgation of the order of March 16, 1939, the Foreign Office is compelled to request the Diplomatic Mission in Berlin, whose jurisdiction now includes the protectorate of Bohemia and Moravia, to use their good offices with the diplomatic representatives of their countries still remaining in Prague and their collaborators to bring the settlement of their affairs to as early a close as possible.

At the same time, the Foreign Office has the honor to state that the Reich Government cannot grant these foreign diplomatic representatives and their collaborators the rights of extraterritoriality, left them until now out of courtesy, later than May 25.

Finally, the Foreign Office has the honor to point out that the heads of foreign consulates to be established or already established in Prague require the exequatur of the Reich Government and must discontinue their consular functions if this exequatur is not applied for within 6 weeks.”

<sup>1</sup> For correspondence concerning the occupation of Czechoslovakia, see vol. I, pp. 34 ff.

<sup>2</sup> For text of the order, see note of March 17 from the German Chargé, vol. I, p. 45.



As the Department is aware exequaturs for officers of the American Consulate General at Prague have not been requested of the German authorities by the Embassy and accordingly the question of a decision on the matter referred to in the last paragraph of the above note is definitely raised. I request accordingly an expression of the Department's views in the premises.

The contents of the above mentioned paragraph of the note has not as yet been the subject of discussion with the representatives of any other governments in Berlin.

KIRK

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125.733/31 : Telegram

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

WASHINGTON, May 25, 1939—2 p. m.

193. Your 353, May 12, 4 p. m. You should acknowledge the receipt of the note of May 9 from the Foreign Office and state in your note that a commission will be issued to Mr. Irving N. Linnell as Consul General at Prague, Bohemia which will be submitted with a formal application for his exequatur at an early date.

You should also state orally when presenting your note that this action does not indicate a change in this Government's stated position with regard to Czechoslovakia.<sup>3</sup>

The language of the final paragraph of the note of May 9 from the Foreign Office indicates that exequaturs are not required for subordinate consular officers at Prague. As Kennan has never had an exequatur, you may inquire orally whether an exequatur will be required for him.

HULL

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125.733/38 : Telegram

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

BERLIN, July 3, 1939—5 p. m.

[Received July 3—4:20 p. m.]

582. Department's 193, May 25, 2 p. m. Upon the receipt of the Department's telegram under reference I presented a note to the Chief of Protocol at the Foreign Office in accordance with the instructions contained in the first paragraph of the telegram in question and at the same time made the following oral statement:

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<sup>3</sup> See Department of State, *Press Releases*, March 18, 1939, p. 199.

"The submission of the formal application for an exequatur for the Consul General in Prague does not indicate a change in the position of the American Government with regard to Czechoslovakia as already stated."

The Chief of Protocol took note of this statement but gave no indication of any dissatisfaction therewith. I also asked to be informed if an exequatur were required for Mr. Kennan and was told by the Chief of Protocol that although he believed such application would not be necessary he would notify me later on that point. He also said that he assumed that the prevailing consular rights and privileges would be applied to consular establishments in Prague but that he would notify me later on that point also.

As I had received no further word from the Chief of Protocol I asked this morning for an appointment with him in order to inquire as to whether subordinate consular officers at Prague require exequaturs in order that I might be in a position to inform the Department in the matter of the exequaturs for Kennan as well as for Strong (see Department's 236, June 20, 6 p. m.<sup>4</sup>) but before the appointment with the Chief of Protocol was made I received a *note verbale* from the Foreign Office dated June 30 of which the following is a translation:

"The Foreign Office has the honor to inform the Embassy of the United States of America as follows:

In reply to the *notes verbales* of May 26 and June 19, 1939, number 408 and number 441, in which it was apprised of the intention of the American Government to appoint a Consul General in Prague and application was made for the exequatur for Mr. Irving N. Linnell whose certificate of appointment was transmitted: on delivering the first *note verbale* number 408 of May 26, 1939, the Chargé d'Affaires ad interim of the United States of America Mr. Kirk stated expressly that there was no intimation in this note of any form of recognition by his Government of the state of affairs created by the establishment of the protectorate of Bohemia and Moravia. It was to be regarded as a purely technical measure.

In the opinion of the German Government the granting of the exequatur to a foreign consul for a given district is a formal act of sovereignty over that district. When one government addresses to another government a request that such an exequatur be granted, it must recognize that that other government is entitled to sovereignty over the area in question. It is an evident self-contradiction to ask a government to perform an act in exercise of its sovereignty and at the same time to contest the right of that government to exercise such sovereignty.

Since the request of the American Government for the granting of the exequatur involves this contradiction, the Foreign Office regrets that it cannot comply with it.

Berlin, June 30, 1939."

<sup>4</sup> Not printed.

In view of the contents of this note I have canceled my request for an interview at the Foreign Office pending receipt of further instructions from the Department.

I desire to point out that the outline of the oral statement ascribed to me in paragraph 2 of the above note is not in conformity with the statement actually made by me which as quoted above was solely a paraphrase of the Department's instruction.

KIRK

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125.733/38 : Telegram

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

WASHINGTON, July 8, 1939—5 p. m.

273. Your 582, July 3, 5 p. m. and 586, July 4, noon.<sup>5</sup> In the Department's letter to the Treasury on March 17,<sup>6</sup> subsequently made public (see radio bulletin of same date), in connection with the occupation of Czechoslovak provinces by German armed forces, the Department declared that it was constrained by force of circumstances to regard the provinces as "now being under the *de facto* administration of the German authorities". This was evidence of the acceptance by the Department of the *de facto* situation prevailing in Bohemia and Moravia.

You should request an interview at the Foreign Office with a view to discussing the situation. Firstly, you should reiterate Department's point of view as set forth in paragraph 1. Secondly, you could state that if the Germans should pursue the narrow course which has been indicated in their note of June 30 it would result in no advantage to the German Government or the inhabitants of Bohemia and Moravia, and in fact it would inflict considerable hardships and disadvantages. In the course of your conversation you could imply that if the German Government should refuse to permit the Consulate General at Prague to function the Department would have to consider the possibility of a temporary closing of the Consulate General at Prague. In as much as the Department is not disposed to authorize the performance of consular services by any neighboring office, the disadvantages to German interests would be manifold. They would include the non-issuance of consular invoices which are required on shipments to the United States, with the consequent interruption of exports from that area; the non-execution of notarial; and the non-issuance of visas.

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<sup>5</sup> Latter not printed.

<sup>6</sup> See Department of State, *Press Releases*, March 18, 1939, p. 200.

In the course of your conversation you may call the attention of the German authorities to the divergence in your oral statement to the Foreign Office on May 26 and the statement imputed to you in the German note of June 30.

If you feel that the German Government would be disposed to allow Linnell to continue to carry on his duties without further action on our part, or if for any other reason you believe that the action proposed in this telegram should not be taken, you may postpone your approach to the Foreign Office and telegraph your views and any recommendations to us.

HULL

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125.733/39 : Telegram

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

BERLIN, July 11, 1939—9 p. m.

[Received July 11—4:55 p. m.]

631. Department's 273, July 8, 5 p. m. Owing to the fact that there was no assurance that the German authorities would not take without notice some measures affecting the Consulate General at Prague, in the event that no further observations on our part were offered in regard to the statements contained in the Foreign Office note of June 30, I requested an interview with Weizsaecker, State Secretary of the Foreign Office, as the Chief of Protocol with whom I discussed the matter previously was absent on leave.

Weizsaecker received me this morning and I first pointed out to him the difference between the oral statement which I made on May 26 and the reference to that statement as set forth in the Foreign Office note of June 30. The State Secretary took note of my explanation but replied that there was no misunderstanding on the part of the Foreign Office of the real purport of my statement.

I then explained the Department's position as set forth in its letter to the Treasury of March 17 and emphasized the disadvantages and hardships which would result from the refusal of the German Government to grant an exequatur to the American Consul General at Prague. Furthermore in the course of these observations I made full use of the enumeration of the special consequences as set forth by the Department which might ensue from a possible interruption of the functions of the Prague Consulate General.

Although the discussion of these matters was prolonged and thoroughly outspoken on both sides I regret to state that the State Secretary said nothing which might indicate a willingness to depart from the position outlined in the Foreign Office note of June 30. He frankly stated that if an exequatur for Linnell had been requested

without having made the oral statement as to the maintenance of the position of the American Government with regard to Czechoslovakia the exequatur would have been granted and the matter would have been adjusted without comment or publicity. In reply to my inquiry as to whether a request for and issuance of an exequatur on that basis would have constituted in the minds of the German authorities a recognition of German sovereignty over Bohemia and Moravia, he stated and restated that an exequatur was granted as an act of sovereignty and entailed a recognition of that sovereignty and referred to the statements in the German note which he insisted were juridically accurate. Weizsaecker furthermore indicated that Linnell would not be allowed to function without an exequatur and merely offered the suggestion as a solution of the difficulty that the oral statement in question be withdrawn. This withdrawal it must be assumed would concede the German contention as set forth in its note.

In conclusion I informed the State Secretary that I could only communicate his views to my Government and was assured that although he was not aware of the attitude which the Reich authorities in Bohemia and Moravia were at present adopting or contemplating concerning the functions of the American Consul General in Prague he assumed that no definite action in that regard would be taken without prior notification to the Embassy.

KIRK

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125.733/40: Telegram

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

BERLIN, July 11, 1939—10 p. m.

[Received July 11—4 p. m.]

632. My 631, July 11, 9 p. m. In the course of my conversation with Weizsaecker, he said that it was his belief that the procedure adopted by the American Government in applying for an exequatur for its Consul General at Prague was determined upon in concert with the British and French Governments and indicated that the stand taken by the German Government was in protest against the affirmation of the declared position of those Governments in regard to the occupation by Germany of the Czechoslovak provinces.

I understand that up to yesterday the British Embassy here had no instruction from London on the matter of the note it had received from the Foreign Office here (see my 586, July 4, noon<sup>7</sup>). I shall be glad to be informed if the Department authorizes me to discuss the matter with my British and French colleagues.

KIRK

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<sup>7</sup> Not printed.

125.733/39 : Telegram

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

WASHINGTON, July 13, 1939—5 p. m.

287. Your 631, July 11, 9 p. m. and 632, July 11, 10 p. m. Our action and procedure in applying for an exequatur for Linnell was taken without consultation with any other government. Our request for an exequatur for the principal officer at Prague was solely for the purpose of providing for the continuance of consular facilities in the Prague region. If you perceive no objection, you may orally inform Weizsaecker that you had assumed that such was the case and that you have been informed by your Government that your assumption was correct. You may add that it would be a matter of deep regret to your Government if the German authorities refused to permit our Consulate General to continue to function in Prague.

In the circumstances, we prefer that you not consult with your British and French colleagues regarding this matter.

HULL

123L64/282

*The Consul General at Prague (Linnell) to the Secretary of State*

No. 189

PRAGUE, July 13, 1939.  
[Received August 14.]

SIR: I have the honor to report that I called today on Dr. Emil Hácha, President of the Protectorate of Bohemia and Moravia, and on General Alois Eliaš, President of the Council (Prime Minister). On July 12th I telegraphed the Department \* concerning my appointments for these calls since it was thought the matter might have some interest in connection with the application to the German Foreign Office for my exequatur. It appeared, however, that neither the President nor the Prime Minister had any other motive in arranging for my call than to meet me as a new Consul General for the United States and that they are in similar fashion arranging for other Consuls General to call. The Italian Consul General had already called on July 4, as reported in my telegram under reference.

The relations between the American Consulate General in Prague and the officials of the Government, both Czech and German, are very good, and all proper requests made by this office are complied with so far as the law and present policies of the Government permit. I have, however, to report that Mr. George Kennan, Consul assigned to this office, feels that he, as a former member of the diplomatic staff here, is looked at somewhat askance as a political reporter and is

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\* Telegram not printed.

somewhat handicapped in his work by that fact. As instances: I had asked the Secretary to the President whether I might bring Mr. Kennan with me when I called on the President, but the reply was made that it would be preferred that I do not do this as Mr. Kennan had previously been a diplomatic officer here. Also, Mr. Kennan had invited a Czech official of the Government to dine with him on Wednesday, July 12th, and the invitation had been accepted. On that day, however, the official telephoned to him and said that he regretted he would not be able to keep the engagement for reasons he could not discuss over the telephone, but that he would be glad to explain if Mr. Kennan would come to see him later.

Also Mr. Kennan recently spoke to some of the German officers in the Prague office representing the Berlin Foreign Office and suggested that he would be glad to have them give him information concerning local affairs so that he would not be limited to the Czech representations only, but the Germans said that nothing could be done at this time but Mr. Kennan might return in two or three months.

All this is reported at Mr. Kennan's request since he thinks the Department may feel that some other officer, who has not recently been a member of the diplomatic corps in Prague, might not suffer from the handicap which he believes affects him.

Respectfully yours,

IRVING N. LINNELL

125.733/41, 42: Telegrams

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

BERLIN, July 15, 1939—5 p. m.  
[Received July 15—3:55 p. m.<sup>9</sup>]

659-660. Department's 287, July 13, 5 p. m. In my conversations with Weizaecker I told him emphatically that personally I was thoroughly convinced that the Department's action in regard to the exequatur for Linnell was taken entirely independently as such was the practice of my Government, and in outlining the serious situation which would be created by an enforced cessation of the functions of the Consulate General at Prague I emphasized how regrettable it would be if the German authorities should create such a situation.

I consider it desirable to reenforce those statements on the basis of the Department's telegram referred to above. I am of the opinion, however, that the possibility of reaching a solution of the difficulty or reducing the danger that the German authorities may take some action with regard to the Consulate General at Prague will not be materially advanced by merely making such a statement to Weizaecker

<sup>9</sup> This message received in two sections, each numbered as a separate telegram.

and that I should not seek an interview with the State Secretary for that purpose until every possible means of avoiding the difficulties envisaged have been explored. Accordingly I venture to submit for the Department's consideration the following suggestion which, although objectionable in certain aspects and possibly insurmountable, in short might offer the possibility of safeguarding the interests involved:

In my talk with Weizsaecker he professed that the refusal of the German Government to issue an exequatur to Linnell was due to the fact that the request was accompanied by an oral statement of the position of the United States Government on the matter of the forceful occupation of Czechoslovak territory. I was given to understand that if such a statement had not been made the exequatur would have been granted (see my 631, July 11) and, although I did not mention the matter and consequently obtained no assurances, there is some reason to suppose that a request for an exequatur for another officer made without repeating such a statement might receive favorable action on the part of the German Government. Aside from other considerations such a procedure would carry the two obvious technical objections of disrupting the Prague office in the first place and in the second place of furnishing the German Government with the opportunity, if it chose to avail itself thereof, of drawing the conclusion as to the matter of the recognition of sovereignty which has already been indicated. As to the latter point, however, if the Germans should openly adopt that attitude it would always be possible to point to the previous oral statement and in this general connection the discussion in Moore's *Digest*, volume V, chapter XVI, section 698, might be of interest. As a consequence the German authorities might revoke the exequatur but in that event the situation in fact would be no different from what it appears to be at present.

If any action along this line should be considered in any way feasible by the Department I would suggest that the request for an exequatur for whatever officer may be designated be made by a note in a routine way without previous or accompanying conversation at the Foreign Office here, and accordingly I shall refrain from seeking an interview with Weizsaecker pending the receipt of the Department's decision on the observations outlined above.

In connection with the foregoing I wish to add that the British Embassy here has volunteered the information that the British Ambassador, without instructions from London, approached the Foreign Office yesterday on the matter of the exequatur for the British consular representative in Prague and received a negative response.

KIRK



125.733/41 : Telegram

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

WASHINGTON, July 18, 1939—4 p. m.

296. Your 659, July 15, 5 p. m. We appreciate your study and efforts to work out a solution of this problem, but we see no other course to pursue now than to proceed with the instructions contained in Department's 287, July 13, 5 p. m.

HULL

125.733/43 : Telegram

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

BERLIN, July 20, 1939—9 p. m.

[Received July 20—4 p. m.]

681. Department's 296, July 18, 4 p. m. In reply to my request for an interview, Weizsaecker stated that he was unable to receive me during the next few days and at his suggestion I saw Woermann, Under State Secretary, to whom I have just made the statements set forth in the first paragraph of the Department's 287, July 13, 5 p. m.

Woermann said that it had been the intention of the German authorities to allow a few weeks to elapse and then to ask those countries with whom no arrangement had been made to discontinue their consulates in Prague, that he was carrying on conversations with the British and French representatives here, but that there was no assurance that agreements would be reached. He indicated that the conversations with the British representatives were along the lines of seeking a formula for a statement on *de facto* recognition of the "protectorate" and that the German Foreign Office had rejected a proposal on the part of the French to submit another request for an exequatur omitting the reserve contained in the first request but referring specifically to that request.

Woermann also made the same suggestion that Weizsaecker had offered, namely, that the oral statement made at the time of requesting the exequatur for Linnell be withdrawn and incidentally intimated as a matter of personal opinion that the retention on the diplomatic list of the Czechoslovak Minister in Washington might have some connection with the present attitude of the German Government as to the consular establishment in Prague.

KIRK

125.733/43 : Telegram

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

WASHINGTON, July 22, 1939—2 p. m.

309. Your 681, July 20, 9 p. m. I have nothing to add to the instructions which we have already sent you concerning our Consulate General at Prague.<sup>10</sup>

HULL

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<sup>10</sup> No further action was taken on the part of the United States; the Consulate General at Prague continued to function without interference until the German Foreign Office in September 1940 requested that the Consulate be closed. The Consulate was officially closed October 15, 1940.

## ESTONIA

### WITHDRAWAL BY ESTONIA OF NOTICES OF TERMINATION OF THE COMMERCIAL TREATY OF 1925; AGREEMENT TO CONTINUE TREATY IN FULL FORCE<sup>1</sup>

611.60131/109

*The Minister in Estonia (Wiley)<sup>2</sup> to the Secretary of State*

No. 163

RIGA, January 20, 1939.

[Received February 3.]

SIR: I have the honor to report that M. Meri, who is in charge of economic affairs at the Estonian Foreign Office, took the occasion of my recent visit to Tallinn briefly to discuss American-Estonian commercial treaty relations.

The Department will recall that the present commercial treaty with Estonia went into force on May 22, 1926.<sup>3</sup> On May 21, 1935 the Estonian Government notified the American Government of its intention to terminate the treaty as of May 22, 1936.<sup>4</sup> This notice was withdrawn on April 22, 1936.<sup>5</sup> On May 15, 1937 the Estonian Government in a note to the Legation at Tallinn extended the life of the treaty to May 22, 1938.<sup>6</sup> On April 13, 1938 the Estonian Government informed the American Government that in view of present negotiations for a trade agreement between Estonia and the United States, the Estonian Government considered it "most practicable to extend the treaty actually in force until such time as an agreement between our respective governments could be reached but not later than the 22nd of May 1939".<sup>7</sup>

M. Meri indicated that it had been the intention of the Estonian Government to seek additional tariff concessions from the American Government. Apparently Estonia has benefitted in the meantime through operation of the most-favored-nation clause from tariff concessions granted by the American Government to third states and in consequence the Estonian Government is in the course of reconsidering

<sup>1</sup> For previous correspondence, see *Foreign Relations*, 1938, vol. II, pp. 245 ff.

<sup>2</sup> The Minister was accredited to Estonia and Latvia, with residence at Riga.

<sup>3</sup> Signed December 23, 1925, *Foreign Relations*, 1925, vol. II, p. 70.

<sup>4</sup> See telegram No. 5, May 22, 1935, from the Chargé in Estonia, *ibid.*, 1935, vol. II, p. 188.

<sup>5</sup> See telegram No. 4, April 22, 1936, from the Chargé in Estonia, *ibid.*, 1936, vol. II, p. 67.

<sup>6</sup> See telegram No. 7, May 15, 1937, from the Chargé in Estonia, *ibid.*, 1937, vol. II, p. 270.

<sup>7</sup> See telegram No. 9, April 13, 1938, from the Chargé in Estonia, *ibid.*, 1938, vol. II, p. 250.

its position. Mr. Meri thought that the Estonian Government would probably withdraw its communication of April 13 last and would desire the continuation in force of the present commercial agreement as is.

I venture to suggest that if possible and convenient the Department inform the Legation at Tallinn whether it would acquiesce in the prolongation of the present commercial treaty. M. Meri stated that he would appreciate an intimation at an early date.

Respectfully yours,

JOHN C. WILEY

611.60131/114

*The Chargé in Estonia (Leonard) to the Secretary of State*

[Extracts]

No. 40

TALLINN, February 23, 1939.

[Received March 21.]

SIR: I have the honor to report that I have had a conversation with the Estonian Minister for Foreign Affairs, Mr. Karl Selter, relative to the status of the commercial treaty relations between the United States and Estonia.

On the day of my return from home leave (February 16, 1939) I took opportunity to greet Minister Selter, when he kindly expressed pleasure in seeing me back in Estonia and said that he would be glad to have a further talk with me. On February 21, 1939, I called at his office and he expressed particular interest in the possibilities of increasing trade between Estonia and the United States, and stated that it would be difficult for Estonia to import more American goods unless a bigger market could be found for Estonian goods in the United States. He cited shale oil and wood pulp as two important export articles.

I again took opportunity to point out the multilateral trade principle of the United States and that my Government would always appreciate any proposal on the part of Estonia looking toward equality of opportunity to American exporters in the application of Estonia's system of trade control. In this connection, we discussed the question of further preliminary conversations to ascertain whether a sufficient basis existed for the eventual negotiation of a Trade Agreement between Estonia and the United States. Mr. Selter said he would welcome such conversations, but they would require, of course, more time than to May 22nd next, the date of expiration of the existing treaty of friendship, commerce and consular rights between the United States and Estonia. Hence, there was the question of pro-

longing the existing treaty. I informed Mr. Selter that I had gained the impression while in the Department, that the most practicable course would be to prolong the existing treaty, but that the Department would first like to have the opinion of the Estonian Government on that point. Mr. Selter expressed himself as happy to get this information and stated that he felt the same way, and that he favored the withdrawal of previous notices on the part of the Estonian Government to modify or terminate the present treaty, but that before giving me a definite official answer he would have to talk with the Minister of Economic Affairs and others concerned in the Government. He said he also wished to talk over the matter with Mr. Meri.

Respectfully yours,

WALTER A. LEONARD

611.60131/109 : Telegram

*The Secretary of State to the Chargé in Estonia (Leonard)*

WASHINGTON, March 4, 1939—1 p. m.

1. Despatch No. 163 of January 20 from Riga. You may indicate orally to appropriate officials of the Foreign Office that this Government is prepared to accept a written proposal of the Estonian Government to withdraw its notices of intention to modify or terminate the treaty. From the standpoint of this Government it is desirable (1) that the note from the Foreign Office state specifically that the Government of Estonia withdraws its notices of April 13, 1938 and May 14, 1938<sup>a</sup> insofar as they operate to terminate or modify on May 22, 1939 any provisions of the treaty of friendship, commerce and consular rights between the United States of America and the Republic of Estonia, signed December 23, 1925, and (2) that the Government of Estonia intends that the treaty shall remain in full force without modification of any kind.

If your conversation discloses that a note along the foregoing lines will in fact be sent to the Legation, you should take the opportunity to point out orally that in offering to accept a proposal from the Estonian Government to withdraw its notices to terminate and modify the Treaty, your Government is hopeful that the Estonian Government will take whatever measures may be necessary to assure to the commerce of the United States the unconditional most favored nation treatment provided for in the treaty.

<sup>a</sup> For these notices, see telegram No. 9, April 13, 1938, and telegram No. 13, May 14, 1938, from the Chargé in Estonia, *Foreign Relations*, 1938, vol. II, pp. 250 and 252, respectively.

The Estonian note of withdrawal should not be acknowledged until after it has been approved by the Department.

HULL

711.60121/10

*The Minister in Estonia (Wiley) to the Secretary of State*

No. 96

TALLINN, May 22, 1939.

[Received June 13.]

SIR: I have the honor to transmit herewith original note from the Estonian Foreign Office, dated May 22, 1939, and a certified copy of the Legation's acknowledgement thereof, concerning the continuance in force of the existing Treaty of Friendship, Commerce and Consular Rights between the United States and Estonia. In this connection, reference is made to the Department's telegraphic instruction of May 20, 2 p. m., and to the Department's telegram of May 11, 6 p. m., as well as to the Legation's despatch No. 67 of April 5, 1939.<sup>o</sup>

The original Estonian note has been replaced in the files by a certified copy.

Respectfully yours,

JOHN C. WILEY

[Enclosure 1]

*The Estonian Minister for Foreign Affairs (Selter) to the American Minister (Wiley)*

TALLINN, May 22, 1939.

MONSIEUR LE MINISTRE: Referring to the statement of Your Excellency that the United States Government are prepared to accept a written proposal from the Estonian Government withdrawing their notices to modify or terminate the existing Treaty of Friendship, Commerce and Consular Rights on May 22nd, 1939, I have the pleasure to state that the Estonian Government hereby withdraw their notices of April 13, 1938, and May 14, 1938, insofar as they operate to terminate or modify on May 22, 1939, any provisions of the Treaty of Friendship, Commerce and Consular Rights between Estonia and the United States of America signed December 23, 1925.

It is understood that this withdrawal of notices to modify or terminate the Treaty means the Treaty will continue in full force without modification of any kind.

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\* None printed. These communications related to the wording of the notes to be exchanged.

It is further understood that continuance in force of the existing Treaty means among other things that the Government of each country will accord unconditional most favored nation treatment to the commerce of the other country.

I avail myself [etc.]

K. SELTER

[Enclosure 2]

*The American Minister (Wiley) to the Estonian Minister for Foreign Affairs (Selter)*

No. 113

TALLINN, May 22, 1939.

EXCELLENCY: I have the honor to acknowledge receipt of Your Excellency's Note of May 22, 1939, in which you were good enough to inform me that the Estonian Government withdraws its notices of April 13, 1938, and May 14, 1938, insofar as they operate to terminate or modify on May 22, 1939, any provisions of the treaty of friendship, commerce and consular rights between the United States of America and Estonia, signed December 23, 1925.

Accept [etc.]

JOHN C. WILEY

## FINLAND

### TREATY BETWEEN THE UNITED STATES AND FINLAND REGULATING MILITARY OBLIGATIONS OF PERSONS HAVING DUAL NATIONALITY, SIGNED JANUARY 27, 1939<sup>1</sup>

711.60D4/38

*The Secretary of State to the Minister in Finland (Schoenfeld)*

No. 57

WASHINGTON, April 26, 1938.

SIR: The receipt is acknowledged of your despatch no. 214 of January 11, 1938,<sup>2</sup> stating that the Finnish Government is now considering a revision of the law of Finland relating to laws of nationality, and inquiring whether this Government would be disposed to enter into a limited type of military service convention similar to the convention between the United States of America and Sweden signed January 31, 1933.<sup>3</sup>

There is enclosed herewith a confidential print of a treaty between the United States and Lithuania relating to liability for military service and other acts of allegiance signed October 18, 1937.<sup>4</sup> The treaty with Lithuania is broad in scope since it relates not only to the military service of persons born with double nationality, but also to nationals of one country who become naturalized in the other country. The limited type of treaty, such as the convention between the United States and Sweden signed January 31, 1933, relates only to the first class of persons.

The Department would very much prefer a treaty with Finland similar to the one concluded with Lithuania. If, notwithstanding the unwillingness of the Finnish Government to conclude at this time a treaty on the basis of the draft sent to the Legation with the Department's instruction no. 95 of August 2, 1932,<sup>5</sup> it appears to the Legation not to be inappropriate to renew proposals along lines previously discussed, the Department would be glad to have you ask the Finnish Government to consider a treaty of the scope of the treaty between

<sup>1</sup> For previous correspondence, see *Foreign Relations*, 1930, vol. III, pp. 1 ff.

<sup>2</sup> Not printed.

<sup>3</sup> *Foreign Relations*, 1933, vol. II, p. 763.

<sup>4</sup> For correspondence, see *ibid.*, 1937, vol. II, pp. 514 ff; for text, see Department of State Treaty Series No. 936, or 53 Stat. 1569.

<sup>5</sup> Neither printed.



the United States and Lithuania. A draft of such a treaty is enclosed.<sup>6</sup>

You will observe that Article II of this draft embodies the formula which served as a basis of the convention between the United States and Sweden rather than Article II of the treaty between the United States and Lithuania. The Department believes that the formula in the convention between the United States and Sweden while almost identical with Article II of the treaty between the United States and Lithuania is somewhat more precisely worded, and has the added advantage of being the same as the first paragraph of Article I of the protocol relating to military service in certain cases of double nationality signed at the Hague April 12, 1930.<sup>7</sup>

Should the Legation deem it appropriate to submit the above-mentioned draft treaty to the Finnish Government, it is suggested that it be brought to the attention of that Government that at the time the treaty with Lithuania was signed there was no naturalization treaty in force between the United States and Lithuania but, as previously pointed out to the Finnish Government, that at the time the Swedish convention was signed, a naturalization treaty was in force between the United States and Sweden.<sup>8</sup> This similarity in the treaty relations between the United States and Finland to that between the United States and Lithuania at the time of the signing of the Lithuanian treaty, suggests that the treaty concluded with Lithuania might well serve as a useful basis in concluding a similar convention with Finland.

However, in the event the Finnish Government is not disposed to agree to a treaty upon the basis of the treaty between the United States and Lithuania, and pending the revision of the Finnish nationality laws which, it is hoped, will provide a basis for the broader type of naturalization treaty, you are authorized to propose a convention similar to the convention between the United States and Sweden, signed January 31, 1933. The latter convention, a copy of which is enclosed, is similar to Article I of the draft treaty enclosed with the Department's instruction of August 2, 1932. While the provisions of the two documents with reference to persons born with dual nationality are quite similar in scope, the Department prefers to use the phraseology of the convention with Sweden of 1933. A draft of a convention with Finland similar to the convention with Sweden is also enclosed.<sup>9</sup>

Very truly yours,

For the Secretary of State:

G. S. MESSERSMITH

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<sup>6</sup> Not printed.

<sup>7</sup> *Foreign Relations*, 1930, vol. I, p. 224.

<sup>8</sup> Naturalization convention and protocol, signed at Stockholm May 26, 1869; William M. Malloy (ed.), *Treaties, Conventions, etc., Between the United States of America and Other Powers, 1776-1909* (Washington, Government Printing Office, 1910), vol. II, p. 1758.

711.60D4/40

*The Minister in Finland (Schoenfeld) to the Secretary of State*

No. 757

HELSINKI, September 12, 1938.

[Received October 4.]

SIR: With reference to my despatch no. 521 of May 23, 1938,<sup>9</sup> informing the Department that the Legation had submitted to the Finnish Foreign Office on May 20 in pursuance of instructions a draft convention between the United States and Finland relative to military service and other acts of allegiance, I have the honor to report that, since the submission of that draft, periodic inquiry has been made at the Foreign Office as to when consideration of the proposal by the various Finnish Ministries concerned would be completed, and the readiness of the Legation was stated to discuss the matter in further detail upon completion of such consideration.

On August 23 I last mentioned the matter to the Minister of Foreign Affairs and expressed the hope that consideration of the proposal in the latest form submitted, which had been pending since May of this year, could now be expedited. The Minister undertook to look into the matter and on September 9 Mr. Gray, Third Secretary of this Legation, was requested by Mr. Sohlberg, Chief of the Juridical Section of the Foreign Office, to call on him.

By my direction Third Secretary Gray did so, and I enclose for the Department's information a memorandum of Mr. Gray's conversation with Mr. Sohlberg on September 9,<sup>9</sup> from which it appears that our proposal of May 20 is not acceptable to the Finnish Government on the ground, which has been the obstacle to the successful negotiation of such a convention since it was first proposed some years ago, that the Finnish Government does not see its way to sign any treaty affecting in a binding manner the military obligations of Finnish men between the ages of 17 and 28, and naturalized in a foreign country.

In view of this attitude, which was not unexpected, Mr. Gray, also by my direction, submitted the alternative proposal authorized by the Department's instruction no. 57 of April 26, 1938, and I enclose for the Department's information a memorandum<sup>9</sup> left with Mr. Sohlberg by Mr. Gray covering this alternative proposal.

It now seems clear that nothing can be accomplished towards the negotiation of a treaty relating to the military obligations of naturalized persons until the Finnish nationality law is revised. As to the probability of such revision in the present frame of mind of the Finnish Government, I invite the Department's attention to Mr. Sohlberg's statement, as reported in Mr. Gray's memorandum of conversa-

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<sup>9</sup> Not printed.

tion enclosed, that it is the intention, in Mr. Sohlberg's opinion, to maintain the present law affecting the military obligations of men between the ages of 17 and 28, in any case. It may be desirable in these circumstances, and the Department may wish so to instruct me, to bring to the attention of the Finnish Government in a more formal way, by means of a note, that the convention now under discussion on the basis of the latest proposal does not cover the very important class of naturalized persons and that a liberalization of the Finnish nationality law with reference to Finnish men between the ages of 17 and 28 and naturalized abroad would permit negotiation of a treaty defining the military obligations of naturalized persons. Such a formal statement on our part might have the advantage of recording our position in a more formal manner than has been possible during the recent stages of this negotiation and of correspondingly establishing the point in the mind of the Finnish authorities.

I beg leave to add that it appears probable that the Finnish Government will find no objection to the latest proposal made and it may be expected that the negotiation will be satisfactorily concluded with reference to the limited class of persons born with dual nationality.

Respectfully yours,

H. F. ARTHUR SCHOENFELD

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[For text of Convention Between the United States and Finland Regulating Military Obligations of Persons Having Dual Nationality, signed at Helsinki January 27, 1939, see Department of State Treaty Series No. 953, or 54 Stat. 1712.]

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711.60D4/40

*The Secretary of State to the Minister in Finland (Schoenfeld)*

[Extract]

No. 127

WASHINGTON, January 27, 1939.

SIR: Referring to page 3 of your despatch no. 757 dated September 12, 1938, the Department approves the suggestion that it be brought formally to the attention of the Finnish Government by means of a note that the convention to which the two governments have agreed does not apply to the very important class of naturalized persons and that a liberalization of the Finnish nationality law with reference to Finnish men between the ages of 17 and 28 and naturalized abroad would permit the negotiation of a treaty defining the military obligations of naturalized persons. You are instructed to deliver a note to the Finnish Government containing the foregoing suggested

statement, and to add that it is the desire of the Government of the United States that a naturalization convention may be concluded between the two countries in the near future. In expressing the hope that a naturalization convention may be concluded you are instructed to again call to the attention of the Finnish Government the policy of the Government of the United States not to extend its protection abroad to a person of foreign origin who has obtained naturalization as a citizen of this country fraudulently or, although his naturalization may have been obtained in good faith, has abandoned his ties with the United States and established himself permanently in the country of his former nationality. In this relation you will direct especial attention to the provisions of Article III of the draft treaty of naturalization between the United States and the Republic of Finland transmitted with instruction no. 99 of December 1, 1928,<sup>12</sup> and state that similar provisions are contained in the naturalization treaties concluded between the United States and other countries.

The aforementioned note may be delivered to the Finnish Government whenever, in your discretion it appears advisable. The Department is of the opinion that it would be expedient to deliver such a note immediately or shortly after the convention which has been agreed upon has been signed.

Very truly yours,

For the Secretary of State:  
R. WALTON MOORE

711.60D4/49

*The Finnish Minister for Foreign Affairs (Erkko) to the American Minister in Finland (Schoenfeld)*<sup>13</sup>

26069

HELSINKI, April 18, 1939.

MONSIEUR LE MINISTRE: In your note No. 337 of February 16, 1939,<sup>14</sup> you were good enough to call my attention to some questions in connection with the Convention relating to the military service, signed on January 27 last between Finland and the United States of America and to the desire of your Government that a naturalization convention may be concluded between the two countries.

With reference to your note I beg to inform you that my Government consider the said convention of January 27 last as applying to all persons possessing the nationality of both the contracting parties

<sup>12</sup> See instruction No. 583 of the same date to the Chargé in Estonia and footnote 56, *Foreign Relations*, 1928, vol. I, p. 500.

<sup>13</sup> Copy transmitted to the Department by the Minister in Finland in his despatch No. 1231, April 24; received May 5.

<sup>14</sup> Not printed.

or not only to Finnish and American nationals born with dual nationality but also to naturalized persons who have not ceased to be citizens of their home country. Thus Finnish men between the ages of 17 and 28, who, when naturalized in the United States, have double nationality, shall by virtue of the said Convention be exempt from all military obligations in Finland if they habitually reside in the United States and are in fact most closely connected therewith. Under such circumstances no other treaty defining the military obligations should, in my opinion, be required.

As to the question concerning the conclusion of a naturalization convention I beg to refer to the views expressed by the Finnish Government in the course of previous conversations and correspondence regarding this matter. According to these views the laws of Finland have already solved the question of the abolition of dual nationality in a manner which in the main corresponds to the requirements suggested by your Government in previous proposals and settles by far the most cases of dual nationality. Nevertheless I beg to assure you that the Finnish Government are willing carefully to consider any suggestion your Government might like to make in this matter and particularly to examine any formal proposals or draft conventions which your Government might find useful to prepare for this purpose.<sup>15</sup>

Please accept [etc.]

ELJAS ERKKO

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<sup>15</sup> On July 12, 1939, a new draft treaty of naturalization was presented to the Finnish Government, but no agreement was reached. On May 9, 1941, however, Finland enacted a new citizenship law which brought Finnish jurisprudence on dual nationality more into line with the views of the United States Government.

## FRANCE

### STATUS UNDER FRENCH LAW OF AMERICAN CITIZENS OF FRENCH ORIGIN WITH RESPECT TO MILITARY SERVICE IN FRANCE<sup>1</sup>

351.117/494

*The Consul at Paris (Murphy) to the Secretary of State*

No. 3855

PARIS, February 18, 1939.

[Received March 4.]

SIR: I have the honor to acknowledge the receipt of the Department's instruction No. 1170 of November 14, 1938,<sup>2</sup> transmitting for examination a copy of its revised paragraph<sup>3</sup> regarding French nationality laws to be used in the pamphlet entitled *Notice to Bearers of Passports*. The Embassy's reply has been delayed by the recent appearance of the new French decrees modifying the law of August 10, 1927, relative to French nationality, which were reported in the Embassy's despatch No. 130 [3853] of February 16, 1939.<sup>3</sup>

It is believed, after a careful examination of the Department's revised paragraph, that the facts assembled therein are as reported by the Embassy in its previous communications in this regard. Due to the modification of Article 9 of the law of August 10, 1927, however, those sections of the Department's memorandum entitled "Renunciation of French Citizenship by Persons Born in the United States of French Parents", and "Persons Naturalized Through the Naturalization of Parents Subsequent to August 10, 1927", must be revised.

With reference to the Embassy's despatch No. 130 of February 16, 1939, it will be observed from an examination of Article 22 of the Decrees reported therein, that Article 9, Paragraph 3 of the law of August 10, 1927, which formerly provided a possible means of renouncing French nationality for any person, even a minor, who possessed a foreign nationality without manifestation of will on his part, has been amended to extend that benefit to every person who possesses a foreign nationality, whether or not through his own volition. As stated in the report enclosed in the above-mentioned despatch, however, this change seems to be without particular significance. The Foreign Office has explained that release from French nationality may not be demanded as a right under that paragraph of Article 9, but it

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<sup>1</sup> Continued from *Foreign Relations*, 1938, vol. II, pp. 314-330.

<sup>2</sup> *Ibid.*, p. 330.

<sup>3</sup> Not printed.

may be granted as a favor. The first paragraph of Article 9 of the law of August 10, 1927, has not been modified materially, and if a Frenchman, naturalized in the United States upon his own request or through his parent's naturalization, should apply for release from French nationality under Article 9, Paragraph 3, as amended, his release would undoubtedly be subject to the same conditions as heretofore set forth and as outlined in that section of the Department's memorandum referring to the loss of French nationality by French citizens naturalized as citizens of the United States.

Respectfully yours,

ROBERT D. MURPHY

351.117/494

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

No. 1672

WASHINGTON, August 11, 1939.

SIR: The Department has received your despatches Nos. 3853 of February 16, 1939<sup>5</sup> and 3855 of February 18, 1939, regarding the French decree of November 12, 1938 modifying the law of August 10, 1927, relative to French nationality. Note has been taken of the Embassy's statement that the French decree of November 12, 1938, would appear to necessitate certain changes in the Department's draft of a Notice which was furnished to the Embassy with the Department's instruction No. 1170 of November 14, 1938.<sup>6</sup> Amendment has been made of those parts of the Notice to which attention has been called by the Embassy and a change has also been made under that Section of the Notice entitled "Persons naturalized as American citizens subsequent to August 10, 1927". A copy of the revised Notice is enclosed. It is desired that the Embassy examine the new draft and inform the Department whether it now agrees with the Embassy's understanding of the matter. It is also desired that the Embassy's reply be expedited, inasmuch as copy for printer must be submitted by October 1 next.

Very truly yours,

For the Secretary of State:

R. WALTON MOORE

[Enclosure—Extract<sup>7</sup>]

48. FRANCE.—While the following information is believed to be correct, persons born in France, or born outside of France of French parents, should, before visiting France, consider the desirability of inquiring of the nearest French consular or diplomatic officer whether

<sup>5</sup> Not printed.

<sup>6</sup> Draft not printed; for instruction No. 1170, November 14, 1938, to the Chargé in France, see *Foreign Relations*, 1938, vol. II, p. 330.

<sup>7</sup> Only those portions of paragraph 48 in *Notice to Bearers of Passports* which required revision because of the French decree of November 12, 1938, are here printed.

they will be immune from molestation in France under the military service or other laws of that country.

American citizens of French origin visiting France should understand that a French visa of their passport does not relieve them from any military or other obligations to which they may be liable in that country.

LOSS OF FRENCH NATIONALITY BY FRENCH CITIZENS NATURALIZED AS  
CITIZENS OF THE UNITED STATES

(b) *Persons naturalized as American citizens subsequent to August 10, 1927.* Article IX (1) of the French Nationality Law of August 10, 1927, which is understood to be applicable to French citizens naturalized as citizens of the United States *subsequent to August 10, 1927*, reads as follows:

“French nationality is lost by: A Frenchman who is naturalized abroad or who, on his own request, acquires a foreign nationality by operation of the law after he is 21 years old.

“However, until 10 years have gone by, counted from either enlistment in the active Army or the entry on the military liability list in case he is excused from active service, he who has become a foreign subject does not lose his French citizenship except under special authorization by the French Government.”

The following groups must be considered with reference to Article IX (1) of the French Law quoted above.

(4) It is understood that French citizens, naturalized as citizens of the United States after November 12, 1938, who do not lose French nationality under the provisions of Article IX (1) of the French Law of August 10, 1927, may avail themselves of the provisions of Article IX (3) of the French Law of August 10, 1927, as amended by the Decree of November 12, 1938, by making an application for release from French nationality. This provision for making application for release from French nationality would appear to be additional to that contained in the second paragraph of Article IX (1) of the French Law of August 10, 1927. See below under Renunciation of French Citizenship.

(c) *Persons naturalized through the naturalization of parents.*

(2) *Subsequent to August 10, 1927.* Under Article IX (3) of the French nationality law of August 10, 1927 (*infra*) a French citizen who after that date acquired a foreign nationality by operation of law and without expressed will on his own part may be released from French citizenship on authorization of the French Government.



Under the provisions of the French law just mentioned a French child who is naturalized as a citizen of the United States through the American naturalization of his father may request release from his French citizenship. It is particularly to be noted that the loss of French citizenship by the minor child as a result of his father's American naturalization is not automatic but is contingent on the authorization of the French Government. It is understood that the release from French allegiance, under Article IX (3) may be refused if it is obvious that the applicant's only reason is to escape military service.

Article IX (3) of the French law of August 10, 1927 as amended by the French decree of November 12, 1938 makes the provisions of Article IX (3) applicable to a person who holds a foreign nationality whether or not "without any expressed will on his part". It is not believed that the French decree of November 12, 1938 changes in any way the status under Article IX (3) of the law of August 10, 1927, of a French child naturalized as a citizen of the United States through the naturalization of his father after November 12, 1938, inasmuch as such child, if naturalized in accordance with the laws of the United States, acquires American citizenship through his father's naturalization regardless of whether or not he expresses a will to do so. See under Renunciation of French Citizenship (*infra*) for a quotation of the French decree of November 12, 1938.

#### RENUNCIATION OF FRENCH CITIZENSHIP

Article IX (3) of the French nationality law of August 10, 1927, reads:

"French nationality is lost by: Any Frenchman, even though he be under age, who holding, by operation of the law and without any expressed will on his part, a foreign nationality, is authorized, on his request, by the French Government to maintain it."

The Department has been informed that American citizens who are also French citizens under French law who wish to retain their American citizenship and renounce their French citizenship under the provisions of Article IX (3) of the French nationality law of August 10, 1927, may do so by addressing a petition to the French Ministry of Justice. Persons in this group who have the right to request release from French citizenship would include the following classes of American citizens: Persons born in the United States of French parents; persons born in France of an American father who was born in France; persons born in France of an American father and a French mother; persons born in France who were naturalized as citizens of the United States through the naturalization of their parents. It is understood that in the above enumerated cases the persons concerned can be released from French nationality only by

means of a decree. It appears that under Article IX (3), above quoted, such persons need not have reached their majority. Inquiry should be made at a French consulate as to the procedure which should be followed in making the petition. It is understood that the appropriate application may be made (1) by the interested person himself if he is over 21 years of age; (2) by the person concerned, with the permission of his legal representative, if he is less than 21 years old and over 16; or (3) by the legal representative of the interested minor in the latter's name if he is less than 16.

The French decree of November 12, 1938 amends Article IX (3) of the French law of August 10, 1927 so as to read as follows:

“Article IX. Lose French nationality.

3. The Frenchman, even a minor, who, possessing a foreign nationality, is authorized, upon his application, by the French Government to retain it.”

It will be noted that the essential change made by the law of November 12, 1938, consists of the omission therefrom of the words “without any expressed will on his part” which appear in the 1927 law. The effect of this change would appear to be that, in addition to the categories of persons mentioned in the preceding paragraph who may request release from French nationality, it would also be possible for Frenchmen who are naturalized in their own right after November 12, 1938 to request such release.

It is understood that the release from French nationality under Article IX (3) of the law of August 10, 1927, whether before or after its amendment by the decree of November 12, 1938, may not be demanded as a right but may be granted as a favor and that the release may be refused if it is obvious that the applicant's only reason is to escape military service.

351.117/515

*The Consul at Paris (Murphy) to the Secretary of State*

No. 5064

PARIS, September 23, 1939.

[Received October 13.]

SIR: I have the honor to acknowledge the receipt of the Department's instruction No. 1672 of August 11, 1939, enclosing for examination a copy of its revised Notice regarding French nationality laws and military service, to be used in the pamphlet entitled *Notice to Bearers of Passports*.

The Department's enclosure has been carefully studied and it is believed that the facts assembled therein are as reported by the Embassy in its previous communications in this regard.

With reference, however, to the paragraph entitled, "Documentation of American Citizens who are liable to military service in France", it obviously would be unlikely that the individuals whose cases are described in that paragraph could obtain at present certificates or safe conducts insuring their freedom from seizure for military service in France, as the provisions set forth therein, only apply in time of peace. If it should be found possible to obtain certificates or safe conducts, in exceptional cases, it is inadvisable for persons having dual nationality to visit this country at present in view of the possibility of new decrees being issued with regard to recruitment for the French army. It has come to the Embassy's attention that youths under twenty-one years of age, having dual nationality, who have the right to repudiate French nationality upon arrival at majority, under articles 2 and 4 of the law of August 10, 1927, and who, under the French recruitment law of 1928, cannot be compelled to do military service until or unless they have failed to exercise that right within the year following their arrival at majority, are finding it difficult to obtain permission to leave France, notwithstanding the fact that the Embassy has been informed of no change to article 12 of the above mentioned recruitment law of 1928, which assures them of freedom from seizure for military service until the age of twenty-two.

Respectfully yours,

ROBERT D. MURPHY

851.012/101 : Telegram

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

PARIS, October 27, 1939—5 p. m.

[Received October 27—3:58 p. m.]

2597. My 3853 of February 16, 1939<sup>a</sup> transmitting copy and translation French Nationality Law of August 10, 1927 as modified by the decree of November 12, 1938 Articles 2 and 4 of the law of August 10, 1927 are replaced for the duration of hostilities by a decree dated October 19, 1939 and effective October 27, 1939 providing that renunciation of French nationality must be made by individuals of the masculine sex within 3 months after arrival at the age of 18 years and that failure to renounce French nationality within the prescribed period will render the persons concerned subject to military service in the class of their age. Those individuals who have passed 18 years of age and are less than 22 years of age are permitted to renounce French nationality within the 3 months following the publication of the decree on October 27, 1939.

Full report by mail.

BULLITT

<sup>a</sup> Not printed.

DISCUSSIONS RESPECTING A REVISION OF THE TRADE AGREEMENT  
BETWEEN THE UNITED STATES AND FRANCE<sup>9</sup>

860F.01/205

*Memorandum of Conversation, by the Chief of the Division of  
European Affairs (Moffat)*

[Extract]

[WASHINGTON,] March 23, 1939.

The French Ambassador called this afternoon on various matters:

(7) The Ambassador then asked if there had been any further developments with regard to refusing the benefit of the Czech agreement<sup>10</sup> rates to third parties. I told him that the lawyers had been doing a great deal of work on that matter, and that prevailing opinion was against giving to third parties the benefit of reductions in the Czechoslovak rates when no Czechoslovaks were profiting thereby. We took the position that the treaty was not dead, but dormant; in other words, it was suspended so long as conditions made it impossible for the Czechs to carry out their side of the bargain. The Ambassador intimated that he considered this ruling of the lawyers entirely logical. I pointed out, however, that many of the bindings, and possibly some of the reductions, had been rebound in other treaties, and that in such cases third countries would still get the benefit of the binding or reduction. The Ambassador said he was glad to know this, but hoped in any event it might be possible to negotiate a supplementary agreement between the United States and France.

PIERREPONT MOFFAT

611.5131/1858 : Telegram

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

PARIS, April 18, 1939—11 p. m.  
[Received April 19—7:49 a. m.]

779. Reference the Embassy's telegram No. 677, April 7, 7 p. m.; and the Department's telegram No. 253, April 11, 7 p. m.<sup>11</sup> It is of further interest to the Department to know that yesterday an official of Commercial Accords informally indicated that if our Government is disposed to negotiate an agreement [supplementary] to our present

<sup>9</sup> For previous correspondence respecting trade relations between the United States and France, see *Foreign Relations*, 1937, vol. II, pp. 275 ff.

<sup>10</sup> Trade agreement between the United States and Czechoslovakia, signed March 7, 1938; for correspondence, see *ibid.*, 1938, vol. II, pp. 238 ff. For text of agreement, see Department of State Executive Agreement Series No. 147, or 53 Stat. 2293.

<sup>11</sup> Neither printed.

trade agreement to continue the application for France of the duty concessions included in the trade agreement with Czechoslovakia (see paragraph 1 of the Embassy's telegram 677, April 7, 7 p. m.) he believed that the French Government would be disposed to consider a request from our Government for counter concessions for enlarged supplementary quotas for items now listed in schedule 3 or for the inclusion therein of supplementary quotas for other items (in evidence?) including the possible transfer from quotas heretofore accorded by France to Czechoslovakia. This official volunteered the opinion that it would be practically impossible to grant in a supplementary agreement at this time reductions in duty rates but that it might be possible to obtain the removal of rice from schedule 1, section A.

BULLITT

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611.5131/1858 : Telegram

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

WASHINGTON, April 22, 1939—1 p. m.

293. Your 779, April 18, 11 p. m. You are requested to convey the following informally and orally to the French authorities.

The Department has noted with great interest the suggestions informally conveyed to the Embassy, and is giving them active consideration. It is expected that a decision will shortly be reached as to whether this Government is prepared to enter into negotiations for a supplementary trade agreement with France. If a favorable decision is reached, a definite proposal for the initiation of such negotiations, together with an indication of their proposed scope, will be presented to the French Government at an early date.

HULL

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611.5131/1863a : Telegram

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

WASHINGTON, July 8, 1939—3 p. m.

506. 1. A memorandum has been given to the French Ambassador, of which the text is as follows:

"The trade-agreements organization of this Government has given careful consideration to the possibility of undertaking negotiations for a comprehensive revision of the trade agreement with France.<sup>12</sup> If the two Governments find themselves in agreement on the points outlined below, and if they are both satisfied that the negotiations

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<sup>12</sup> See *Foreign Relations*, 1936, vol. II, pp. 85 ff. For text of agreement, see Department of State Executive Agreement Series No. 146, or 53 Stat. 2236.

can be brought to a prompt conclusion, this Government is prepared to issue the usual public notice of intention to negotiate a new agreement, and to proceed as rapidly as possible with the negotiations.

1. With reference to possible concessions by the United States, the first step in the procedural requirements is to publish, with the notice of intention to negotiate, a list of all products to which consideration for the granting of such concessions might be given. The publication of such a list would not, of course, mean that it will be found possible to grant concessions on all of the products listed, but merely that consideration of possible concessions will be confined to the published list. Since, under the procedure followed by this Government, no product could be included in a new trade agreement without having been published in the list, it is important that an understanding be reached, in advance of its publication, as to the products to be included in the list. After careful study the trade-agreements organization has drawn up the list which is enclosed herewith<sup>13</sup> and which, it is believed, includes all products of which either France or the French Colonial Empire is the chief source or an important source of imports into the United States. The list includes, of course, all products on which concessions are accorded to France by the United States in the present agreement.

If, therefore, it should be decided to proceed with the negotiations, this Government would appreciate being informed as promptly as possible whether there is any product not included in the enclosed list which the French Government would wish to have considered in the negotiations.

2. With regard to possible concessions which might be accorded by France to the United States, there appears to be no need for this Government to make detailed proposals prior to the public announcement above referred to, since it is understood that French procedure does not require the issuance of a list of products for consideration. It should be emphasized, however, that this Government could not make a revised trade agreement giving substantially increased concessions on French products without receiving, in return, substantially increased concessions on American products.

In order to provide an adequate basis for the opening of negotiations, this Government will be satisfied if the French Government will undertake to consider and discuss, during the negotiations, any requests or proposals which this Government may make under the following categories:

(a) Any request with respect to any article of which the United States is the principal or an important supplier of imports into France, for a reduction of the tariff duty or any similar charge, an enlargement or suppression of the quota, or a combination of a reduction of the tariff duty with enlargement or suppression of the quota;

(b) Any proposal for revision of the terms of the present agreement, with special reference to the exceptions to most-favored-nation treatment; and

(c) Any request for concessions on imports into the French Colonies of articles of which the United States is an important supplier.

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<sup>13</sup> Not printed.

With respect to the trade between the United States and the French Colonies, the enclosed list includes at the end a number of products of which the French Colonial Empire is the principal or an important supplier. Some of the articles included in the main part of the list as being imported chiefly from France are, also, it is believed, of interest to the French Colonies.

Careful consideration has been given to the proposals regarding the purchase of cotton and copper outlined in the memorandum recently given to Ambassador Bullitt by Mr. Alphand.<sup>14</sup> These proposals envisage the immediate purchase of specified quantities of the two products, but do not look towards a continued flow of trade. The new tariff concessions which might be made by the United States in a revised agreement, on the other hand, would be expected to remain in effect over an extended period of years. This Government could enter into a new trade agreement only if the concessions made by the United States could be justified by concessions of identical duration made by France.

On the other hand, this Government is particularly desirous of expanding the exports of cotton from the United States. In addition, this Government is aware that an expansion of the export trade of France would make it less difficult for France to secure the reserve stocks of cotton, and the other materials and equipment which are required for national defense. In the negotiations for a new trade agreement with France, this Government would of course not ignore these considerations.

This Government is not at present prepared to suggest a formula by which purchases of cotton or other materials by France could be specifically dealt with in a trade agreement, but would be prepared to consider the question when the other terms of the agreement shall have been formulated."

2. The Department expects to rely considerably on your advice regarding the new agreement, with special reference to concessions we should request and any additional safeguards for American trade in France which we should have included in the text.

HULL

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651.116/901 : Telegram

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

PARIS, July 20, 1939—2 p. m.  
[Received July 20—12:40 p. m.]

1334. The several times postponed meeting with representatives of the Foreign Office and Ministry of Commerce was held yesterday afternoon and a full report will go forward by mail.

The French officials firmly and categorically declined to agree with our interpretation of numbered paragraph 1 of article IV [VI] of the trade agreement and insist that the percentual share guarantee

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<sup>14</sup> French Director of Commercial Accords.

contained therein applies only to "normal quotas" and not to supplementary quotas especially those derived from unused import authorizations of previous periods or ex quota imports. They insist that the whole French quota system is based on bargaining with nonutilized quotas of a previous period to obtain additional concessions for France from other countries employing similar restrictive systems and that consequently no change can be made. They freely admitted that this system tends to penalize countries with a liberal commercial policy and to benefit those with quota systems, exchange control, et cetera, which are in a position to undertake bargaining negotiations at frequent periods.

In preparing for the meeting we discovered what appears to be an important discrepancy between the English and French texts of numbered paragraph 1 of article VI. Whereas the English text categorically assures us of our percentual share of the "total quantity or value (. . .) permitted to be imported or sold during a specified period" the French text in the *Journal Officiel* merely refers to "*L'ensemble des importations ou des ventes*". Although the French authorities assert that the "meaning is the same" the Embassy feels that the English text is definite and all-inclusive while the French text is more general and less specific. (We of course stood on the English text).

On the basis of the foregoing refusal to admit that supplementary quotas fall within the provisions of numbered paragraph 1 of article VI the French authorities likewise declined to agree that we are entitled to full and current information as to the total amount of importations permitted of each commodity subject to import restrictions which is of interest to the United States. They do agree, however, to furnish information as to the base. Upon this the country allocation of quotas are based. (In this connection please refer to the Department's telegram No. 390, May 31, 8 p. m. and the Embassy's No. 1239, July 1, 3 p. m. concerning radio tubes<sup>15</sup>). They likewise said that they would not in the future impose restrictions of a descriptive or qualitative nature upon quotas to which we are entitled without prior consultation. (The Embassy had in mind restrictions such as that on typewriters to used machines or those in the rough with respect to which however no commitment was made by the French yesterday.)

Department's telegram No. 506, July 8, 2 [3] p. m. draft instructions to the French Ambassador at Washington with respect to negotiations for a revision of the trade agreement were taken under consideration by Alphand and pertinent officials of interested Ministries last evening.

BULLITT

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<sup>15</sup> Neither printed.



651.116/901 : Telegram

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

WASHINGTON, July 29, 1939—3 p. m.

579. Embassy's 1334, July 20, 2 p. m. The Department approves the stand you have taken regarding the interpretation of paragraph 1 of Article VI and appreciates the efforts you have made to persuade the French authorities to accept this interpretation. The French interpretation is of course entirely unacceptable. We would, however, prefer to avoid further argument on this question until public notice of intention to negotiate a new agreement has been issued. The Department also appreciates your successful efforts in obtaining assurances on base period information and qualitative restrictions.

HULL

611.5131/1876a

*Memorandum of Conversation, by the Assistant Chief of the Division of European Affairs (Culbertson)*

[WASHINGTON,] August 11, 1939.

Mr. Garreau-Dombasle<sup>16</sup> came in this morning in order to go over with me a telegram which the French Embassy had just received from the appropriate authorities in Paris, the telegram relating to the proposed trade agreement negotiations.

Mr. Garreau-Dombasle was first instructed to bring to our attention, merely for our information, the fact that from April 1 to July 1 the French Government had made purchases of airplanes, engines, etc. in the United States totaling in value 1,933,185,141 francs. The Air Ministry has also just passed another order for engines, etc. valued at 45,665,000 francs.

With regard to the trade agreement, the French Government is prepared to proceed immediately with announcement of intention to negotiate on the following understanding:

(1) The commodities which are to be listed in the published notice will include all those submitted by us to the French on the understanding that those lists will include the items set forth in the attachment<sup>17</sup> to this memorandum.

The French would, however, insist that items in the present agreement with certain exceptions be not brought up for further negotiation but that they be renewed in their present form.

(2) The French state that if we insist they are agreeable to an agreement which provides for a period of two years for denunciation. This would apparently involve a two years agreement with provision

<sup>16</sup> Maurice Garreau-Dombasle, Commercial Counselor of the French Embassy.

<sup>17</sup> Not printed.

that at the end of two years agreement could be terminated on a six months notice.

The French insist, however, that on such a basis paragraph 5 of Article I of the present agreement must be maintained. They also state that special mention must be put in the agreement that in case of a general revision of the French tariff then a six months notice period would be applicable. (Garreau-Dombasle feels that paragraph 5 of Article I is all that will be necessary in this connection.)

(3) French concessions to the United States must be limited to the extension of minimum duties on certain items now in the exception list, and to the granting of additional or new quotas to the United States. They specifically state that there can be no reductions in the present French minimum tariff.

In so far as our demands in respect of concessions in the colonial areas are concerned, the French say that they can make no commitments in this respect until after negotiations have been opened.

The telegram Garreau-Dombasle had received kept harping on the concessions which they want on former Czech items. The telegram even goes to the point of saying that the French would not wish to complete negotiations until after the Belgian agreement had been completed in order that they could determine whether the Belgians had been accorded duty concessions on the Czech items which were of interest to the French.

P. T. C[ULBERTSON]

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611.5131/1876a : Telegram

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

WASHINGTON, August 22, 1939—6 p. m.

635. A memorandum<sup>18</sup> has been handed to the French Embassy here, reading as follows:

“In response to the memorandum presented to the French Embassy on July 7,<sup>18a</sup> proposing negotiations for a revision of the Franco-American trade agreement of 1936, the French Embassy has communicated informally to the Department certain views of the French Government relating to the proposed negotiations.

It is understood that the French Government would be prepared to consider an agreement terminable in general on 2 years' notice but containing a provision similar to paragraph 5 of Article I of the present agreement and, in addition, a provision for termination on 6 months' notice in the event that the French Government should undertake a complete revision of its present tariff. Furthermore, it is understood that the French Government would wish to stipulate that the

<sup>18</sup> Dated August 21.

<sup>18a</sup> See telegram No. 506, July 8, 3 p. m., to the Ambassador in France, p. 486.

concessions on particular products made by each party in the agreement of 1936 should remain unchanged in the new agreement subject to certain specified exceptions and that any new concessions to be made by the French Government should be limited to increased quota allocations and the removal of some commodities from the list of exceptions to the most-favored-nation clause.

This Department has also been informed, through the American Embassy in Paris, that the French Government contemplates, in connection with a general tariff revision, suppressing a large number of quotas and simultaneously increasing the customs duties on the articles affected, and that the termination on short notice of any trade agreement with the United States might be found necessary in connection with such a procedure.

As regards the relation between the proposed new agreement and any general tariff revision contemplated by the French Government, this Department perceives no reason why a revised agreement could not be made to facilitate, rather than to hinder, a general tariff revision. If the French Government should avail itself of the 6 months' termination clause in the present agreement in order to increase duties on articles on which it has made concessions, such action would entail the entire loss to France of the concessions made in that agreement by the United States, unless a new agreement could be negotiated to replace the present one. Such a new agreement, however, could be negotiated only through the use of the powers conferred on the Executive by the Trade Agreements Act,<sup>19</sup> which act, unless renewed, will lapse on June 12, 1940. On the other hand, should a revised agreement be negotiated, on the basis of the proposal of July 7, in the latter part of this year, this Government would, of course, be prepared to give the most sympathetic consideration to any proposal which the French Government might wish to make, during the negotiations, with a view to introducing any necessary and reasonable elements of flexibility into the new agreement. It should be possible, during the negotiations for a revised agreement, to work out some formula, not contained in the present agreement, which would make it possible for the French Government to adjust the customs duties on articles on which it has made concessions, when quotas on such articles are abolished, without denouncing the agreement, provided that such changes would not result in a less favorable situation for American trade in the articles affected. This approach to the problem seems to provide the only feasible method of avoiding the entire termination of the benefits now enjoyed by France and the United States under the present agreement in the event of a general revision of the French tariff affecting articles on which France has granted concessions in the present trade agreement.

As regards the possible duration of a revised trade agreement, it should be noted that the acceptance by the French Government of the basis of negotiations proposed in the memorandum of July 7 would not involve any commitments by either party regarding the duration of the proposed agreement. This Government is convinced, however, that it would be in the interest of both parties to avoid, so far as possible, the danger of termination of the entire agreement within a short time.

<sup>19</sup> Approved June 12, 1934; 48 Stat. 943.

As regards the limitations of the scope of the proposed negotiations which the French Government has informally suggested, this Government is not disposed to accept such limitations before the negotiations are initiated. To eliminate from the published list any of the items on which the United States has made concessions in the present agreement would invite criticism on the ground that particular articles had been selected from among those contained in the existing agreement, in advance of public notice and public hearings, for the making of additional concessions. It would be extremely difficult to answer such criticism. On the other hand, the inclusion of any particular product in the list involves no commitment on the part of this Government to make any new or additional concession on that product. This Government is convinced, therefore, that the scope of possible revisions of the concessions contained in the present agreement can most appropriately be determined after negotiations have been formally initiated.

The delay which has elapsed since the memorandum of July 7 was presented to the French Embassy is greater than was anticipated when that memorandum was presented. If a decision regarding the issuance of public notice of intention to negotiate cannot be made very soon, it will be necessary for this Government to reconsider the proposal made in the memorandum. In order to avoid further delay, it is earnestly hoped that it will be possible to reach agreement concerning the issuance of public notice of intention to negotiate without further discussions concerning the possible provisions of the proposed new trade agreement. It is not believed that such discussions could produce any result of sufficient importance to justify the loss of time involved, especially since it is impossible, under the rules of procedure which this Government must follow, for the United States to make any definite commitments until after the public hearings, which would be held not less than 6 weeks after publication of the notice of intention to negotiate."

You are requested to communicate the above informally to the French authorities, to impress upon them the necessity for a prompt decision, and to endeavor to persuade them to consent to our issuing immediately a public notice of intention to negotiate, as proposed in our memorandum of July 7.

If the French should agree in principle to our proposal, but should express a desire to ascertain before our public notice is issued whether there are any additional items which they would wish to have included in the list of articles, you may reply as follows:

We have endeavored to include everything of which France has been the principal supplier or a supplier of sufficient importance to justify inclusion on the list, but if the French should find that any articles on which they consider it important to secure concessions and which we would feel justified in including in the negotiations have not been included in our public announcement, we will give the most sympathetic consideration to any request which the French may make at an early date for the publication of a supplementary announcement listing such additional items.

You should not, of course, mention the possibility of a supplementary announcement if the French appear satisfied with the list attached to our memorandum of July 7.

WELLES

611.5131/1878 : Telegram

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

PARIS, August 26, 1939—4 p. m.

[Received August 26—1:55 p. m.]

1608. Department's telegram No. 635, August 22, 6 p. m. Fullerton<sup>20</sup> and Reagan<sup>21</sup> conveyed informally to Bousquet,<sup>22</sup> this morning the contents of the Department's memorandum handed to the French Embassy.

Bousquet stated that a telegram is being sent Saint-Quentin<sup>23</sup> today consenting to our issuing immediately a public notice of intention to negotiate a revision our trade agreement and suggested that discussions be undertaken at the earliest possible date. Bousquet added that the Foreign Office telegram<sup>24</sup> will reiterate that its consent is contingent upon our Government's agreement to the French Government's proposal for the inclusion of provisions in the revised agreement of a formula permitting subsequent negotiations looking towards the adjustment of French customs duties now bound under the existing agreement in the event that the French Government subsequently undertakes a complete revision of its present tariff.

Bousquet stated that it is his understanding that the list of items for which renewed or additional concessions from the United States will be considered by our Government during the envisaged negotiations contains practically all items of interest to the French Government but that there may be a few other items for which it may subsequently request consideration. (In view of this statement the Embassy officials naturally made no reference to the Department's views as contained in the penultimate paragraph of the Department's telegram under reference).

Bousquet said that the major items not now included in schedule 4 and for which the French Government desire special consideration are those in the former Czech agreement in which they were especially interested but that, of course, renewed concessions on these latter items

<sup>20</sup> Hugh H. Fullerton, First Secretary of Embassy in France.

<sup>21</sup> Daniel J. Reagan, Commercial Attaché in France.

<sup>22</sup> Raymond Charles Bousquet of Commercial Section, French Foreign Office.

<sup>23</sup> Count de Saint-Quentin, French Ambassador in the United States.

<sup>24</sup> Substance transmitted to the Department by the French Embassy in *aide-mémoire* of August 29, not printed.

may be automatically accorded France if included in the revised Belgian-American agreement to be negotiated.

Accordingly, Bousquet gave it as his opinion that the revision of our agreement with France will, with regard to the number of items affected, be rather limited. He confirmed the previous position taken by his Government with regard to possible new or enlarged concessions which may be accorded to the United States, namely, that these will be confined to increases in quotas allotted to the United States (whether or not included in our existing agreement), the removal of some commodities from the list of exemptions to the most favored nation clause but no additional duty consolidations and in principle no additional duty reductions. He added informally, however, that during the negotiations consideration might be given to reductions in "one or two items" merely as a gesture.

Bousquet confirmed the information transmitted in the Embassy's telegram No. 1496, August 16, 5 p. m.,<sup>25</sup> and added that it is the intention of the French Government under such general revision of its tariff to remove few if any agricultural products from quota control and that the duty increases will probably, in general, not exceed 20% with some few exceptions of 25 to 35%.

BULLITT

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611.5131/1878: Telegram

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

WASHINGTON, September 16, 1939—3 p. m.

957. Embassy's telegram no. 1608, August 26, 4 p. m. It has been decided not to proceed with trade-agreement negotiations with France during the present emergency. The Department has addressed a note<sup>26</sup> to the French Embassy stating that it was understood as a result of informal conversations with Garreau-Dombasle that, in view of the present European situation, the French Government might wish to defer the proposed trade-agreement discussions until a later date.

HULL

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611.5131/1887: Telegram

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

PARIS, October 17, 1939—4 p. m.

[Received October 17—3:24 p. m.]

2493. Embassy's telegrams 2160, September 25, 6 p. m. and 2227, September 28, 4 p. m.<sup>27</sup>

<sup>25</sup> Not printed.

<sup>26</sup> Dated September 18, not printed.

<sup>27</sup> Neither printed.

Bousquet told Fullerton today in the course of a conversation relating to other questions that the French Government was increasingly anxious to open negotiations leading to a revision of the trade agreement at such time as the neutrality act might be modified. He said that it was his view that considerable concessions should be made by the French Government in the nature of derogations from existing import prohibitions in favor of American goods. He said that the French Government still felt that the negotiations if and when entered into should take place in France and that if the situation did not permit them to be held in Paris they might be held in Langeais (Tours area).

BULLITT

611.5131/1896

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

No. 5260

PARIS, November 10, 1939.

[Received December 16.]

SIR: I have the honor to transmit to the Department, for its information and study, a memorandum which has been prepared at the Ambassador's direction by our Commercial Attaché on the basis of interviews with French Government officials and trade representatives. It reflects the growing anxiety in this country that French exports to the United States must be stimulated in order to offset in some measure at least the tremendous expenses inevitably incurred through imports from the United States to meet French war-time requirements.

In an address before the American Club yesterday, Minister of Finance Reynaud summarized the present trade problems between France and the United States as follows:

" . . . What we need is not men, but arms, and raw materials and machines.

"And here comes a great problem, the problem of commercial exchanges between our countries. Long before this war began President Roosevelt and Secretary Cordell Hull often emphasized the need—which was one of the reasons for the tripartite monetary agreement<sup>28</sup>—for stimulating exchanges of wealth among nations. They proved that freedom of trade is one of the important aspects of that ideal of liberty which we cherish. When goods move across frontiers they carry ideas with them.

"Now what was true before the war is still truer today. Let us not forget the bitter lessons of the last war, which was not so long ago; let us not forget the unprecedented economic depression that it brought about. If, during the present war, we should commit the

<sup>28</sup> See *Foreign Relations*, 1936, vol. I, pp. 535 ff.

old blunder of letting ships come over from the United States full of goods and go back empty, we should be sowing the seeds of another and perhaps more terrible post-war crisis. French purchases in America must in large part be paid for by French labor or if not, both countries will suffer."

It is obvious that France must make war-time purchases abroad and that the growing dependence upon the United States for arms, munitions and raw materials will further augment France's unfavorable trade balance with the United States.

Respectfully yours,

For the Ambassador:  
ROBERT D. MURPHY  
*Counselor of Embassy*

[Enclosure]

*Memorandum by the Commercial Attaché in France (Reagan)*

In view of the heavy purchases which France is making in the United States to meet its war-time needs, French officials, and trade and press sources have emphasized that every legitimate effort should be made to stimulate French exports to the United States in order to keep the adverse physical trade balance as low as possible and thereby reduce the amount of gold which may have to be transferred in payment against these imports.

French exports to the United States have already been reduced by the handicaps resulting from export prohibitions, increased war-time requirements for various commodities and the partial or complete lack of availability of typical items in this trade.

From a preliminary study made here on the basis of the principal products imported into the United States in 1937, from all French sources, it appears that 30% of this trade has already been stopped either by complete embargo or lack of available supplies for export; an additional 10% has already been affected by partial or conditional embargoes or by partial lack of raw materials. For Metropolitan France alone, the corresponding percentages are 23% and 13%; for French Colonies, Possessions and Protectorates, on the same basis, items representing 56% of the value of this trade are already affected by rigid export prohibitions some of which, however, will undoubtedly be relaxed after stocks necessary for France have been accumulated. Obviously, the restraint apparent in this trade is subject to change, as new prohibitions may be imposed or existing prohibitions relaxed, or the availability of products and of raw materials may improve.

French Government officials, trade association executives and individual exporters have since the beginning of the war brought up in informal conversations their strong desire to facilitate French exports



to the United States. However, Alphand, director of foreign trade, his experts and these trade interests have uniformly centered their suggestions for improving French exports to the United States upon the obvious means of duty reductions for some items not yet included in any of our trade agreements or for further reductions upon some items which have not been accorded the maximum cut. Most of the items to which they attach special interest as the object of such duty cuts are given in the list attached to the memorandum handed to the French Ambassador on July 7, 1939, and transmitted in the Department's confidential despatch No. 1657 of August 3.<sup>28a</sup> In their efforts to explore the possibility for increased sales through duty concessions they have also mentioned, in addition to the items cited in the list under reference, shelled almonds, shelled walnuts, certain China and porcelain ware, corn oil, olive oil, and certain categories of glassware and gloves formerly included in the Czech agreement.

The reliance upon duty reductions as the principal and almost exclusive proposal for increasing French exports, even if the major portion of the reductions on the items of special interest were feasible in exchange for adequate concessions or assurances for our exports, does not appear to be an adequate answer to their problem. Even radical increases in the sales of these products in the United States can scarcely be expected to make up the reduction, due to export control measures, which is equivalent to from 30% to 40% of the total exports from French sources to the United States on the basis of 1937.

A quick survey indicates that this gap might be materially reduced through an increase in the sales to the United States of such products as potash, champagne, brandies and liqueurs, hides, skins and furs and certain colonial raw materials, such as rubber, cocoa, chromite, nuts, olive oil, crin végétal, graphite, mica and fine woods, provided a special effort is made to maintain or increase production. For most of these items, the possibility of increased sales to the United States is not dependent upon duty reductions—some of them are already on the free list—but upon the capacity of the French to increase production and to improve their export organizations and sales bases and methods in the United States.

In the informal talks with the French officials and trade representatives who have recently approached the Embassy, we have considered it advisable to point out that French producers, exporters, and their representatives in the United States must get down to brass tacks in their sales methods and be willing to participate in the expenses of developing this trade. From the trade information avail-

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<sup>28a</sup> Despatch not printed.

able here, we have felt it necessary to cite certain instances, as in the wine and glove trades, where the exporters continue to quote in dollars at approximately the same levels as prevailed when the franc was at 15 to the dollar. As a result, these exporters complain that their volume of sales continues to be moderate, while they continue to skim off a large portion of the franc equivalent of their dollar prices. That French officials and French exporters are counting almost entirely upon possible duty reductions as a means of increasing their trade is indicated by the fact that they have brought forth no practical trade promotion suggestions nor have they indicated any sincere willingness to contribute part of their profits, in some instances very high in francs, to stimulate this trade.

The only instance of a concerted, if limited, effort to stimulate American buying of French products is the advertising campaign to be run in several of the leading American papers during this month, presumably paid for by the French Government, and in which, it is said, it will employ the theme "France is fighting for the liberty of the democracies—Buy French wines, de luxe articles, cheese, porcelain, etc." It would appear that one weakness of this general campaign is the fact that some of the articles which Americans are asked to buy do not now have adequate distribution in the United States. Its hasty conception appears to be indicated by the fact that several of the French trade association representatives have stated that they have no knowledge whatsoever of this campaign and were not consulted with regard to its policy.

Obviously, we are not in a position to appraise definitely whether there is a real basis for the French belief that duty reduction for a number of items would help their trade materially. From the general trade information at hand, it is our impression that they are exaggerating the value of such reductions in the hope that they would be an easy answer to their export problems. If and when consideration is again given to possible further duty concessions for French products, the soundness of the French hopes can, of course, only be tested by the usual investigation of the Trade Agreements Committee through the import studies of the Tariff Commission.

DANIEL J. REAGAN

EFFORTS BY THE FRENCH GOVERNMENT TO PURCHASE AIRPLANES  
AND AIRPLANE PARTS IN THE UNITED STATES<sup>29</sup>

851.248/1394

*The Acting Secretary of State to President Roosevelt*

WASHINGTON, January 19, 1939.

MY DEAR MR. PRESIDENT: I have just received from the French Ambassador a message informing me that the French Prime Minister has instructed him to express personally to you the profound gratitude of the French Government for the action which you have directed should be taken with regard to the French aviation question.

The Ambassador asks if I will communicate this fact to you and at the same time requests an audience with you in order that he may carry out M. Daladier's instructions.

Please let me know if you will receive the Ambassador for this purpose and, if so, the day and time which may be convenient to you.

Believe me [etc.]

SUMNER WELLES

851.248/1394

*The Acting Secretary of State to President Roosevelt*

WASHINGTON, January 25, 1939.

MY DEAR MR. PRESIDENT: In reply to the inquiry contained in your letter of January 24,<sup>30</sup> it does not seem to me that the message from the French Prime Minister which the French Ambassador left with you requires any further acknowledgment. You received the Ambassador personally and from what he tells me made him very happy by expressing your particular appreciation of the message sent you. The Ambassador immediately transmitted to his Prime Minister the statements which you made to him and I believe that that can be regarded as complete acknowledgment of the message you received.

Believe me [etc.]

SUMNER WELLES

<sup>29</sup> Continued from *Foreign Relations*, 1938, vol. II, pp. 297-314.

<sup>30</sup> Not printed.

851.248/139 : Telegram

*The Ambassador in France (Bullitt) to the Secretary of State*PARIS, February 13, 1939—10 p. m.  
[Received February 14—1 : 26 p. m.]

276. Daladier, Paul Reynaud<sup>31</sup> and Guy La Chambre<sup>32</sup> discussed with me today for several hours the general situation and the problem of providing France with an adequate air force. The conclusion was reached that the French should exercise the options they have obtained for an additional 120 Martin bombers and an additional 100 Douglas bombers and 250 North American training planes. The French Government will pay cash for these planes.

In the course of our conversation Paul Reynaud suggested that it might be possible either for the Export-Import Bank or private bankers in the United States to extend credits to American manufacturers of planes for French account, such credits possibly to run for as long as 5 years. This suggestion of Reynaud's was not made as a formal proposal but was merely a remark in the course of an exhaustive conversation on the subject of air armament. I replied that I felt absolutely certain that there was not the slightest chance that the Export-Import Bank at the present time could finance such exports, and I believed that similar credits by private bankers would be forbidden by the Johnson Act.<sup>33</sup>

Both Daladier and Reynaud then expressed in the strongest possible terms their belief France had acted with extreme stupidity in defaulting on her debt to the United States.<sup>34</sup> Daladier said to Reynaud that if France should continue to acquire gold at the present rate he thought the best use that the gold could be put to would be to pay France's arrears on her debt to the United States.

They then asked me if I believed that the United States would be prepared to make a debt settlement at this time. I said that while we should always be glad to discuss the question, it was my own belief that France did not at this time have a sufficiently stable financial situation to make it possible for the French Government to pay sums to the Government of the United States large enough to be acceptable to the Congress of the United States as a debt settlement.

Reynaud suggested that France might make a "token payment" such as the British had once made.<sup>35</sup> I expressed the opinion that, while

<sup>31</sup> French Minister of Finance.

<sup>32</sup> French Minister for Air.

<sup>33</sup> Approved April 13, 1934; 48 Stat. 574. For correspondence, see *Foreign Relations*, 1934, vol. 1, pp. 525 ff.

<sup>34</sup> For correspondence on the initial default (payment due on December 15, 1932), see *ibid.*, 1932, vol. 1, pp. 727-754.

<sup>35</sup> See *ibid.*, 1933, vol. 1, p. 839.

the Government of the United States would be glad to receive any payment on the French debt it could not regard any "token payment" as relieving the French Government from the restrictions imposed by the Johnson Act.

Both Daladier and Reynaud continued to express their interest in settling the French debt to the United States and both pointed out that at the time of the default they had supported Herriot in demanding payment. Reynaud finally said that he would wish to discuss the matter again with me in the near future as he had some ideas.

All the remarks recorded above occurred in the course of an intimate and rapid exchange of views, and I should not be in the least embarrassed if I were obliged tomorrow to express opinions contrary to those I expressed today. I trust therefore that you will inform me immediately if my expressions of opinion were not in accord with your views.

We also discussed the situation in the Soviet Union and La Chambre expressed the opinion that the Soviet Air Force was falling further and further behind in efficiency because of the execution of all the leading Russian designers and constructors. He asserted that the Russians were still making copies of obsolete models obtained from the United States 4 years ago.

Daladier said that not only were there no intimate conversations of any kind today between the Russian Soviet and France but also that the French Ambassador in Moscow<sup>36</sup> and the French Military Attaché<sup>37</sup> now found it impossible to have any contact with anyone. He had no confidence in any statement or promise which might be made by the Russians. He felt however that if Rumania could be persuaded to accept Russian assistance the Russians might feel inclined to send troops to Rumania in case of a German attack on Rumania. He said that when he had talked with the King of Rumania on this subject the King had said to him that he would under no circumstances permit any Russian soldier or aviator to set foot on Rumanian soil. King Carol now appeared to be changing his point of view. It now seemed that in case of German attack on Rumania Carol might be willing to accept Russian assistance in case both France and England should promise to make war on the Soviet Union if Soviet troops should not evacuate Rumania after such assistance was no longer necessary.

In the course of our conversation there was considerable discussion of the impending reorganization of the French General Staff. Daladier said that he had decided to make General Gamelin Chief of the General Staff of National Defense which would serve as a coordi-

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<sup>36</sup> Paul Emile Naggiar.

<sup>37</sup> L. Abraham.

nating General Staff for army, navy and air force. He had told General George that he would appoint him as Chief of the General Staff of the army on one condition; that General George should agree to have his office in the Ministry of War and not a detached office in the Invalides. Daladier said that the arrangement instituted by Foch who toward the end of the war had transferred the General Staff to the Invalides was much less efficient than the old system of having the Chief of the General Staff in the Ministry of War. Daladier said that it was literally true that he, the Minister for War, had not seen Gamelin for 2 months for the simple reason that the Chief of Staff was sitting in the Invalides and not in the Ministry of War. Daladier finally said that if General George should refuse to accept this condition by the day after tomorrow he would pass over General George entirely although he thought he was the best soldier in France and appoint in his stead a relatively junior man who was now in command in Bordeaux.

In the course of this general discussion about the General Staff I pointed out that in the month of September last the members of the General Staff of the army had seemed to be entirely unaware of what they could count on from the air force which was a separate entity and seemed to be making their plans without regard to the air force. Daladier replied "that was because there was no air force. They were quite right".

Daladier had not yet made up his mind with regard to the question of immediate *de jure* recognition of Franco. He said that he would not recognize Franco *de jure* immediately. On the other hand he felt that continued resistance by the Madrid Government would produce merely a useless slaughter of brave men. He felt that while Franco would be delighted to have French *de jure* recognition at the moment and while today he was disposed to work on a friendly basis with France by the end of another month he would have no further interest in *de jure* recognition by France and the Germans and Italians would have him much more completely in their hands than today.

He believed therefore that France would have to move toward full *de jure* recognition of Franco. He did not want to rush matters. The question was of doing the thing decently.

Incidentally, in the course of this conversation Daladier said that he had received a few days ago from Negrin<sup>38</sup> a letter thanking him for permitting munitions to come through as they had to Barcelona during the final month of resistance in Catalonia. Daladier said that 20,000 tons of munitions had crossed the French frontier to Barcelona during that month and most of them had not even been taken out of

<sup>38</sup> Juan Negrín, Spanish Prime Minister.

their cases when Franco captured the city. He added that in view of the loss of the Barcelona munitions factories he did not see how resistance could be prolonged more than 3 weeks to a month in the Madrid-Valencia district however heroic might be the defense.

We discussed the situation produced by the Japanese seizure of the island of Hainan. Daladier summed up the discussion by saying that France did not have sufficient forces and neither did England to distribute them over the earth. It was necessary for both countries to concentrate their forces in Europe at the present moment. It was therefore necessary to sacrifice whatever it might be necessary to sacrifice in the Far East. France therefore could not be expected to do more than to ask the Japanese to promise to get out of Hainan when the war with China should come to an end.

Daladier said that he still believed that Italy would not attack France at the present time but he was not entirely sure. Mussolini had lost one position after another to Hitler and was losing his personal popularity in Italy. Under the circumstances it was difficult to feel certain that he would not take the risk of general war. Once again Daladier expressed the opinion which was endorsed heartily by both Reynaud and La Chambre that war would be imminent if it were not for the hesitation created in Germany and Italy by the evolution of opinion in the United States and the attitude of the President and the American Government.

BULLITT

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851.248/139 : Telegram

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

WASHINGTON, February 16, 1939—3 p. m.

91. Your 276, February 13, 10 p. m. Your replies regarding aircraft credits are approved: although the bearing of the Johnson Act on credits of the type in question has not been defined by judicial decision, nevertheless it is very doubtful whether in view of the provisions of that Act banks would risk such transactions as those suggested; in House Banking Committee hearing February 9, on Export-Import Bank legislation, in reply to a question Jesse Jones<sup>39</sup> is reported to have said that the Bank had not and would not lend money to France to finance airplane purchases; token payment, while it might produce favorable reaction as a gesture of actual acknowledgment of indebtedness, would not affect Johnson Act prohibition. There is no recent evidence what terms of debt settlement Congress might accept except that Hungarian proposal of last February<sup>40</sup> to

<sup>39</sup> Chairman of the Board of Directors, Reconstruction Finance Corporation.

<sup>40</sup> February 7, 1938; for text of *aide-mémoire*, see *Annual Report of the Secretary of the Treasury on the State of the Finances for the Fiscal Year Ended June 30, 1938*, pp. 298-300.

apply all past payments against capital amount originally borrowed and to pay the remainder of that amount without interest in thirty annual instalments has not yet been taken up for Committee consideration, the reluctance of Congress to consider it being obvious. Applied to French debt, this basis would require 30 annual payments of about \$97,500,000 each.

HULL

851.248/154 : Telegram

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

PARIS, March 6, 1939—noon.

[Received March 6—9:30 a. m.]

408. As of possible interest to the Department I have to report that Sol Rosenblatt<sup>41</sup> (see *Who's Who*) called on me this morning and made the following statements:

Pierre Wertheimer<sup>42</sup> accompanied by Senator de la Grange will sail Wednesday for the United States to conclude a deal for the establishment of a factory to manufacture Amiot light bombers in New Orleans. Kuhn Loeb and Company is prepared to put up 3½ million dollars for financing and the French Government has already placed an order for 100 planes from the New Orleans factory, contingent upon its being established.

Rosenblatt (same) added that Secretary Woodring,<sup>43</sup> Assistant Secretary Johnson<sup>44</sup> and General Arnold<sup>45</sup> were all entirely familiar with this deal and approved it unreservedly. He added that jigs and other machines would be exported from France to New Orleans so that within 6 months the factory could begin to deliver six planes a day.

BULLITT

851.248/154 : Telegram

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

WASHINGTON, March 7, 1939—2 p. m.

138. Department's No. 136, March 7, 11 a. m.<sup>46</sup> I have carefully considered, in consultation with the War Department, the proposal outlined in your No. 408, March 6, noon, for the establishment by

<sup>41</sup> New York lawyer and personal friend of Pierre Wertheimer.

<sup>42</sup> Head of Société d'Emboutissage et de Constructions Mécaniques, which manufactured Amiot airplanes.

<sup>43</sup> Secretary of War.

<sup>44</sup> Assistant Secretary of War.

<sup>45</sup> Maj. Gen. H. H. Arnold, Chief of the Air Corps.

<sup>46</sup> Not printed.



French interests of a factory in this country to manufacture military planes of a French type. This Government would be strongly opposed to any such project as we feel that it would confuse and complicate the aircraft industrial situation and so militate against the interests of the American aircraft industry, and ultimately against the interests of the national defense.

You are requested to make the position of this Government known to the appropriate French authorities and to suggest to Wertheimer and Senator de la Grange that they do not come to this country with a view to carrying out any such project as that described in your telegram.

The President has seen and approved this telegram.

HULL

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851.248/159½

*Memorandum of Conversation, by the Under Secretary of State  
(Welles)*

[WASHINGTON,] March 11, 1939.

The French Ambassador called to see me this morning at my request. I told the Ambassador that I had asked him to come in in order to deliver to him a message from the President, but that in order that the Ambassador could understand fully the question regarding which I wanted to speak to him, I wished to give him a brief résumé of the incidents involved in the project of Mr. Wertheimer and Senator de la Grange. I then informed the Ambassador that I had heard Wertheimer named some six weeks ago at the time of the visit to the United States of the French aviation mission and that I had at that time inquired of the Ambassador whether he had any connection with that mission. I reminded the Ambassador that he had told me there was no connection whatever. The Ambassador replied that he remembered the incident perfectly and confirmed what he had then told me. I then informed the Ambassador of Mr. Bullitt's recent telegrams on the subject and of the nature of the Department's replies to those telegrams.

I told the Ambassador that the specific reason for my seeing him, since I understood that Senator de la Grange was coming to Washington immediately after his arrival in New York with a letter addressed to the Ambassador explaining the purpose of his mission, was to ask the Ambassador to tell him that the President, although Senator de la Grange had been a personal friend of the President's for more than twenty-five years, did not feel able to receive him so long as he was in the United States on this particular errand. The President, I said, would always be glad to receive him as a personal friend but not

when he came to the United States in furtherance of this particular project. I emphasized to the Ambassador the various points contained in the Department's telegraphic instruction No. 150 of March 10, 6 p. m. to Ambassador Bullitt <sup>46a</sup> and the Ambassador said that he understood the situation fully and concurred emphatically in the position taken by this Government. The Ambassador said that it happened that Senator de la Grange had for long been a personal friend of himself and of his family and that it would be very easy for him to explain to him personally the situation and the reasons for the President's request. I expressed to the Ambassador my appreciation of his interest in the matter and of his willingness to transmit this message.

The Ambassador spoke at some length on the European situation and on the Far Eastern situation but gave me no information which we had not received with the exception of one item of interest. The Ambassador told me that he had just had a report from his Foreign Office transmitting a communication from the French Consul General in Munich,<sup>47</sup> whom the Ambassador considered to be one of the ablest French representatives in Germany, and in this communication the Consul General had stated that at a recent private meeting which Hitler had had with some high German officials and with some army generals Hitler had stated that in view of the conditions in Germany and the general European situation, Germany would unquestionably have to resort to war and he pled for the devotion and loyal support of those present. The Ambassador remarked that this kind of information was very different from the optimistic impressions being given to his Government by the British Ambassador <sup>48</sup> in Berlin and that it also seemed to be entirely counter to the desires and policies of Marshal Goering.<sup>49</sup>

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851.248/165

*Memorandum of Conversation, by the Chief of the Division of Controls (Green)*

[WASHINGTON,] March 21, 1939.

The French Ambassador called at my office this morning. He said that he had recently been in New York, where he had discussed at length with Baron de la Grange and Mr. Wertheimer their proposal to establish an airplane factory in this country and had finally persuaded both of them to return to France without coming to Wash-

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<sup>46a</sup> Not printed.

<sup>47</sup> Louis Jousset.

<sup>48</sup> Sir Neville Henderson.

<sup>49</sup> Hermann Göring, German Reich Air Minister.

ington. He said that Mr. Wertheimer would leave for France this week.

The Ambassador said that he thoroughly understood and appreciated the position of this Government in regard to the proposed transaction. He went on to tell me at some length of his conversation with Mr. Wertheimer, saying that Mr. Wertheimer had apparently sincerely construed remarks made to him by the Assistant Secretary of War and General Arnold as intending to express the approval of this Government of what he proposed to do, and that he had been confirmed in this understanding by what Mr. Rosenblatt had told him. He said that Mr. Wertheimer was terribly distressed at the way things had turned out. The Ambassador told me that he felt that Mr. Wertheimer was largely responsible for the failure of his own plans through his failure to make them known in advance to his Government, through his failure to explain them fully to the War Department when he was last in Washington, and through his unlimited confidence in Mr. Rosenblatt, whose political influence he had estimated at Mr. Rosenblatt's own valuation of it.

The Ambassador made one statement of particular interest. In discussing the proposed financial arrangements, he said that Wertheimer's plan had been to arrange to have it appear, by ostensible ownership of stock by Americans, that the company to be set up was an American company, whereas in fact the American company would have been "a straw man" owned and controlled by French interests. It will be noted that this statement is at variance with the statements made to me by Mr. Bendix in our conversation on March 16.<sup>50</sup>

JOSEPH C. GREEN

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851.248/175 : Telegram

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

PARIS, April 12, 1939—3 p. m.  
[Received April 12—2:38 p. m.]

707. For the President and the Secretary. Guy la Chambre, Minister for Air, called on me today and said that his conversations with the members of the British Government last week had convinced him that in case war should break out this spring there would be an immense shortage in airplane engines both in France and in England. He had discovered that the British Government was planning in case of war to place large orders for engines in America which, as a result of the investigations of the French Air Mission in the United States, he knew could not be filled.

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<sup>50</sup> Memorandum of conversation not printed. Vincent Bendix was president of the Bendix Aviation Corporation.

He went on to say that he hoped that the Pratt and Whitney and Curtiss Wright engine plants would increase their production greatly in the near future. He added that in his opinion the Allison motor would be far superior to the Wright and Pratt and Whitney motors. He felt that no single act could be of greater assistance to France and England than an immediate and great increase in production of Allison motors.

The Minister for Air asked me if I could not procure for him immediately one Allison motor to be shipped to France as soon as possible.

If the General Motors Corporation which controls the Allison motors should be willing to enter into large scale production of this motor he would be prepared to place a large French order for these motors as soon as the tests of the motor shipped to France should have been completed. He was certain that these motors would be needed by France in case of war and if the placing of an order for 500 Allison motors or more would be sufficient to persuade the General Motors Corporation to embark on large scale production he would not hesitate to place it. Speed was of the essence.

I replied to the Minister for Air that I was not sufficiently familiar with the status of the Allison motor to be able to make any reply to this request but promised him to communicate with you at once. I should be greatly obliged if you would indicate to me as soon as possible how you desire this business to be approached.

The Minister for Air said that the British production of planes during the past month had risen to 587 approximately 425 of which were war planes and the remainder training planes. The French production last month had been 106 war planes and 80 training planes. The French production this month would be approximately 140 war planes; next month 180 and in June 250; rising thence to 350 in September.

BULLITT

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851.248/175 : Telegram

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

WASHINGTON, April 13, 1939—7 p. m.

262. Your No. 707, April 12, 3 p. m. The Curtiss-Wright and Pratt and Whitney facilities for the manufacture of airplane engines are already more than ample to cope with the orders which they have received from this Government and the orders which the Government has in contemplation. Therefore, these two companies could, without interfering with deliveries to this Government, expand their production of engines considerably if they were to receive orders from foreign governments.

The Allison Engineering Company is a wholly-owned subsidiary of General Motors. Its present maximum production is two engines per week. The War Department has placed an order for 400 Allison engines and proposes to place an order for 800 more if and when further monies for the purchase of engines are appropriated. It seems likely that Congress will not act on these further appropriations for perhaps 2 months. In the meantime, the War Department is attempting to persuade General Motors to authorize an expenditure of  $3\frac{1}{2}$  million dollars for the expansion of the Allison plant. General Motors is reluctant to authorize this expenditure until Allison is definitely assured of orders for at least 1200 engines. If  $3\frac{1}{2}$  million dollars were expended in the expansion of the Allison plant, the company could, in approximately 3 months, begin to produce engines at the rate of 60 per month. If the French Government desires to place an immediate order for one Allison engine with the company, neither the War Department nor the Navy Department would interpose any objection to the filling of that order. The engine would be stricken immediately from the list of military secrets, and the Department would issue an export license without delay. The War Department is of the opinion that, should the French Government place an order for 800 of these engines, that order, together with the order for 400 already placed by this Government, would be sufficient to persuade General Motors to authorize the expenditure of  $3\frac{1}{2}$  million dollars for expansion, and deliveries to both Governments could begin approximately 3 months thereafter.

HULL

851.248/181 : Telegram

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

PARIS, April 14, 1939—4 p. m.

[Received 4:15 p. m.]

732. For the President and the Secretary. I communicated the substance of your rush 262, April 13, 7 p. m. to the Minister for Air today. He said that he had already telegraphed to the Air Attaché of the French Embassy in Washington asking him to procure at the earliest possible moment one Allison motor for immediate shipment to France. He added that he would telegraph again to the Air Attaché asking him to put this engine on the first boat.

The Minister for Air went on to say that he was not certain at what price the Allison engines would be offered to France; but that if they should not cost more than \$10,000 per engine which in his opinion was a normal price he would be prepared, as soon as a test should

have been made of the single Allison engine to be shipped to France, to order 800 of these motors at once.

The order for 800 Allison motors would of course be on the condition that General Motors should expand the Allison plant to begin to produce engines at the rate of 60 per month in approximately 3 months.

The Minister for Air asked two questions to which I could not give definite replies:

1. If the Allison plant should begin to produce engines at the rate of 60 per month at the end of 3 months, at what rate would the plant be able to raise this production to a minimum of 300 motors per month? In commenting on this question the Minister for Air expressed the opinion that it was almost certain that France and England would be in war at the end of 3 months and added that France alone in case of war would desire to purchase 300 Allison motors per month.

2. If the Allison plant should begin to produce engines at the rate of 60 per month at the end of approximately 3 months, what proportion of these engines would be turned over to the French Government and what proportion would be taken by the American Government.

I should be obliged also if you could inform me at approximately what price these motors can be obtained.

In conclusion, the Minister for Air said that he would not need any authorization from the Minister of Finance or anyone else to place this order as he could take the sum of \$8,000,000 from his general fund for the purchase of airplane motors and use it in payment of Allison motors.

I trust therefore that you will do what is possible to see to it that an Allison motor should be shipped to France on the first available boat. The Minister for Air expressed in warm terms his deep gratitude for your prompt reply to his inquiry.

BULLITT

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851.248/181 : Telegram

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

WASHINGTON, April 15, 1939—4 p. m.

268. Your no. 732, April 14, 4: 00 p. m. The Allison company manufactures several different types of engines. The latest model available for immediate delivery is the V-1710-21. This is a sea level type without supercharger. No engine of the type V-1710-19 which is equipped with supercharger could be delivered for at least 3 weeks. The company is now engaged in producing a perfected model of the

V-1710-19, but no engine of this type could be delivered for at least 6 weeks.

The French Air Attaché called at the Department this morning. He ordered by telephone one V-1710-21. The Department, after consultation with the War Department, has telegraphed to Allison authorizing the company to deliver immediately to the French the engine ordered by the Attaché and to divert for this purpose one of the engines of that type now on hand. Furthermore, the company has been informed that there is no objection, on the ground of military secrecy, to the sale for exportation of all three models mentioned above. Thus the French Government may, if it wishes, obtain test engines of the other two types within the next few weeks. The Attaché is proceeding to Indianapolis to visit the Allison plant on Monday. The company has been authorized to communicate to him characteristics and installation data concerning all three types.

The Department has endeavored, and will endeavor, to expedite fulfillment of all formalities in regard to the release for export and issuance of export license in connection with the engine ordered by the Attaché and it seems probable that it can be shipped on the *Ile de France* April 20.

The Minister for Air has under-estimated the cost of these engines. The price of the single engine to be delivered next week has not been definitely fixed by the company. It will probably be fixed at some figure between \$25,000 and \$30,000. These engines when manufactured in quantity for this Government will cost approximately \$20,000. Should the French decide to place an order for 800 it must expect to have to pay approximately that amount per engine.

I have been unable to obtain as yet information on which to base answers to your questions as to the length of time which would be required to increase the production of Allison engines to 300 per month and as to the proportion of the proposed production of 60 per month which would be required by this Government. I hope to telegraph answers to those questions early next week.

HULL

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851.248/181 : Telegram

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

WASHINGTON, April 18, 1939—5 p. m.

275. Department's no. 268, April 15, 4:00 p. m. Information obtained by the War Department from officers of the Allison Company and from the Commanding General at Wright Field, who has intimate knowledge of the present and potential production capacity of the company, has caused the War Department to revise its first estimate of the rate at which the company could step up pro-

duction. The War Department now estimates that the maximum which can be expected is: 6th, 7th and 8th months, 35 engines; 9th month, 60; 10th month, 75; 11th, 12th and 13th months, 150; 14th month, 300.

Should the French Government order 800 engines, thus making possible the expansion of the plant desired by the War Department, the War Department which has ordered 400 would not require the company to deliver to it more than one-third of the monthly production. The other two-thirds could be delivered to the French. The War Department proposes to adopt as a general practice non-interference with available industrial facilities used by the French Government or new industrial facilities created by reason of orders placed by the French Government with American firms unless such interference were required in the interests of the United States in some unforeseen and extreme emergency.

The French Attaché for Air is spending Monday and Tuesday at the Allison plant. He has informed the Department that he does not believe that his Government would be interested in the V-1710-21 engine. Therefore, he has cancelled his order for that engine. He believes, however, that his Government will be greatly interested in the V-1710-19 engine and he proposes to purchase one for delivery in about 3 weeks. He will undoubtedly communicate direct to his Minister all pertinent information in regard to this engine and in regard to the terms on which it could be purchased in quantity.

HULL

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851.248/184: Telegram

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

PARIS, April 20, 1939—11 a. m.

[Received April 20—9:21 a. m.]

788. For the President and the Secretary. I conveyed the information contained in your No. 275, of April 18, 5 p. m., to the Minister for Air this morning. He was, of course, most disappointed as I was that the rate of increase in production of Allison engines would be so slow. Is it really impossible that this rate should be increased?

The Minister for Air said that as soon as the V-1710-19 engine should be received he would have it tested at once and would place orders if it should prove to be satisfactory and he added, however, that the possible delivery dates for engines would be a factor which would have to be taken into consideration in placing the orders.

Could not an appeal be made to General Motors on the ground that it seems a patriotic duty to increase the production of Allison engines as rapidly as foreseen in your telegram 262, April 13, 7 p. m.?

BULLITT



851.248/184 : Telegram

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

WASHINGTON, April 21, 1939—6 p. m.

290. Your No. 788, April 20, 11 a. m. On April 20, the Assistant Secretary of War had a conference with Knudsen of General Motors and Kreusser, President of Allison. He urged the necessity for the immediate expansion of the Allison plant in order that it may produce as soon as possible the 400 engines ordered plus the 800 which the War Department definitely proposes to order as soon as the necessary monies are appropriated. Knudsen agreed to recommend to the Board of General Motors that expenditure be authorized sufficient to step up production on a two-shift basis to eight per day. It seems almost certain that this recommendation will be approved. If so, the expansion will be begun immediately, and production will be stepped up as rapidly as possible with a view to the delivery of 1200 engines to this Government before December 1, 1940.

The possibility that the French might place an order for Allison engines was discussed at the conference. Knudsen was, however, unwilling to take that possibility into consideration in connection with the plans for expansion which must be initiated immediately in order to meet the urgent needs of the War Department. He felt that, from a business point of view, he could not authorize expenditure for further expansion based upon the possibility of additional orders which might never be placed or might be placed only after long delay.

The War Department believes that, if the French really intend to order Allison engines in quantity, it is to their interest to do so immediately in order that their order may be taken into consideration in connection with the expansion of the plant. Should the French place an order now, the War Department would recommend a conference of representatives of both governments and the manufacturer with a view to possible modification of the arrangements entered into with Knudsen. The War Department would be prepared to consider French needs sympathetically and to attempt to arrive at some agreement satisfactory to all concerned. The rate at which the production of the plant could be stepped up would depend somewhat upon the number of engines ordered before the details of expansion were planned. It is possible, but not probable, that the company might be able to improve upon the schedule reported in the Department's No. 275 of April 18, 5 p. m.

HULL

851.248/196a

*The Secretary of State to President Roosevelt*

[WASHINGTON,] April 21, 1939.

MY DEAR MR. PRESIDENT: I enclose, for your information, a copy of a memorandum of a conversation which the Assistant Secretary of War and the Chief of the Division of Controls of the Department had on April 20 with Mr. Sol Rosenblatt, in regard to the project to establish a plant in New Orleans for the manufacture of military planes of French type.

In this connection, it is of interest that the French Ambassador, in a conversation with the Chief of the Division of Controls on March 21, stated, in discussing the proposed financial arrangements to carry out this project, that Monsieur Wertheimer's plan had been to arrange to make it appear by ostensible ownership of stock by Americans that the company to be set up was an American company, whereas in fact the American company was to be "a straw man" owned and controlled by French interests.

Faithfully yours,

CORDELL HULL

[Enclosure]

*Memorandum of Conversation, by the Chief of the Division of Controls (Green)*

[WASHINGTON,] April 20, 1939.

At the direction of the President, the Assistant Secretary of War and I received Mr. Sol Rosenblatt this afternoon in order that he might have an opportunity to give us further information in regard to the project to establish a plant in New Orleans for the manufacture of military planes of French type.

Mr. Rosenblatt explained the project at considerable length and in great detail. The project as he explained it differs in many essentials from the project as it was outlined by Monsieur Pierre Wertheimer to officers of the War Department in December and as it was explained by the French Ambassador, by Mr. Bullitt, and by Mr. Vincent Bendix, President of the Bendix Aviation Corporation, at the time when it was under discussion in March. It seemed evident from what Mr. Rosenblatt said that the plans had been very considerably modified since the visit of Baron de la Grange and Monsieur Wertheimer to the United States with a view to eliminating features which might be objectionable to this Government. The important statements made by Mr. Rosenblatt may be summarized as follows:

(1) *Ownership*—The stock to be owned: 35% to be divided between Kuhn Loeb and Company and Newman Harris and Company of New Orleans, the bankers who are to furnish the capital; 30% to be divided between Bendix and his associates in the management of the company; 10% to be divided between Rosenblatt and two other promoters; 25% to be owned by the French Amiot company, 55% of the stock of which is owned by Wertheimer and his brother; the capital to be furnished by the two banking houses named above, which would receive \$2,500,000 in bonds of the company. Mr. Rosenblatt categorically denied that any French citizen or any French company would have any interest, direct or indirect, in the ownership of the company or any claim whatever on the profits of the company other than the 25% stock-ownership described above and the royalty mentioned below.

(2) *Management*—Mr. Bendix to resign the presidency of the Bendix Aviation Corporation and to become president of the new company; Mr. Bendix to appoint some of his associates to key positions in the management of the company; no French citizens to participate in any way in the management.

(3) *Operations*—The French Government has already ordered 500 Amiot planes, to cost \$8,500,000, to be built by the company if it is organized. The company would start business by constructing these planes, which would incorporate some improvements on the Amiot type and which would be renamed "Bendix". The Amiot company would furnish the necessary machines, jigs, dies, etc., and would send over two engineers to install the machines and to assist in the initial construction; these two French engineers to be the only French employees and to return to France as soon as construction of the first 500 planes was well under way; the Amiot company, in return for furnishing the machines, jigs, dies, and construction data, to receive a 3% royalty on the first 500 planes manufactured; the company to be prepared to construct thereafter military planes for both the French Government and the United States Government and commercial planes, including, if possible, planes for Trans-Atlantic flights by a French company.

The Assistant Secretary of War and I told Mr. Rosenblatt that the project as he had described it differed materially from the project as it had been described to us previously but that, nevertheless, we did not believe that it would be opportune for the proposed company to incorporate and begin operations at this time.

Mr. Rosenblatt stated, with emphasis, that he would take no further action in regard to this matter for the present beyond furnishing the Department and the War Department with a memorandum of what he had said to us, together with copies of the letters reporting our conversation which he proposed to address to his associates in this project. He said that he recognized that, in view of the recent furor in regard to the purchase of planes by the French, publicity in regard to this project at this time might be embarrassing to the

Administration. He added that he would return in two months or so to discuss the project once more in the hope that at that time there would no longer be any reason for official objection to the carrying out of the project. He emphasized his determination to proceed in this matter in entire accord with the wishes of the Government.

The Assistant Secretary of War has seen and approved this memorandum.

JOSEPH C. GREEN

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851.248/185 : Telegram

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

PARIS, April 25, 1939—9 a. m.  
[Received April 25—7:48 a. m.]

817. Your 290, April 21, 6 p. m. I discussed the subject of French orders for Allison motors with the Minister for Air last night. He said that while he had no doubt personally that the V-1710-19 with supercharger would prove to be exactly what the French needed it was legally impossible for him to place orders for this motor until one should have been inspected in France. He hoped that one of these motors would be shipped to France at the earliest possible moment and he could promise me that the tests would be made instantly.

The Minister for Air again stated that in his opinion the French Government would wish to place orders for at least 800 of these engines to be delivered at the earliest possible moment. He was delighted to hear that there seemed to be a possibility that the rate of production could be increased.

BULLITT

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851.248/185 : Telegram

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

WASHINGTON, April 26, 1939—5 p. m.

313. Your No. 817, April 25, 9 a. m. I assume that the Minister for Air, in connection with his plans for the purchase of Allison engines, is bearing in mind the provisions of Section 1 (a) and Section 5 (g) of the Neutrality Act.<sup>51</sup>

HULL

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<sup>51</sup> 50 Stat. 121.

851.248/193 : Telegram

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

PARIS, April 29, 1939—10 a. m.

[Received 11:50 a. m.]

852. Your 313, April 26, 5 p. m. I have not the slightest doubt that the members of the French Government have very much in mind the provisions of the Neutrality Act.

At the same time in view of the proposed amendment of the Neutrality Act introduced by Senator Pittman it is obvious that the French Government hopes that the Act will be modified either before the outbreak of war or immediately thereafter so as to permit the exportation of aeroplanes and aeroplane motors. I have done nothing to encourage or discourage these hopes nor would I feel warranted in doing so in the absence of specific instructions.

BULLITT

851.248/251 : Telegram

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

PARIS, August 28, 1939—3 p. m.

[Received August 28—1:03 p. m.]

1626. Personal for the President only. The Minister for Air has just stated to me that the estimate of the Air Ministry is that if war should break out in the immediate future the French, British and Poles would have together 3,000 first line planes; whereas the Germans and Italians would have 6,500. The French and British and Poles would have 2,700 second line planes; whereas the Germans and Italians would have 6,000.

He added that the French Air Ministry was certain that the minimum number of planes needed from abroad during the first 6 months of war would be 2,800 and that the minimum number of highest powered motors needed from abroad would be 10,000. The Minister for Air added that he hoped to be able to purchase as many of these planes and engines as possible in the United States.

In commenting on the situation at the outbreak of war, the Minister for Air said that the French pursuit aviation now was sufficient in quality and quantity to make German daylight bombardments of Paris and other French cities most risky. He believed that German planes would find it almost impossible to reach Paris during the day time. On the contrary, he believed that at night, owing to the deficiency of projectors, the bombardments of Paris might be terrible in the extreme.

BULLITT

851.248/257

*Memorandum of Conversation, by the Chief of the Division of  
Controls (Green)*

[WASHINGTON,] August 31, 1939.

Mr. Sol Rosenblatt called at my office this morning without having made an appointment. While he was sitting in my outer office, I called the Assistant Secretary of War by telephone. Colonel Johnson told me that Mr. Rosenblatt had just left his office. Colonel Johnson expressed approval of my suggestion that I should tell Mr. Rosenblatt that this Government had no objection at this time to his carrying out the plan outlined by him in his conversation with us on April 20 and set forth in his letter of April 22 to the Assistant Secretary of War.

When Mr. Rosenblatt entered, I told him that we had been expecting a call from him for several weeks but that I was surprised to see him today as I understood that he had sailed for France early this week.

Mr. Rosenblatt said that he had suddenly changed his plans upon receipt of a telegram from his associates in France and that he had come to Washington to call on the Assistant Secretary of War and me in order to ascertain whether this Government still had any objection to his undertaking to carry out the plan for the setting up of a plant for the manufacture of airplanes in New Orleans as set forth in his letter of April 22 to the Assistant Secretary of War.

I replied to Mr. Rosenblatt in the terms agreed upon with Colonel Johnson.

Mr. Rosenblatt said that he fully understood the objections on the part of this Government which had led us to desire that he postpone the carrying out of his plan. He said that he was glad to hear that there would be no objection to its being carried out at this time. He said that he intended to carry it out exactly in accordance with the terms of his letter to the Assistant Secretary of War except for minor modifications on two points: (1) as the firm of Newman Harris and Company of New Orleans was now under indictment in Los Angeles in connection with the recent political scandals in that state, some other financial backing would have to be obtained; (2) the names "Amiot" and "Bendix" would probably not be used either in the name of the company or as the name of the planes to be manufactured.

I said that neither of these changes seemed to be of any importance to the Government.

I asked Mr. Rosenblatt how long it would probably be before there would be any publicity in regard to the setting up of this plant.

He replied that there would certainly be no publicity for several months and probably not until construction of the plant in New Orleans was actually under way.

I requested Mr. Rosenblatt to keep the War Department informed of any developments in connection with the carrying out of his proposed transaction which might be of interest to that Department.

Mr. Rosenblatt agreed to comply with my request.

In view of my conversation with Mr. Rosenblatt, it would appear to be unnecessary to send him the attached letter<sup>53</sup> which was drafted by Mr. Yost with the approval of the Assistant Secretary of War.

JOSEPH C. GREEN

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851.248/296 : Telegram

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

PARIS, November 23, 1939—7 p. m.

[Received 10 p. m.]

2813. For the President and the Acting Secretary. I have just had a 3-hour conversation with Daladier, Guy la Chambre, Minister for Air, and Monnet<sup>54</sup> which was frank and detailed to an extreme degree.

In accordance with our policy of not telegraphing dangerous information I shall refrain from giving any details but I am obliged to report to you certain statements of Daladier's.

Daladier said that he was certain that this war could be won only if France and England should possess not simply superiority in the air but absolute domination in the air. He cited the figures of French and British plane production and stated his conclusion that France and England could never produce sufficient planes to achieve absolute domination in the air. If domination in the air could not be achieved the war would drag on until a peace of exhaustion and compromise which would insure exultant domination of Europe by Germany.

If it should be impossible therefore for France and England to obtain a sufficient number of planes in the United States to establish domination in the air he would unequivocally cease to be Prime Minister immediately. He could easily contrive an issue on which he would be overthrown and could turn over the Government to Bonnet or Flandin either one of whom would make an early compromise peace with Germany.

The single important question in his mind therefore was whether or not France could obtain sufficient planes in America to make possible a successful attack against Germany. He did not care how much the planes might cost. If Paul Reynaud should make financial objections Paul Reynaud could resign. He would be perfectly ready to make

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<sup>53</sup> Not printed.

<sup>54</sup> Jean Monnet, Chairman of Allied Supreme Economic Council.

every French resource available to obtain these planes. He would not object to selling Versailles or any other possession of the French Government in order to get the planes.

Since he had established Monnet as head of the entire inter-allied organization for pooling the resources of France and England Monnet would be obliged to spend at least the next 4 weeks in London. Every day that the solution of the problem of obtaining planes in the United States should be adjourned would mean one day more of war and suffering. Monnet might go to the United States a month hence but it was essential to send some one to the United States immediately to have intimate and detailed conversations on the problem of obtaining planes.

He realized that this problem was an enormous one. He knew that the existing factories of the United States for the manufacture of planes and motors already had more orders than they could fill for the year 1940. He realized that it would be necessary to create enlarged facilities for the production of planes. In his opinion this might be done in Paris by the enlargement of existing factories for motors and fuselages but he thought this would be insufficient.

He believed it would be necessary to obtain the assistance of the great American automobile manufacturers and persuade them to turn a portion of their productive capacity to the production of parts of engines and parts of fuselages. The question of certain raw materials was also vital. He was shocked by the information about the cooperation of Aluminum (see your 1427, November 22, 1 p. m.<sup>55</sup>).

He would like to send to the United States immediately to handle the entire problem of planes René Pleven (Pleven has been a close friend of mine for many years and I have as complete confidence in his character and integrity as I have in Monnet's).

Daladier then said that he considered it absolutely essential for me to accompany Pleven to the United States in the first possible clipper. I objected saying that I had written to the President that I believed an Ambassador should not leave the country to which he was accredited in time of war to go home on vacation and that I had informed both the President and my daughter that I positively would not be home for Christmas.

Daladier said that whether I liked it or not he felt it was my absolute duty to accompany Pleven to the United States. He would not feel that every possibility had been explored unless I could inform him personally that there were no further possibilities. He then asked me as a personal favor to him to make the trip. I continued to object and La Chambre and Monnet entered the argument insisting that I

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<sup>55</sup> Not printed.



must accompany Pleven. Finally Daladier said that he hoped that I realized that he was entirely serious in what he had said about ceasing to be Prime Minister. He wanted to buy at least 10,000 planes in the United States. He might have to be content with a smaller number but if he could not obtain a sufficient number to establish dominance in the air he was absolutely determined to give up his post as Prime Minister and hand over the Government to some one who would make a compromise peace with Germany. He was not a bourgeois but of the stock of peasants who were used to facing facts however tragic and horrible they might be. If it should be possible for Pleven to make arrangements in America for the production of a sufficient number of planes well and good. France and England would win the war. If Pleven and I should inform him that it would not be possible he would have the facts in his hands from which to draw the necessary conclusions.

At this point I suggested that he had already entirely competent official representatives in the United States and that I knew the different agencies of our Government were giving and would continue to give every possible appropriate cooperation. He replied that the only opinion in which he would have absolute confidence would be my own.

It is unpleasant to me to be obliged to report this sort of thing which sounds as if I were engaged in attempting to make myself appear more influential than I am; but I feel obliged to report the facts and to add that Daladier was speaking with the utmost sincerity and furthermore in the presence of both Guy La Chambre and Monnet.

In view of the intensity of Daladier's remarks I feel obliged to ask you for immediate instructions as to my future movements. I am tired and had planned to go to the south of France for a rest. But this matter is one of such importance that I feel that personal considerations should have no weight whatsoever.

Will you please let me have your instructions at your earliest convenience as I promised Daladier that I would let him know whether or not I could accompany Pleven.

Incidentally when I conveyed to Daladier the substance of your No. 1417, November 20, 6 p. m.,<sup>56</sup> he gave Monnet instructions to inform the British Government immediately that Purvis would be acceptable to the French Government as Chairman of the Board of the French and British purchasing missions in the United States.

BULLITT

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<sup>56</sup> Not printed.

851.248/296 : Telegram

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

WASHINGTON, November 25, 1939—3 p. m.

1443. Your 2813, November 23, 7 p. m. I have discussed the substance of your telegram with the President, and we are in agreement that for reasons which have already suggested themselves to you it would be inadvisable for you to come to this country in the company of Pleven or other French official for the purposes outlined by Daladier.

From the French point of view Daladier's preoccupations should be amply taken care of by his sending an official in whom he had full confidence and to whom he gives full authority.

HULL

851.248/302 : Telegram

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

PARIS, November 28, 1939—4 p. m.

[Received 4:22 p. m.]

2844. I communicated the substance of your No. 1443, November 25, 3 p. m., gently to Daladier today. He said that he understood but could not escape from the conclusion that it would be essential for me to make such a trip in the month of January. I left the matter there.

BULLITT

851.24/101 : Telegram

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

PARIS, November 30, 1939—4 p. m.

[Received 5:42 p. m.]

2867. For the President and the Secretary. I had a most serious conversation with Paul Reynaud last night on the subject of the financial resources of France and England and purchases in the United States. He said that he had now received exact statements from the different French Ministries with regard to their needs for imported materials of all sorts during the coming 12 months.

It was his considered opinion that French resources abroad would just about cover these needs without any additional payments whatsoever for additional airplanes in the United States (incidentally, Reynaud stated that he did not contemplate any liquidation of French holdings in the United States in the immediate future).

Monnet informed me last night that Daladier had given orders that all other purchases abroad should be cut down in order to provide a sufficiently large fund for new airplane purchases in the United States and I believe that these purchases will be made (see my telegram No. 2813, November 23, 7 p. m.).

I feel, however, that we should realize now that, in approximately 12 months, France and England will have exhausted to such an extent their resources of foreign exchange—including not only those which are now in liquid form but also those which it will be possible to liquidate—that the financial problem will become serious in the [extreme?].

As you know there is an important body of opinion in the German Government which argues that Germany will not need to attack on the western front but that France and England will collapse financially and will be unable to find funds for purchases abroad before a German collapse—since it will be impossible for the French and British to pay for purchases in the United States except by cash.

It is impossible to state at the present time that this German calculation is wrong.

BULLITT

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851.248/307 : Telegram

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

PARIS, December 21, 1939—6 p. m.  
[Received December 21—5: 35 p. m.]

3019. I have discussed with Daladier, Guy La Chambre, Champetier de Ribes<sup>57</sup> and Leger<sup>58</sup> the conversations at the meeting of the Supreme War Council concerning purchases of planes in the United States.

Daladier had sent a note to Chamberlain<sup>59</sup> (which I had seen) stating that he intended to cut all French purchases abroad in order to save as much foreign exchange as possible to make purchases of completed planes in the United States since he believed that it was only by obtaining absolute command of the air that France and England could carry out a successful offensive against Germany. He had proposed in this note that Great Britain should adopt a similar policy.

At the meeting of the Supreme War Council Chamberlain read reply to this note of Daladier's. He stated that the British Govern-

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<sup>57</sup> Auguste Champetier de Ribes, Under Secretary of State in the French Ministry for Foreign Affairs.

<sup>58</sup> Alexis Leger, Secretary-General of the French Ministry for Foreign Affairs.

<sup>59</sup> British Prime Minister.

ment would be glad to have some Englishman associated with Plevin in making an inquiry in the United States as to whether or not it would be possible to obtain a vast plane production in addition to the production now existing. The British Government, however, believed that any considerable increase in the production of planes in the United States would create such a demand in America for additional machine tools that France and England would not be able to obtain in the United States the machine tools that they needed for plane manufacture in their own countries. Furthermore American planes were so expensive that the question of financing purchases of planes in the United States was a most serious one which the British Government would have to study with care.

Daladier reiterated his intention of going ahead with this policy and expressed the opinion that it would be possible by calling on automobile factories and other factories in trades not unlike the aviation industry to obtain a greatly increased production without interfering fatally with the flow of machine tools to France and England.

It was the impression of both Daladier and Guy La Chambre that if the French should find it possible to create the facilities for the construction of a large number of planes in the United States and should order the planes the British would immediately request the French to permit Great Britain to have at least half the production.

In any event Daladier is absolutely determined to purchase as many planes as he can possibly get in the United States.

Ultra-confidentially, I can assure you that I am certain the combined French-British production of land pursuit planes and bombers is even today only about seven-tenths of the German production. Daladier now considers it obvious that France and England will not be able to obtain command of the air except through planes bought in the United States.

I discussed with him again today the question of how the war was to be won and he reiterated that in his opinion it was to be won only by gaining absolute command of the air and that this command could only be obtained through the purchase of planes manufactured in the United States.

He added that should it prove to be impossible vastly to increase the manufacture of planes in the United States the war would drag on in a bloody deadlock which might end in any sort of loathsome result but could certainly not end in any constructive manner.

He said that so long as he should remain at the head of the French Government he would therefore make every conceivable effort to get as many planes as could be manufactured in the United States.

BULLITT

851.248/308 : Telegram

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

PARIS, December 21, 1939—8 p. m.

[Received December 21—5:17 p. m.]

3023. Personal for the President and the Secretary. After delivering the argument reported in my No. 3019, December 21, 6 p. m., Daladier went on to say that he was absolutely convinced that the incompetence of the French and British representatives in the United States was such that there would be no manufacture of planes in the United States on any great scale for the account of France and England unless I should return to the United States immediately. He wanted me to go to the United States at once therefore on the business of the French Government; not of the American Government.

I remarked that he was engaged in saying that while I would be *persona grata* to him in Washington I was no longer *persona grata* in Paris. He said that that was too crude a way to put it; but since he was convinced that a vast production of planes in the United States was essential for the winning of the war, and also convinced that no one but myself could get such a production started he was obliged to say that my presence in Washington now was an absolute essential and my presence in Paris merely a pleasant luxury.

Under the circumstances I shall have to be ordered to return to Washington as I cannot turn up in Paris again before visiting the United States.

BULLITT

851.248/309a : Telegram

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

WASHINGTON, December 22, 1939—9 p. m.

1558. Your no. 3019, December 21, 6 p. m. The Department after careful study and consultation with experts of the War Department has ascertained that:

1. The American airplane industry is in a position to increase its output considerably and with little delay if engines can be obtained. The airplane companies are turning down orders because of the shortage of engines. This shortage is due in large part to the fact that the French have placed orders with American engine manufacturers for such a number of engines to be shipped to France for installation in planes to be constructed in France that, although the three manufacturers of engines for military airplanes are appreciably expanding their plants, the output of engines will not be sufficient until 1941 to

supply engines to be installed in American built planes beyond the number now on order. The French and British Governments have together ordered 5,500 engines for installation on planes to be built abroad. If the French would permit American engine manufacturers to deliver a large proportion of their output in 1940 to American plane manufacturers, the latter could accept orders for a large number of additional planes for the French Government. Such an arrangement would enable American plane manufacturers to increase their output of planes for the French to the extent of an additional 2,000 to 3,000 planes during the next 12 months.

2. Vast and practically unlimited additional productive capacity of complete airplanes in this country could be created if present airplane plants were moderately expanded but such expanded plants could not attain production to capacity until after the elapse of from 10 to 14 months after orders justifying such expansion were placed. Such expansion would, of course, have to be financed by the governments placing the orders. The controlling factor in airplane expansion in this country is engine production. If foreign governments desire to obtain vast numbers of planes with deliveries beginning a year from now, they will have to finance further expansion of the plants of the three principal engine manufacturers.

3. The French, British, Canadian and Australian Governments now have 2,223 planes on order, undelivered, in this country. These orders are placed, however, with six companies only. At least 11 other American companies could construct satisfactory military planes. Obviously, it is essential that the French and British first arrive at an agreement between themselves as to a program of purchases. The Anglo-French Purchasing Commission could then work out the problems involved in increased purchases with the Army and Navy Munitions Board. That Board is prepared to give the Commission all assistance consistent with the neutrality of this Government and officers of the Board have, informally, expressed the opinion that arrangements for substantial increase in deliveries during 1940 could be worked out if representatives of the Purchasing Commission could sit down and discuss the details with officers of the Board and with representatives of the airplane manufacturers and the engine manufacturers. If, as would appear, the French Government does not have attached to the Purchasing Commission officers competent to deal satisfactorily with such problems, it would seem that that defect can be easily remedied by the French Government. If the French wish to obtain additional planes in this country in the very near future and vast numbers of planes to be delivered in 1941 and thereafter, there should be no further delay in the placing of orders.

4. It is true that the problem of machine-tool production referred to in your telegram under acknowledgment must be considered in connection with any vast expansion of the American airplane industry. If the output of the industry is to be greatly expanded during the year 1941 the problem of machine-tool production would immediately arise.

HULL

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123 Bullitt, William C./551 : Telegram

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

WASHINGTON, December 22, 1939—10 p. m.

1559. Your 3023, December 21, 8 p. m. From the President and the Secretary. Daladier is asking us to assume greater responsibility than is possible. Practically speaking it might well react against the very purpose he has in mind. Please make this clear to him and explain why we cannot order you home at this time but will do so when Kennedy<sup>60</sup> returns to London.

HULL

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PROPOSED LEASE OF NAVAL AVIATION BASE FROM FRANCE ON  
FAKARAVA ISLAND IN TUAMOTU GROUP

851N.014/14

*Memorandum by the Chief of Naval Operations (Leahy)*

WASHINGTON, June 21, 1939.

MEMORANDUM FOR THE PRESIDENT<sup>61</sup>

The Tuamotu Group offers suitable bases from which Japanese long range submarines could operate against the Canal Zone, the west coast of Central and South America, and even U. S. West Coast shipping; Fakarava being an excellent base in the Tuamotu Group from which U. S. submarines, patrol planes, and light forces could operate to prevent Japan from basing submarines in this general area, and would be a flanking position against attacks on the west coast of South America and against trade lines from Japan to the Straits of Magellan.

Should there be a world war with Germany, Italy and Japan against Great Britain and France, and the United States neutral, Japan would undoubtedly absorb the exposed British and French possessions in

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<sup>60</sup> Joseph P. Kennedy, Ambassador in the United Kingdom.

<sup>61</sup> Transmitted by President Roosevelt to the Secretary of State on June 22.

the Pacific, especially where no opposition is offered. If the United States owned or controlled Fakarava, this would provide a deterrent against Japanese aggression in this part of the Eastern Pacific.

WILLIAM D. LEAHY

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851N.014/14

*Memorandum by the Chief of the Division of Far Eastern Affairs  
(Hamilton) to the Under Secretary of State (Welles)*<sup>62</sup>

[WASHINGTON,] June 28, 1939.

Fakarava Island of the Tuamotu Archipelago lies some 4,000 statute miles southwest of San Francisco and 4,800 statute miles southwest of the Panama Canal. Longitudinally, Fakarava Island is east of Hawaii. The nearest Japanese possession is the Marshall Islands (under Japanese mandate). The Marshall Islands are approximately 3,000 statute miles to the northwest. The Archipelago, which consists of some 80 coral atolls, has been under French sovereignty since 1844. The nearest islands not under French sovereignty are islands to the northwest and to the southeast which are under British sovereignty.

In regard to questions of national defense and strategy connected with the military significance of the Tuamotu Archipelago under conditions suggested by Admiral Leahy, I do not feel competent to express an opinion. However, I do offer certain comments with regard to political aspects of the question. The purchase of one of the islands of the Tuamotu Archipelago and the establishment of a naval base there might be interpreted by Japan as part of an encircling movement by the only great power which is at present in a position to wage effective warfare against Japan. This strategic threat to Japan might be expected to render American-Japanese relations more difficult and more unfriendly than they are at present and to increase the likelihood of eventual war between the two countries. It could be further anticipated that the steps under contemplation might cause Japan to fortify, if she has not already done so, or to accelerate fortification of, Japan's mandated islands. In the event of indecision on the part of Japan as to whether she should join with Germany and Italy in war against Great Britain and France, knowledge that the United States was intending to establish a naval base in the Tuamotu Islands might influence Japan into active participation in the war: Japan might conclude that it would be preferable to come to a showdown militarily with Great Britain and France prior to development of the

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<sup>62</sup> Transmitted by Under Secretary of State Welles to the Secretary of State on June 30.



contemplated naval base as such a base would weaken Japan's position in the Pacific in the event of war with Great Britain and France.

Admiral Leahy suggests that, in the event of a war between Germany, Italy, and Japan on the one hand and Great Britain and France on the other, with the United States neutral, the possession by the United States of a naval base in the Tuamotu Islands would provide a deterrent against Japanese aggression in the eastern Pacific. It seems doubtful to me that such a naval base would seriously check Japanese activities as long as the United States was neutral. Japan was not deterred by the proximity of the Philippine Islands in her recent seizure of Hainan Island and the so-called Spratly Islands.<sup>63</sup>

The question of the possible political effects in this country of acquiring territory in the midst of British and French possessions far removed from other possessions of the United States is a factor in the situation which would seem to be worthy of serious consideration.

M[AXWELL] M. H[AMILTON]

851N.014/13

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

Personal

WASHINGTON, August 4, 1939.

DEAR BILL: Fakavari [*Fakarava?*] Island in the Tuamotu Archipelago, which as you know is under French sovereignty, is we understand uninhabited. It has a narrow strip of beach forming an almost complete circle except for one entrance to the open sea which surrounds an unimpeded harbor approximately six miles in diameter. The Navy Department desires to obtain a lease from the French Government for about two acres of land with the right to construct hangars thereon and with the further right to the unrestricted use of the harbor and of adjacent beaches for airplane landings.

You will recognize the important factors underlying this desire and you know the situation so well that I need hardly emphasize the need to keep the matter absolutely confidential. I have been unwilling because of my fear of a leak to mention the matter to the French Ambassador here since he has to deal through the Foreign Office. I have explained my reluctance in this regard to the President and the President has told me this afternoon that he desires you to take the matter up personally with M. Daladier,<sup>64</sup> and only with him.

The President's further desire is that the lease be concluded, when the time comes, as a routine matter between some appropriate official

<sup>63</sup> See vol. III, pp. 103 ff.; also *Foreign Relations, Japan, 1931-1941*, vol. II, pp. 277 ff.

<sup>64</sup> President of the French Council of Ministers.

of the Navy Department, presumably your Naval Attaché, who would of course have to be duly authorized for that purpose, and some appropriate representative of the French Government who would likewise at such time—and not until such time—be designated. The purpose of the lease would be to enable the Navy Department to rent these facilities for utilization in connection with aviation maneuvers. The amount of rental which would be stipulated would, we presume, be more or less nominal.

After you have taken this matter up with M. Daladier and his assent has been given, as I assume it will be, my thought would be that you get his further assent to some form of lease which you yourself might draw up so that this lease could be concluded the minute you get direct word from us to that effect.

In order to avoid any leak in the telegrams, may I suggest that after you have had an opportunity of taking this up with M. Daladier you send me a personal telegram referring to my present letter to you and merely say "Favorable reply given", or "Unfavorable reply given", as the case may be. Upon receipt of that message from you I will inform the President and I will then await such further details as you may give me, such as the form of the lease, amount of rental, et cetera, which you can send me in the first pouch.

On account of the time element I am sending you this letter by air mail. I think it would be highly desirable to get the matter settled as soon as possible.

Every good wish [etc.]

[File copy not signed]

851N.014/13 : Telegram

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

PARIS, August 12, 1939—4 p. m.  
[Received August 12—11:54 a. m.]

1493. Personal for the Acting Secretary. Your letter August 4. Favorable reply given. Please prepare text in exact terms you desire which I am promised will be accepted immediately.

BULLITT

851N.014/13 : Telegram

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

WASHINGTON, August 14, 1939—4 p. m.

607. Personal for the Ambassador. Your 1493, August 12, 4 p. m. Admiral Stark<sup>65</sup> will transmit immediately to your Naval Attaché

<sup>65</sup> Chief of Naval Operations.

suggested text. Your Attaché will be instructed to communicate this text to you. I suggest that you thereupon take it up personally with the Prime Minister and, if it proves acceptable, arrange for the manner in which it should be signed. Your Naval Attaché will be authorized to sign it as a routine matter. I earnestly recommend, in order to avoid any possible leak, that no individuals other than those mentioned be apprized thereof.

WELLES

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893.0146/731 : Telegram

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

WASHINGTON, November 16, 1939—11 a. m.

1402. Personal for the Ambassador from the President.

"With reference to your telegram 2739, November 13, 6 p. m.<sup>66</sup> and previous telegrams on the same subject, I believe that because of the changes in the general situation since you first took up this question with the French Government, it would be wiser to abandon any idea of a lease or contract. Please suggest consequently to Daladier that the matter be handled by a mere exchange of confidential letters between him and yourself. The first letter might be from you inquiring whether the French Government would agree that the United States, for training purposes and in connection with peace time maneuvers, might be enabled to utilize the atoll and lagoon for naval vessels and for planes. Daladier's reply might state that the French Government is willing to give the permission requested, with the understanding that such permission in no way affected French sovereignty over the island and its territorial waters. The third and final letter would be your confirmation of this understanding that French sovereignty would not be affected. Telegraph me what the result of your suggestion in this sense may be."

WELLES

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893.0146/738 : Telegram

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

PARIS, November 17, 1939—5 p. m.

[Received November 17—1 : 17 p. m.]

2775. Personal for the President. Your 1402, November 16, 11 a. m. I made the suggestion contained in your telegram under reference to Daladier at the outset of this negotiation. He was not certain that his powers as Président du Conseil would cover such action and asked the advice of his legal advisers who told him that such action on his part would be entirely illegal.

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<sup>66</sup>This and other telegrams, not printed, from Ambassador Bullitt referred to the long delay in receiving instructions on this matter and urged prompt action.

The only method the French could devise to settle the question quietly and to our satisfaction was to have an agreement signed by an official of the Ministry of Colonies acting as agent for and under the authority of the governor of the group addressed to the islands.

I do not believe that any useful purpose can be served by my suggesting again to Daladier that he should take an action which he has already told me would be illegal and beyond his powers.

Please instruct me.

BULLITT

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893.0146/738 : Telegram

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

WASHINGTON, November 18, 1939—3 p. m.

1415. Personal for the Ambassador. Your 2775, November 17, 5 p. m. In view of the facts set forth in your telegram, the President asks me to let you know that he has reached the conclusion that it would be wiser merely to inform Daladier that if the President should later consider it desirable to undertake peace time maneuvers near the atoll and in the lagoon, he will then advise the French Government through you accordingly, requesting permission for the temporary use of the island and lagoon for this purpose, making it clear, of course, that permission will be asked of the French Government in each similar case should it be considered desirable to repeat maneuvers in that vicinity, and making it equally clear that no question involving French sovereignty is being raised.

Under the circumstances the President believes that this is the only practical procedure and you will be informed later when the time comes to undertake such maneuvers.

WELLES

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REPRESENTATIONS TO THE FRENCH GOVERNMENT WITH REGARD  
TO AMERICAN MAIL

851.711/367 : Telegram

*The Consul General at Marseille (Hurley) to the Secretary of State*

MARSEILLE, September 15, 1939—6 p. m.

[Received September 15—2:20 p. m.]

21. Naval authorities announced their intention of censoring all mail and removing any addressed to Germany on board SS *President Adams* all of which originated in India bound for New York. Embassy was informed. The Consulate explained to the officer in

charge the Department's attitude as set forth in Hyde,<sup>67</sup> Section 730, page 446. Officer thereupon contented himself with verifying origin and destination of bags without opening. The Consulate's despatch follows.<sup>68</sup>

HURLEY

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851.711/371 : Telegram

*The Consul General at Marseille (Hurley) to the Secretary of State*

MARSEILLE, October 23, 1939.

[Received October 23—9:46 a. m.]

51. This morning French authorities removed from the *Excambion* 93 sacks of mail loaded at Genoa and consigned to New York. Sacks originated in Bucharest, Moscow, Sofia, Bale and Prague. Written orders to captain to unload mail indicated he could sail immediately sacks disembarked or, wait until examination completed, when all or part of mail would be returned to him.

Captain instructed by head office Export Line, Genoa, to sail without mail and ship left 9 this morning. Consulate orally informed by naval authorities that after examination of mail it would be returned to Export Line for transportation to New York. Instructions requested. Embassy informed by telephone and this telegram repeated to Embassy.

HURLEY

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851.711/371 : Telegram

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

WASHINGTON, October 25, 1939—noon.

1304. Referring to telegram no. 51 of October 23 from Consul at Marseille. Please, at once, lodge a vigorous protest with the Foreign Office concerning this unwarranted interference with mails destined to the United States from other neutral sources, pointing out that:

1. Such correspondence, destined to the United States, cannot contain merchandise which the French authorities are authorized to seize under any belligerent rights.

2. Such mails, of necessity, contain shipping documents, remittances, etc., as well as commercial correspondence and its mere detention from one sailing to the next will necessarily cause serious injury to American banking and commercial interests.

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<sup>67</sup> Charles Cheney Hyde, *International Law Chiefly as Interpreted and Applied by the United States* (Boston, 1922), vol. 2.

<sup>68</sup> Not printed.

3. The action of the French authorities appears to be clearly violative of the precepts of Article I of the eleventh Hague Convention of 1907.<sup>69</sup>

4. Such action will inevitably engender vigorous public resentment in the United States.

5. This action involves not only a violation of the rights of the private American citizens concerned but also a violation of the right of this Government to expect that its commercial and other relations with other neutral countries shall remain free from gratuitous and unlawful molestation.

6. This Government is convinced that, from the standpoint of the French Government alone, any advantages to be gained by such a procedure will be vastly counterbalanced by the consequent disadvantages.

You will therefore express the hope that the French Government will at once disavow the seizure of the mails from the S. S. *Excambion* and give assurances that such action will not be repeated. Advise at once of the reply of the French Government.

HULL

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851.711/872 : Telegram

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

PARIS, October 27, 1939—4 p. m.

[Received October 27—3:38 p. m.]

2596. Department's 1304, October 25, noon. In accordance with your instruction we addressed an energetic written protest to the Foreign Office embodying content of your telegram under reference. At the same time we orally urged immediate action and a favorable reply for reasons which are or should be obvious.

The Foreign Office has just informed us that instructions have been given for the immediate release of the mail matter in question and its return to the shipping company. It is not possible for the French Government at the moment to disavow the seizure of the mail from the S. S. *Excambion* or to give assurances that such action will not be repeated until the question has been passed on by all the members of the blockade committee after consultation with the competent British authorities.

The Foreign Office asks that the Department understand that it is in entire sympathy with our views and hopes that a satisfactory reply will be forthcoming within 48 hours.

BULLITT

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<sup>69</sup> Convention relative to right of capture in naval war, concluded October 18, 1907; *Foreign Relations*, 1907, pt. 2, p. 1236.

851.711/376 : Telegram

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

PARIS, November 1, 1939—5 p. m.

[Received 5:35 p. m.]

2630. Your 1304, October 25, noon. We inquired as to the status of the deliberations over the protest filed with the Foreign Office by our note of October 26. We are informed that a decision has not yet been taken. It appears that the competent French authorities do not agree with our proposition that the action of the French is violative of the precepts of Article No. 1 of the Eleventh Hague Convention of 1907. They mention that the steamship *Excambion* in this instance submitted voluntarily to French jurisdiction by entering the port of Marseille. Having done so the vessel cannot be said to have been on the high seas at the time of the seizure and examination of the mails on board.

In discussing the matter informally the Foreign Office also suggests that it would appear that our Government has supported a different point of view in that respect in instances involving the same principle. They mention in passing instances of search and seizure under our former prohibition law.

The foregoing informal comment is supplied to indicate that the matter is under active discussion. The official added that whatever decision might be reached on the juridical question involved a lenient policy toward American shipping would certainly be adopted. Both the French and British authorities, according to the Foreign Office, are concerned over the transmission of illicit enemy material and propaganda matter via the international mails. It is pointed out that in the present instance the sacks examined included 45 emanating from Prague.

BULLITT

851.711/379 : Telegram

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

PARIS, November 14, 1939—6 p. m.

[Received 7 p. m.]

2751. Department's 1304, October 25, noon. We have today received by note dated November 12 the Foreign Office's reply to our note of October 26 regarding the seizure of mails from the S. S. *Excambion* at Marseille.

The Foreign Office states that at the time the ship was met on October 22 the captain neglected to declare that these postal sacks were on board. Of the 621 sacks in the cargo 93 only were retained, of which 45 emanated from Prague, a city occupied by the enemy and 20 from Basel, a city situated in the immediate proximity of enemy territory.

The Foreign Office states also that it notes with satisfaction that our Government does not contest the right of the French Government to seize contraband destined to Germany, even if sent by post. The note continues that no doubt there is no question of contraband in the case of ships proceeding to the United States. The French Government considers nevertheless that Article I of The Hague Convention cannot be invoked without distinction in all cases. The provision of The Hague Convention guarantees in effect only the inviolability of postal correspondence "on the high seas on a neutral or enemy vessel". That provision does not apply in the case of postal correspondence found on board a neutral ship which voluntarily enters the port of a belligerent power, as did the *Excambion*. It is generally admitted, and that is a right of which the American Government has availed itself on several occasions, that the state to whose jurisdiction the vessel voluntarily submits, is justified to take all measures dictated by the imperative necessities of national security.

The note concludes with the assurance that the French Government in the exercise of its rights regarding postal correspondence in transit through French territory will seek to avoid disturbing American commerce and navigation and that the French Admiralty will effect its operations with every care and desirable despatch.

The Department's particular attention is invited to the reference made by the Foreign Office to the question of seizing contraband in the mails destined for Germany which does not relate to the present case nor was any reference to that question made in the protest directed to the Foreign Office on October 26. The reference to contraband in the case of ships generally proceeding to the United States also appears to be irrelevant.

The Department is also advised that by note of November 11 the Foreign Office states that of the mails seized on the steamship *Excambion* 48 sacks were released on October 27; 15 sacks on October 28; 4 sacks on October 29 and 26 sacks on October 30. All of the foregoing were routed to the United States via Havre on the dates mentioned.

BULLET



851.711/381 : Telegram

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

WASHINGTON, November 22, 1939—4 p. m.

1429. Refer to despatch nos. 828 and 829 of October 23 and 24 from Consul General Hurley reporting interference by French authorities with official consular mail.<sup>70</sup> Despatch 828 transmits an envelope addressed to the Consulate bearing return address of Ernst Steiner, Camp des Etrangers, aux Essarts-Varimpré, par Bosc-Geffroy.

Despatch 829 transmits an envelope addressed by "The Foreign Service of the United States of America, Marseille, France" to "The American Consulate General, Vienna, Allemagne." The former bears the seals of the Controle Postal Militaire showing that it had been opened and resealed by censorship. The second envelope bears the stamp of the "Controle Postal Commission WN" and the notation "Retour a l'envoyeur".

These envelopes evidence interference by French authorities not only with communications addressed to the Consulate but with a communication addressed by one American Consulate to another.

The Department is convinced that these instances represent over-zealousness on the part of individual censorship officials and not a policy of the French Government. Please bring the matter to the attention of the French authorities in that sense and ask for assurances that appropriate instructions will be given to insure that further instances of this kind will not arise.

Advise Marseille.

WELLES

851.711/388

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

No. 5448

PARIS, December 14, 1939.

[Received January 3, 1940.]

SIR: I have the honor to refer to the Department's telegram No. 1429 of November 22, 1939, 4 p. m., concerning despatches Nos. 828 and 829 of October 23 and 24, 1939, from Consul General Hurley at Marseille, reporting the interference by the French authorities with official consular mail.

Pursuant to the instructions of the Department, the question has been taken up with the Foreign Office and the reply, dated December 5, 1939, in translation, is as follows:

"By its note No. 2371 of November 29, 1939, the Embassy of the United States of America informed the Ministry of Foreign Affairs

<sup>70</sup> Neither printed.

of the opening of correspondence addressed to the American Consul at Marseille by the French military censors. The Embassy advised that letters addressed by the American Consul at Marseille to his colleague in Vienna and posted at Marseille on August 25 and 26 were only returned to the sender on October 23.

"The Embassy expressed the desire that measures be taken to prevent the recurrence of such instances and to exempt from censorship correspondence exchanged between American consular officers.

"In reply to this communication which has had its full attention, the Ministry of Foreign Affairs has the honor to advise the American Embassy that instructions have recently been addressed by the Minister of National Defense and War to the various censoring commissions reminding them that correspondence emanating from or destined to the heads of foreign countries, foreign governments and chiefs of foreign diplomatic missions, was not to be opened by the military censors.

"It results therefrom that correspondence exchanged between the Department of State, Washington, the American Embassy and American consular officers in France does not come within the limits of action of the censoring commissions. On the other hand, a similar derogation from the existing rules as a result of the war cannot apply to correspondence exchanged between the American Consuls in France or in foreign countries.

"With regard to the delay in the return to the American Consul at Marseille of letters addressed by him to his colleague in Vienna, the forwarding of which to their destination was impossible due to the declaration of war, the Ministry of Foreign Affairs has not failed to draw the attention of the competent French service to this unfortunate delay, which is evidently due to an error."

It should be added that the cases of interference with consular mail have decreased to practically nothing during recent weeks. In some cases, letters addressed by private individuals, particularly those in camps, to the various offices, are being opened, but no recent instances of interference with mail exchanged between offices of the American Foreign Service in France have been reported.

Respectfully yours,

For the Ambassador:  
MAYNARD B. BARNES  
*First Secretary of Embassy*

851.711/388

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

No. 1910

WASHINGTON, January 16, 1940.

SIR: The Department has received the Embassy's despatch no. 5448 of December 14, 1939 quoting the reply of the Foreign Office to the representations which you were instructed to make concerning censorship of consular mail. It is noted therefrom that correspondence between the Department or the Embassy and consular offices in France

is not to be censored but that the exemption will not be applied to correspondence between the American Consuls in France or those in foreign countries.

The Department cannot accede to the position of the French Government with respect to the latter classes of consular mail. Our Consuls are in France for official purposes and by permission of the French Government which may safely assume that they are engaged in no improper activities. They should, therefore, have the right freely to carry on correspondence between themselves and there is no justification for interference with that correspondence. You will please bring these views to the attention of the Foreign Office and express the expectation that in future all correspondence between American consular officers will be accorded the consideration to which it is entitled, including freedom from censorship.

Very truly yours,

For the Secretary of State :  
R. WALTON MOORE

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[In despatch No. 6380, April 12, 1940 (851.711/393), the Embassy in France reported that pursuant to the Department's instruction No. 1910, January 16, 1940, a note dated February 16, 1940, was presented to the French Government and that in the absence of a reply a second note had been addressed to the Foreign Office. No record of a reply from the French Government has been found in the Department files. However, in the despatch of April 12 it was stated that there had been no recent cases of censorship of mail from one consulate to another, although mail from individuals to consular offices had been censored and at Algiers both second and first class mail from the Department had been censored. The occurrences at Algiers had been brought to the attention of the Foreign Office.]

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#### OPERATION OF FRENCH CENSORSHIP OF AMERICAN TELECOMMUNICATIONS TO AND FROM FRENCH TERRITORY

851.731/123 : Telegram

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

PARIS, September 5, 1939—3 p. m.

[Received September 5—1:25 p. m.]

1786. French Commission de Contrôle Télégraphique Internationale, responsible for censoring all cables coming from the United States to France or through France for relay to neutral or friendly countries, reported to the Embassy that it is holding up an increasing number of cables from New York and other points in the United States

because they are phrased in non-usual codes. French Bureau will not deliver or forward any cable which it cannot decipher. Could it be asked if American senders of cables using French lines could be informed that only those phrased in plain language (English or French) or in one of the approved codes (code National Français, A B C code 6th edition, Bentley's complete phrase code, Bentley's second phrase code, Cogef Lugagne 1929, Acme commodity and phrase code, Peterson banking code 3d edition, new Boe code and appendix) will be forwarded for delivery by the French Bureau. The Bureau stated that one or two more codes of common usage in America, should such codes exist, might be added to the above official list on the condition that the French Bureau be provided with complete keys to such codes.

BULLITT

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851.731/123 : Telegram

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

WASHINGTON, September 13, 1939—8 p. m.

909. Substance of your 1786, September 5, 3 p. m., was transmitted to Western Union and Commercial Cable, whose replies indicate contradictory censorship rulings by French authorities. On September 9 Western Union general manager in France learned from the Commission de Controle Télégraphique Internationale that the use of the codes specified in your telegram under reference had not been definitely authorized and further that the admissibility of code was being considered by the Supreme Army Council. Therefore, his previous message authorizing the use of the codes was cancelled. Western Union adds that at the moment code is prohibited in cablegrams destined to France and French mandated territories unless message is addressed to one of enumerated French banks.

Please discuss matter with appropriate authorities and urge that procedure outlined in your telegram be confirmed and applied uniformly to all American communication companies. In this connection it is noted that you made no reference to radiotelegraph companies. Please specify in your answer to the Department whether rulings apply both to cable and radiotelegraph companies.

HULL

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851.731/127 : Telegram

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

PARIS, September 15, 1939—6 p. m.

[Received September 15—3:35 p. m.]

1988. Your 909, September 13, 8 p. m. Western Union general manager in France misunderstood present status of problem. The

Supreme Army Council is still studying problem. Final decision is expected soon, but until decision is taken the Commission de Controle Télégraphique Internationale transmits promptly all transit telegrams either in code or in plain language. All telegrams from and to France are examined. Delay in transmission is insignificant for telegrams in any of eight codes mentioned in my 1786. Delay is much greater and non-delivery possible for those in non-usual codes. All rulings apply both to cable and radiotelegraph companies. Decision of Supreme Army Council will be forwarded as soon as received.

BULLITT

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851.731/127 : Telegram

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

WASHINGTON, September 25, 1939—8 p. m.

1059. Your 1988, September 15, 6 p. m. Department advised by RCA<sup>71</sup> Communications, Inc., that the French Administration has definitely informed the communication companies that all telegrams, with the exception of telegrams to or from certain banks, must be written in plain language.

RCA adds that in the circumstances the communication companies have no alternative but to conform to these restrictions.

HULL

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851.731/131 : Telegram

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

PARIS, September 27, 1939—5 p. m.

[Received September 27—2:10 p. m.]

2203. Your 1059, September 25, 8 p. m. Commission de Controle Télégraphique Internationale states that RCA Communications Incorporated is misinformed. Revised list of codes accepted follows: code National Français, Bentley's complete phrase code, Cogef Lugagne 1929, Acme commodity and phrase code, Peterson banking code 3d edition, new Boe code and appendix, being 6 to 8 originally allowed (see my 1786, September 5, 3 p. m.). Telegrams in code must carry word announcing which code is used and must contain no words in any code other than the one announced.

BULLITT

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<sup>71</sup> Radio Corporation of America.

851.731/132 : Telegram

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

WASHINGTON, October 4, 1939—8 p. m.

1157. Substance of your telegram 2203, September 27, 5 p. m., was issued as a press release by Department. Yesterday afternoon W. A. Winterbottom, Vice President of RCA, informed Department that French authorities have categorically refused to accept incoming or outgoing messages in the codes enumerated in your telegram 2203. Winterbottom added that as a result of Department's press release his company found it necessary to return several hundred messages. Please bring foregoing immediately to attention of appropriate French authorities and ascertain definitely in what cases if any French telegraph administration accepts messages in the codes specified in your telegram 2203. It is possible that French authorities make a distinction between telegrams destined to or from France and telegrams merely passing in transit through France.

Should it appear that contrary to the information you have forwarded to the Department in your telegrams 1786, 1988 and 2203, French authorities do not accept messages in code, please urge that they now do so since the inability of American business interests to use the usual commercial codes is causing them severe losses.

HULL

124.516/247 : Telegram

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

PARIS, October 6, 1939—1 p. m.

[Received October 6—11:15 a. m.]

2349. On September 13 a circular mimeographed note sent to all diplomatic missions was received by the Embassy from the Foreign Office stating that (1) no codes may be used by anyone on or across French territory; (2) secret codes may be used only between diplomatic missions and their governments.

Having been assured 2 or 3 days later by the Commission de Controle Télégraphique Internationale that the first paragraph of the Foreign Office circular was a temporary measure never actually put into effect the Embassy by note of September 19 asked the Foreign Office if Consuls would have the same privileges as diplomatic missions for the use of secret codes. The Embassy has not yet received a reply to that note.

Meanwhile, the Commission de Controle Télégraphique Internationale informed the Embassy informally by telephone that code messages from Consuls to the Embassy, from the Embassy to Consuls, from Consuls to the Department and from the Department to Consuls were being stopped by their office since Consuls have the right neither to send nor to receive coded telegrams. Pending a settlement of the question the Embassy on October 3 telegraphed all Consuls in France to mail to the Embassy *en clair* all telegrams sent in code since September 15th and in the future to send telegrams only *en clair*.

The Commission de Controle Télégraphique which is charged with the censorship of all coded messages to, from and across France, informally made a number of exceptions (about 10) for telegrams sent by this Embassy to Consuls and vice versa and suggested to a representative of the Embassy that the Foreign Office if approached informally by the Embassy would very probably ask the Commission de Controle to continue exceptional treatment for coded telegrams to and from American Consuls. (As the Consuls of certain countries are not considered reliable by the French Government, there is no possibility that it will ever allow during wartime the Consuls of all countries to use codes.)

Today the Consulate at Havre telephoned that it has been notified by the telegraph authorities that three telegrams from the Department are being held up because they are in code. Until some decision in the matter is taken the Department should send messages to Consuls only *en clair* and other Embassies and Consulates should be notified that only telegrams *en clair* will be delivered to Consuls in France or French territory.

I am taking up this entire question today with the Foreign Office requesting that it be given urgent attention. I shall telegraph immediately a decision has been reached.

BULLITT

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124.516/249 : Telegram

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

PARIS, October 7, 1939—3 p. m.

[Received October 7—11:52 a. m.]

2376. My 2349, October 6, 1 p. m. We discussed the question of the transmission of telegrams in code with Rochat who explained the position of the French authorities responsible for the issuance of the stringent present regulations.

Rochat said that he hoped we understood that the regulations are not aimed at the exchange of telegrams between the Department and

American consular officers but that it is impossible under the circumstances to make an exception in favor of any one country.

In strictest confidence he added the names of certain neutral powers to whose consular representatives in France it is not prudent to extend the privilege of a communication in secret codes. He mentioned the augmentation of the personnel of certain foreign consular personnel and an increase of their activity which is receiving the close attention of the French military authorities.

In view of the absence of discrimination in the application of the present restrictions and the obvious necessity therefor I perceive no ground on which a protest could be based.

Should conditions permit later we could ask for a rectification in our favor.

In the interim it will be necessary for the Department to send all telegrams to American consular officers in France *en clair*. If the confidential nature of a telegram will not permit, it should be sent via this Mission in code. Other offices should be instructed accordingly.

BULLITT

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124.516/249 : Telegram

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

WASHINGTON, October 9, 1939—7 p. m.

1201. Your 2376, October 7, 3 p. m. Circular instruction being sent through Bern. You will of course not send true readings of code messages to Consuls by mail.

HULL

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851.731/132 : Telegram

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

WASHINGTON, October 9, 1939—9 p. m.

1204. Department's 1157, October 4, 8 p. m. It is imperative that Department be advised at earliest possible moment in what cases if any French telegraphic administration accepts messages in the codes specified in your telegram 2203. Present uncertainty is highly detrimental both to companies and American users. Please endeavor to reply to Department's 1157 within a day or two.

HULL



851.731/135 : Telegram

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

PARIS, October 10, 1939—11 a. m.

[Received October 10—9:28 a. m.]

2397. Department's rush 1204, October 9, 9 p. m. French telegraph authorities confirm that the six codes mentioned in my 2203, September 27, are all authorized for use by firms or individuals but state that their cable authorities, post offices, et cetera, have not yet [been?] circularized upon the subject due to military administrative delays. All French authorities are expected to be notified soon. We have urged them to act promptly pointing out that present uncertainty is harmful to American interests.

BULLITT

851.731/135 : Telegram

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

WASHINGTON, October 10, 1939—7 p. m.

1210. Your 2397, October 10, 11 a. m. Department gratified that French authorities will authorize codes mentioned in your 2203. However, before giving out this information, Department desires exact date upon which new regulations will be effective. Please endeavor to obtain this information and forward it to the Department in order that information contained in your 2397 may be made public.

HULL

851.731/137 : Telegram

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

PARIS, October 11, 1939—11 a. m.

[Received October 11—7:05 a. m.]

2415. Department's rush 1210, October 10, 7 p. m. French authorities state that they have just discovered that they are obliged to notify the Bureau Des Unions Internationales Télégraphiques at Bern today of their decision to permit the use of the six codes mentioned in my 2203. I shall inform you as soon as the French authorities have received approval of their decision from Bern probably [today?] or tomorrow.

BULLITT

851.731/143 : Telegram

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

PARIS, October 16, 1939—noon.

[Received October 16—10:25 a. m.]

2481. Your 1210, October 10, 7 p. m., and my 2415, October 11, 11 a. m. Bern authorities have approved the six codes mentioned in my 2203 and communication companies have been so informed effective today.

BULLITT

CONVENTION AND PROTOCOL BETWEEN THE UNITED STATES AND FRANCE RESPECTING DOUBLE TAXATION, SIGNED JULY 25, 1939<sup>72</sup>

811.512351 Double/418 : Telegram

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

PARIS, February 14, 1939—6 p. m.

[Received 6:45 p. m.]

286. The Foreign Office has informally advised the Embassy this afternoon that it has received a note from the Ministry of Finance to the effect that the latter is prepared to open formal negotiations for an addendum to the double taxation convention of 1932<sup>73</sup> or for a replace convention any time from March 1 on. The French would prefer to hold the negotiations in Paris and to take up then discussion of the United States proposals which were transmitted as enclosures to the Department's instruction No. 249 of April 24, 1937.<sup>74</sup> They are apparently not prepared to comment on or make counter-propositions on the basis of our 1937 proposals prior to the suggested negotiations in Paris.

In my yesterday's conversation with Reynaud<sup>75</sup> I emphasized the importance of the early negotiation of the addendum should he take a personal interest in the matter.

Might I suggest that the present is an opportune moment for the negotiation of this addendum and that it is desirable for representatives of the United States Government who may be designated for the purpose to be sent to Paris early in March.

I shall appreciate the Department's telegraphic reply in order that I may appropriately inform the French.

BULLITT

<sup>72</sup> For previous correspondence, see *Foreign Relations*, 1937, vol. II, pp. 285 ff.

<sup>73</sup> Signed April 27, 1932, *ibid.*, 1932, vol. II, p. 268.

<sup>74</sup> *Ibid.*, 1937, vol. II, p. 286.

<sup>75</sup> Paul Reynaud, French Minister of Finance.

811.512351 Double/418 : Telegram

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

WASHINGTON, February 28, 1939—6 p. m.

123. Your no. 286, February 14. This Government is now actively conducting income-tax negotiations with Canada which have been pending for some time. Final agreement is expected in May and American negotiators could probably arrive in Paris at the end of May. Should Canadian negotiations be concluded earlier, this date may be advanced.<sup>76</sup>

In the event you deem it urgent that a delegation arrive in Paris before the end of May, the Department will consider postponing present Canadian negotiations.

HULL

811.512351 Double/420 : Telegram

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

PARIS, March 2, 1939—noon.

[Received March 2—9:40 a. m.]

392. Department's No. 123, March 1 [*February 28*], 6 p. m. In view of present situation and after consultation with members of the Cabinet, I consider it highly desirable that delegation should come to Paris at once in order that negotiations may commence without delay.

BULLITT

811.512351 Double/430

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

[Extract]

No. 4003

PARIS, March 13, 1939.

[Received March 31.]

Sir: I have the honor to refer to my telegram No. 286 of February 14, 1939, relating to the forthcoming negotiation of an addendum to the Convention of April 27, 1932 between the United States and France relating to Double Taxation, and to recommend the amendment of the Protocol to that Convention for the purpose of relieving American representatives and employees other than diplomatic or consular officers from payment of certain direct French taxes.

<sup>76</sup>Inconclusive discussions between American and Canadian representatives were held at Washington, January 26-29, 1939, and at Ottawa, June 28-July 6, 1939; then, the negotiations were temporarily interrupted. A new Convention and Protocol were signed at Washington, March 4, 1942; Department of State Treaty Series No. 983, or 56 Stat. 1399.

### *Diplomatic Officers*

The Department's attention is invited to the fact that French fiscal legislation now authorizes, on the basis of comity, the exemption of American diplomatic officers duly accredited as such to the French Government from the payment of direct taxes. If an officer has more than one residence he is exempt from taxes only on the principal residence at the capital. The exemption, of course, does not apply to commercial business in which the official engages.

### *Consular Officers*

Article II of the Consular Convention between the United States and France, concluded on February 23, 1853,<sup>77</sup> authorizes the exemption of American consular officers duly accredited in France from the payment of "all direct and personal taxation, whether Federal, State or Municipal."

### *Other Officers and Clerks*

Officers of the American Government other than diplomatic and consular officers, such as Trade Commissioners, Treasury representatives, etc., as a matter of law enjoy only the limited immunity from taxation accorded them by the terms of the Double Tax Convention. Under the law they are liable to the payment of the *impôt général sur le revenu*, a form of income surtax, and also to the payment of the apartment tax (*contribution mobilière*).

By an exchange of notes between the Embassy and the Foreign Office, ending with the Foreign Office's note of May 12, 1932,<sup>78</sup> as a matter of courtesy and reciprocity, and considering them as Chancery clerks, other officers and American clerks are exempt from the payment of direct personal taxes (*impôts directs à caractère personnel*). This is a privilege, of course, which may be withdrawn at any time in the discretion of the French authorities. The exoneration is established on the basis of a list of the names of such officers and employees sent from time to time to the Foreign Office.

There are at present seven United States Army officers and five United States Navy officers assigned to Paris for study. These officers are detailed administratively to the Military and Naval Attachés' offices, respectively, but they are not included in the diplomatic list. They, of course, benefit by the provisions of Article 7 of the Double Taxation Convention, but they are subject to the apartment tax (*contribution mobilière*) and, of course, to the general income tax men-

<sup>77</sup> Hunter Miller (ed.), *Treaties and Other International Acts of the United States of America*, vol. 6, p. 169.

<sup>78</sup> *Foreign Relations*, 1932, vol. II, p. 275.

tioned above. Their names are not included in the list transmitted to the Foreign Office.

The allowances which these officers receive are frequently insufficient to pay for the quarters they are obliged to rent during their sojourn in Paris, and that is particularly true in the case of married officers. With their low salaries they often find it extremely difficult to make both ends meet in Paris. The payment of an apartment tax running upwards of \$100 annually is in the nature of a penalty from which they should be relieved.

#### *Addendum to Convention*

In the negotiations which should take place in the near future, looking to an addendum to the Double Taxation Convention, we should propose an amendment of the Protocol to the Convention which would relieve officers and American employees, not diplomatic or consular officers, from the payment of direct taxes such as the apartment tax (*contribution mobilière*), and the general income tax (*impôt général sur le revenu*).

Article 7 of the Convention and also the 3d paragraph of Paragraph (b) of Article 1 of the concluding Protocol are quoted as follows:

#### Article 7.

Compensation paid by one of the contracting States to its citizens for labor or personal services performed in the other State is exempt from tax in the latter State.

#### 3d paragraph of Paragraph (b) of Article 1 of Protocol:

In Articles 7, 8 and 9, the tax on wages and salaries, pensions and life annuities (*impôt sur les traitements et salaires, pensions et rentes viagères*), and other schedular taxes (*impôts cédulaires*) appropriate to the type of income specified in said articles.

To obtain the desired exemption it is desired that the 3d paragraph of Paragraph (b) of Article 1 of the Protocol to the Convention be amended as follows:

In Articles 7, 8 and 9 the taxes on wages and salaries, pensions and life annuities (*impôt sur les traitements et salaires, pensions et rentes viagères*) and other direct and schedular taxes (*impôts cédulaires*), the apartment tax (*contribution mobilière*) and the general income tax (*impôt général sur le revenu*) appropriate to the type of income specified in said articles.

(New wording underscored).

The rates of the French general income tax are as follows: [Here follows schedule of rates.]

*Foreign Office Comment*

In its note of January 11, 1939,<sup>79</sup> the Foreign Office stated that the Protocol of the Convention in paragraph (b), third paragraph of Article 1 lists limitatively the taxes to which the exemption provided under Article 7 applies. The general income tax does not appear in this list and it must be concluded that the 1932 negotiators did not intend to exempt from it functionaries (neither diplomatic nor consular) of one of the two countries stationed in the other country.

In its note of August 1, 1936,<sup>80</sup> the Foreign Office said that during the course of the negotiations which terminated in the conclusion of the Double Tax Convention the American delegation did not feel enabled to accept the proposals made by the French Government relative on the one hand to the American surtax, and on the other hand, to the general income tax. It said that if the American Government attaches importance to having its officers and employees serving in France exonerated from the general income tax on their remuneration, the question could be adjusted by a joint accord between the Governments. Negotiations to this end could be included in the negotiations which the French Government proposed in its note of October 12, 1935,<sup>81</sup> with a view to concluding a rider to the Convention of April 27, 1932. The French Government would not refuse to extend the exoneration cited in Article 7 to the general income tax if on its side the American Government would agree to give satisfaction to the French Government in the matter of surtax. Awaiting this accord the French Administration is prepared to suspend, by measure of reciprocity, application of the general income tax to the remuneration referred to in Article 7.

On the basis of reciprocity the French Administration was prepared to suspend application of the general income tax to the remuneration referred to in Article 7 and said that instructions were being given in this sense insofar as it concerns American functionaries designated on the list sent by the Embassy to the Foreign Office. This list includes American employees of the Embassy, the Office of the Agriculture Attaché, the Office of the Building Superintendent, the Office of the Commercial Attaché, the District Accounting and Disbursing Office, the Office of the Military Attaché, the Office of the Naval Attaché, the National Advisory Committee for Aeronautics, the Office of the Public Health Service, and the Office of the Treasury Attaché.

Respectfully yours,

WILLIAM C. BULLITT

<sup>79</sup> Not found in Department files.

<sup>80</sup> Not printed.

<sup>81</sup> Not printed, but see despatch No. 2238, October 14, 1935, from the Chargé in France, *Foreign Relations*, 1935, vol. II, p. 251.

811.512851 Double/433

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

No. 4145

PARIS, April 7, 1939.

[Received April 21.]

SIR: I have the honor to refer to the proposed revision of the existing Franco-American Double Taxation Convention of 1932 and to the Department's telegram No. 158 of March 11, 1939,<sup>82</sup> and to inform the Department that Mr. Eldon P. King, Special Deputy Commissioner of Internal Revenue of the Treasury Department and Mr. Harry R. Turkel, of the Treaty Division of the Department of State, who arrived on the *Washington* on March 29, 1939, had their initial meeting with the French negotiators in the Ministry of Finance on April 3. They were accompanied on that occasion, as well as at the meetings subsequently held, by officers of the Embassy responsible for the handling of questions relating to double taxation.

M. Jeannequin, of the Sous-Section des Unions, is representing the Foreign Office in the current negotiations. M. Jean Watteau, Director of Direct Taxation in the Ministry of Finance, presided over the French Delegation at the initial conferences and was assisted by representatives of other interested sections in the Ministry of Finance.

Following the customary ceremonial exchanges, the American delegates submitted on April 3 the tentative draft<sup>83</sup> of the United States proposals for revision of the existing Convention. Copies in English and in French translation were made available to members of the French Delegation and the draft was then made the object of a close survey and point-by-point analysis.

The French at first expressed surprise that the United States proposals were in the form of a completely new convention, but did not appear fundamentally opposed to the idea of a new vehicle, although they seemingly had anticipated that the revision would take the shape of an addendum to the existing document.

The April 3 conversations were almost entirely exploratory, as were further conversations conducted with the same representatives of the United States Government and substantially the same representatives of the French Government on April 5. Each article of the American draft gave rise to interpretative comment and explanation. The French negotiators evinced a very active interest in provisions for the exchange of fiscal information and left the distinct impression that the principal inducement, to the Finance Ministry, at least, to carry the current negotiations to a successful termination would be the facilities offered for the disclosure of data with respect to holdings of French citizens in the United States. The French have decided to

<sup>82</sup> Not printed.

<sup>83</sup> Not found in Department files.

continue the discussions with a reduced number of negotiators on their side. This will undoubtedly make for greater speed in covering the ground.

The American delegates have made tentative plans to return to the United States on the S.S. *Washington* on April 20, but it seems highly improbable at this time that sufficient headway will have been made by that date to permit of their departure, unless it is decided to suspend the negotiations temporarily, with a view to resumption later. While the atmosphere of the discussions which have been held thus far has been entirely cordial, officials in the Ministry of Finance are apparently of the opinion, in view of the scope of the proposals and the differences in interpretations which must inevitably arise, that agreement may hardly be anticipated during the current month.

Respectfully yours,

For the Ambassador:  
EDWIN C. WILSON  
*Counselor of Embassy*

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811.512351 Double/430 : Telegram

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

WASHINGTON, April 18, 1939—2 p. m.

274. Your despatch no. 4003 of March 13, 1939. You are instructed to endeavor to obtain as many exemptions from the forms of direct taxation of representatives of American Government in France mentioned in your despatch as practicable.

Department informed by Mitchell of Treasury that King has draft article for exemption from direct taxation of American representatives in France.

HULL

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811.512351 Double/438

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

No. 4294

PARIS, May 4, 1939.  
[Received May 13.]

SIR: I have the honor to refer to the Embassy's telegram No. 877 of May 3, 1939, 6 p. m.,<sup>84</sup> and to its despatch No. 4145 of April 7, 1939, and to transmit as enclosures hereto the duly initialed English and French texts of a draft of a convention between the United States and France for the avoidance of double taxation and for mutual administrative assistance.<sup>85</sup>

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<sup>84</sup> Not printed.

<sup>85</sup> Enclosures not attached to file copy of this document.



The meetings between the American and French Delegations for the discussion of the draft commenced, as the Department is already aware, on April 3 and terminated on the evening of May 3 with the initialing of the French and English texts with respect to which agreement had been reached by the French negotiators and Messrs. King, Turkel, Fullerton,<sup>86</sup> and Hulley<sup>87</sup> (the latter Embassy officers having participated in the negotiations).

As stated in its telegram of yesterday's date,<sup>88</sup> the Embassy regards the draft which is submitted as very satisfactory since it establishes the basis for the settlement of practically all outstanding cases and amplifies and clarifies the convention of April 27, 1932. The Embassy understands that Mr. King and Mr. Turkel will make detailed analysis of and reports on the enclosed draft convention.

Respectfully yours,

For the Ambassador:  
EDWIN C. WILSON  
*Counselor of Embassy*

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[For text of convention and protocol between the United States and France respecting double taxation, signed July 25, 1939, see Department of State Treaty Series No. 988, or 59 Stat. 893.]

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**EXCHANGE OF NOTES BETWEEN THE UNITED STATES AND FRANCE  
EFFECTING A RECIPROCAL ARRANGEMENT RELATIVE TO CLAIMS  
ARISING FROM SEQUESTRATION OF PROPERTY DURING WORLD  
WAR I<sup>89</sup>**

763.72113/2818

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

No. 3849

PARIS, February 14, 1939.

[Received March 4.]

SIR: Reference is made to the Embassy's telegram No. 257 of February 10, 5 p. m.,<sup>90</sup> which transmitted a translation of the reply received from the Ministry of Foreign Affairs, dated February 9, 1939, to the note of the Embassy dated November 19, 1938, addressed to the Minister of Foreign Affairs with respect to the terms and

<sup>86</sup> Hugh S. Fullerton, First Secretary of Embassy in France.

<sup>87</sup> Benjamin M. Hulley, Second Secretary of Embassy in France.

<sup>88</sup> Telegram No. 877, not printed.

<sup>89</sup> For previous correspondence, see *Foreign Relations*, 1938, vol. II, pp. 331 ff. Subsequent to this exchange of notes inconclusive discussions were held in an effort to secure a working agreement on procedure. These negotiations were indefinitely postponed by the outbreak of World War II.

<sup>90</sup> Not printed.

conditions of an arrangement for the reciprocal release of property sequestrated during the war.

I now have the honor to transmit herewith, for the information and records of the Department, a copy of these communications, as well as a translation of the reply of the Ministry of Foreign Affairs.

Respectfully yours,

For the Ambassador:  
H. MERLE COCHRAN  
*First Secretary of Embassy*

[Enclosure 1]

*The American Chargé (Wilson) to the French Minister for Foreign Affairs (Bonnet)*

No. 1408

PARIS, November 19, 1938.

EXCELLENCY: I have the honor to refer to the undated note received from the Ministry of Foreign Affairs by this Embassy on July 18, 1938,<sup>21</sup> in regard to the reciprocal release of property sequestrated during the war.

This note of the French Ministry of Foreign Affairs was forwarded to the Department of State which, in turn, communicated it to the Department of Justice with a view to ascertaining whether the property held by the Alien Property Bureau of that Department could be released to French claimants, under the reservations and observations set forth in the note of the Ministry of Foreign Affairs.

Under date of November 3, 1938, the Department of State has informed this Embassy<sup>22</sup> that a reply has been received from the Department of Justice reading in part as follows:

"If the French Ministry's interpretation of the previous notes of the Paris Embassy as contained in Sections 1 and 2 of the Ministry's note means that natives of Alsace and Lorraine and claimants in the situation of Paul Giraud are not to be placed in a position less favorable than other French nationals, we are in agreement with them.

"In order to avoid possible future misapprehensions, the Department thinks it proper to state clearly that in the consideration and disposition of French claims, the Attorney General as Alien Property Custodian will be governed by and limited to the terms of the Trading with the Enemy Act<sup>23</sup> as amended and other pertinent municipal legislation. While he is very anxious to go as far as he can to permit the State Department to reach an accord with the French Government with respect to the matters involved in these negotiations, he cannot go beyond the permission contained in this Act. In this connection it is well to bear in mind that absolutely identical treatment of French and American claimants is not possible under the

<sup>21</sup> *Foreign Relations*, 1938, vol. II, p. 340.

<sup>22</sup> Instruction not printed.

<sup>23</sup> Approved October 6, 1917; 40 Stat. 411.

existing law. Section 9 (*g*) of the Trading with the Enemy Act as amended permits American heirs of Germans to recover 100 per cent of the shares of these American heirs in the estates of Germans in the hands of the Alien Property Custodian, even though heirs having some other nationality are entitled to only 80 per cent. However, the rights of French and American claimants are identical under Section 9 (*n*), adopted in 1928, under which purchasers of securities assigned after seizure are entitled to 80 per cent thereof.

"The additional claimants named by the Ministry of Foreign Affairs as not having been included in the list previously submitted to the Ministry, will receive the full advantages of the proposed agreement upon the filing of proper claims on their behalf with the Attorney General if this has not already been done.

"Furthermore, there would appear to be no difficulty in adopting the specification of the Ministry that in the event that a claimant is unable to produce the original documents to prove title, other proof shall be accepted. In like manner, the Government of the United States may adopt the proposal that the attestation of the competent French authorities be accepted as proof of nationality.

"Finally, the French Government now makes the following suggestion:

"Finally, in order to facilitate the application of the agreement, and to permit the Office of Private Property and Interests to obtain the execution of contracts which it concluded several years ago with those interested, it appears indispensable that, after proof of nationality and rights of ownership, each of the two organizations which have charge of the restitution of sequestrated property shall receive the dossiers, funds and securities belonging to their nationals."

"This suggestion has been the subject of careful examination. It is not possible under the laws of the United States to accede fully to the French Government's proposal. Under the Trading with the Enemy Act, the President is permitted to order the return of property or payment of the proceeds only to the person who was the owner thereof at the time of seizure, or to his legal representatives. Moreover, assignments or transfers of claims against the Government of the United States are void under the law.

"It must be observed, however, that the suggestion is made only 'in order to facilitate the application of the agreement and permit the Office to obtain the execution of the contracts which it concluded several years previously'. It is accordingly believed that it will be possible to satisfy the French suggestion in principle. An examination of the terms of several of the contracts of cession from the claimants to the Office of Private Property and Interests, as already submitted by that Office, discloses that they can be treated as powers of attorney. Where the cessions are susceptible of that interpretation, the Attorney General can recognize the appropriate agency of the French Government as attorney in fact for the claimant and will make payment to it as such attorney. Should there be cases in which the contract of cession is not susceptible of such interpretation, it would appear that in virtue of the contract the Office of Private Property and Interests will be able to procure suitable powers of attorney.

"As regards claims in which the claimants have not entered into such contracts with the Office, and have not or do not appoint the Office as their attorney in fact, the Attorney General will be obliged to deal directly with the claimants or their present attorneys in fact.

"It might be observed to the French Government that in some of the cases the claimants, before entering into relations with the Office of Private Property and Interests, had appointed private persons in the United States as attorneys in fact. These attorneys have in many instances expended money and time in obtaining evidence and submitting it to the Alien Property Bureau. While it is the claimant who is personally responsible for these expenses and for the expected fees lost by reason of any revocation by the claimant of the attorney's appointment and the appointment of the Office as his representative, nevertheless it would appear that the interests of these private attorneys should not be prejudiced.

"It will be impossible to accept the proposal for an exchange of 'dossiers, funds and securities' belonging to the claimants. The suggestion is somewhat ambiguous because it is not clear whether the suggestion means that all dossiers, funds and securities shall be turned over simultaneously and in a lump sum after proof of all the claims is made, or whether these are to be turned over as each individual case is decided. However, it does seem that the suggestion is that we shall turn over to the French Government as an administrative agency the dossiers, funds and securities. The word 'dossiers' in this connection seems to refer to our files. The law does not permit the Department to surrender its files in any event, and under the Trading with the Enemy Act the only way in which funds and securities can be turned over to the French Government is as attorney in fact for the individual claimants, and then only as each case is decided on its merits. In order that there should be no unnecessary delay in payments, these claims would be handled as expeditiously as possible, and payment in each case where it is proper to be made would be promptly forthcoming as soon as a determination had been reached therein."

This Embassy is informed that, after careful examination, the Department of State feels that the opinion of the Attorney General as set forth above regarding the points brought forward in the note received by the Embassy from the French Ministry of Foreign Affairs on July 18, 1938, is reasonable, and one which should remove any remaining doubts as to the conditions on which the property held by the Alien Property Bureau will be released. If the above opinion is acceptable to the French Government, as my Government feels that it will be, the Secretary of State will make the certification to the Attorney General required by section 9 (e) of the Trading with the Enemy Act as amended, as soon as the French Government notifies my Government of its acceptance and of the date upon which the arrangement comes into force.

I avail myself [etc.]

EDWIN C. WILSON

[Enclosure 2—Translation]

*The French Ministry for Foreign Affairs to the American Embassy*

The Ministry of Foreign Affairs (Office of Private Property and Interests) has the honor to advise the Embassy of the United States of America that it is in agreement with the contents of its note of November 19 last concerning the restitution of sequestered property.

Referring to its note of July 18, 1938, the Ministry, however, will be grateful if the Embassy will urge the American authorities not to make any settlement with French claimants without requesting the Office of Private Property and Interests to ascertain if the beneficiaries are not among those who have already been paid by the Office.

These provisions will enter into force on the 15th of this month in conformity with the views exchanged between the Embassy and the Office.

PARIS, February 9, 1939.

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**ARRANGEMENT BETWEEN THE UNITED STATES AND FRANCE WITH  
RESPECT TO AIR NAVIGATION, EFFECTED BY EXCHANGE OF NOTES,  
SIGNED JULY 15, 1939**

[This agreement was the culmination of negotiations following the submission of draft arrangements transmitted by the Department of State to the Embassy in France with instruction No. 1517, January 24, 1933. Correspondence regarding negotiations carried on intermittently during the following years is not printed. For texts of notes exchanged July 15, 1939, see Department of State Executive Agreement Series No. 152, or 53 Stat. 2408.]

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**AGREEMENT BETWEEN THE UNITED STATES AND FRANCE REGARD-  
ING AIR TRANSPORT SERVICES, EFFECTED BY EXCHANGE OF  
NOTES, SIGNED JULY 15, 1939**

[For texts of notes exchanged July 15, 1939, see Department of State Executive Agreement Series No. 153, or 53 Stat. 2422.]

## GERMANY

### PROBLEMS ARISING FROM THE ANNEXATION OF AUSTRIA BY GERMANY

#### I. Refusal of Germany To Assume the Obligation of the Austrian Indebtedness<sup>1</sup>

863.51 Relief Credits/514: Telegram

*The Chargé in Germany (Gilbert) to the Secretary of State*

BERLIN, January 4, 1939—3 p. m.

[Received January 4—12:32 p. m.]

9. Embassy's 657, November 25, 6 p. m.<sup>2</sup> The following is the text of a first person note dated January 3 addressed to me and signed by Weizsäcker.<sup>3</sup>

"In reply to your communication No. 247 of November 25, 1938,<sup>4</sup> I have the honor to explain below the German Government's interpretation of the question of the Austrian dollar loans.

"Irrespective of its legal interpretation that no obligation exists for it to assume the foreign debts of the former Austrian Federal Government, the German Government has concluded agreements with the Governments of almost all interested countries with regard to an indemnification for the creditors of Austrian loans. In all these agreements the Austrian relief debts have been left out of consideration because of their specific nature.

"The German Government has also repeatedly expressed its willingness to bring about an arrangement with the Government of the United States regarding a reasonable indemnification of American holders of Austrian loan bonds. It did not have, nor has it now, the intention to discriminate against American creditors as compared with other foreign creditors. But it has pointed out that due to the passivity of German trade with the United States, an arrangement of the kind concluded with the Governments of all other interested countries naturally cannot be arrived at with the United States; for such an arrangement is based on the premise that the foreign exchange necessary for the payments can be raised out of the excess of German trade. An arrangement in favor of American holders would have to take into account the prevailing passivity of the German trade balance with the United States and presuppose cooperation on the

<sup>1</sup> Continued from *Foreign Relations*, 1938, vol. II, pp. 483-515.

<sup>2</sup> Not printed.

<sup>3</sup> Ernst von Weizsäcker, State Secretary in the German Foreign Office.

<sup>4</sup> See telegram No. 209, November 23, 1938, to the Chargé in Germany, *Foreign Relations*, 1938, vol. II, p. 497.

part of America, making possible an adjustment of the rates of the loan service to altered conditions—an adjustment, by the way, with which all the other countries with which negotiations have been carried on have agreed.

“The German Government is willing to enter into negotiations with the Government of the United States on this basis.

“With regard to the offer you cite of an indemnity on the part of the German Government published in the *Deutscher Reichsanzeiger* of October 25, 1938, your assumption that it applies equally to non-foreign and foreign holders of Austrian bonds is correct. For that reason American holders too can avail themselves of this offer.”

GILBERT

863.51 Relief Credits/514: Telegram

*The Secretary of State to the Chargé in Germany (Gilbert)*

WASHINGTON, January 19, 1939—7 p. m.

10. Your 9, January 4, 3 p. m. Please deliver the following note to the German Foreign Minister:

“Pursuant to instructions of my Government I have the honor to make the following communication in reply to the Foreign Office note of January 3, in further clarification of the question of Austrian dollar bonds.

The American Ambassador's note of April 6<sup>e</sup> took up three categories of bonded obligations affected by the absorption of Austria into the German Reich:

(1) The relief indebtedness of the Federal Government of Austria to the Government of the United States in the total principal amount of about \$26,000,000;

(2) Bonds of the Austrian Government International Loan of 1930, which are reported to be outstanding in the amount of \$20,575,000, a large part of which, however, is no longer owned by American citizens or residents of the United States, and the total outstanding amount of which is being reduced by conversion by German and possibly by other holders into 4½ percent bonds of the German Reich, under the offer published in the *Deutscher Reichsanzeiger* of October 25, 1930;

(3) Dollar bonds of Austrian political subdivisions and corporations reported to be outstanding in a total amount of approximately \$18,000,000, of which, however, a great many are no longer owned by citizens or residents of the United States.

In the note under acknowledgment it is stated that in all the agreements which the German Government, irrespective of its legal interpretation that no obligation exists for it to assume the foreign debts

<sup>e</sup> See telegram No. 35, April 5, 1938, 7 p. m., to the Ambassador in Germany, *Foreign Relations*, 1938, vol. II, p. 483.

of the former Austrian Federal Government, has concluded with the governments of interested countries with regard to an indemnification for the creditors of Austrian loans, the Austrian relief debts have been left out of consideration because of their specific nature. The German Government, stating that it has no intention to discriminate against American creditors as compared with other foreign creditors, expresses willingness to enter into negotiations with the Government of the United States for an arrangement for a reasonable indemnification of American holders of Austrian loan bonds, but adds that such an arrangement, while differing from the arrangements with other governments, which are based on the premise that the foreign exchange necessary for the payments on the bonds can be raised out of the excess of German exports to the particular country over its imports from such country, must nevertheless take into account the relation between exports and imports in the German trade balance with the United States and must presuppose cooperation on the part of America.

The Government of the United States cannot accept the legal interpretation that no obligation exists for the German Government to assume the foreign debts of the Austrian Federal Government, and perceives no reason why the intergovernmental relief debt should be left out of present consideration. The Government of the United States would be fully disposed to discuss any proposals which the German Government may desire to put forward in regard to the payment of this indebtedness, and to give them careful consideration with a view to eventual submission to the Congress of the United States, in which is vested the power to dispose of such assets of the United States.

As to the privately held Austrian foreign bonds, my Government is familiar with the arrangements made between Germany and the Governments of several other countries so far as these arrangements have been officially published. The creditor governments which are parties to these arrangements have been interested in the adjustment of the Austrian debt situation not only on behalf of their citizens but because these governments have been to a greater or less extent guarantors of one or more issues of bonds of the Austrian Federal Government and have been under obligation to pay the service of such bonds up to specified amounts or percentages in case of default of the debtor government. These governments have also had bilateral clearing or payments arrangements with Germany since shortly after the declaration of Germany in 1934 that the payment of German obligations to residents of foreign countries must be related to the balance of trade between Germany and the particular creditor country. On the other hand, the Government of the United States has not ceased to protest against the principle then implicitly proposed that the responsibility of a debtor government for its debts can be made by the debtor to depend on the balance of trade between the debtor country and the country of residence or citizenship of the bondholder.

The present occasion is taken further to reiterate what seem to this Government three pertinent and decisive considerations bearing upon the right of American bondholders to anticipate treatment no less



favorable than that extended to holders of Austrian bonds of other nationality:

(1) That the original loan obligation contracted by the Austrian Government pledged the same treatment to all holders and made no distinction on the basis of nationality. It is believed that the full weight of this pledge is still incumbent upon the German Government;

(2) That these securities were being fully serviced prior to the absorption of Austria into greater Germany, which development was accompanied by the taking over of the sources of revenue pledged to the service of these securities. The bondholders cannot but feel injustice in being deprived of these pledged revenues and having their prospect of payment made dependent upon the negotiation of complex intergovernmental economic arrangements;

(3) That payments to citizens and residents of Germany for all types of goods and services are permitted by the United States Government without check or control and the full sum of these is available to the German authorities to meet obligations, and is many times as great as would be required to meet these obligations.

The German Government states that it does not have the intention to discriminate against American creditors as compared with other foreign creditors. While this statement must be read in the light of the actual practices of the German Government which result in well-known discriminations against American creditors, the amounts involved in the case of the American holdings of Austrian bonds do not appear to be such as would cause any serious difficulty for the German Government should it be disposed to extend to American holders treatment as favorable as it gives those who are citizens or residents of the most favored nation. It may also be assumed that in the existing circumstances American holders would be disposed to consider an adjustment of the rates of the loan service, provided that the German Government make manifest its intention not to discriminate against them as compared with other holders receiving the most favored treatment.

My Government would, of course, be glad to see an adjustment of the service of these and other bonds which are affected by the trade and payment policies of the German Government, on terms satisfactory to the bondholders and not involving discrimination against bondholders on the basis of their American citizenship or residence. It would be disposed to facilitate in every appropriate way the attainment of such an adjustment. However, it does not see in the circumstances of the Austrian bond situation any need or reason for it to depart from its long established position that such adjustment of indebtedness toward private citizens is a matter for negotiation between debtor and creditors rather than between the government of the debtor country and the Government of the United States."

The Department will desire to publish the German note of January 3 and this reply as soon as possible. Please notify the German Government of this and obtain the necessary informal clearance.

HULL

863.51 Relief Credits/518 : Telegram

*The Chargé in Germany (Gilbert) to the Secretary of State*

BERLIN, January 25, 1939—6 p. m.

[Received January 25—3 p. m.]

69. Embassy's 64, January 24, 1 p. m., final paragraph.<sup>7</sup> The German news agency released the following communiqué this afternoon.

"Service of the Austrian foreign debts.—America accepts the proposal made by the Germans to enter into negotiations.

"As reported at the time the German Government informed the Embassy of the United States in the course of the discussions going on for some time regarding service of Austrian foreign debts that though Germany does not recognize any obligation to assume these debts she would nevertheless be prepared to enter into negotiations regarding indemnification of American creditors of Austrian loans within certain modalities.

"To this statement the Embassy of the United States in Berlin replied by a note of January 20<sup>8</sup> in which the fundamental legal interpretation of the German Government is not recognized but in which the German proposal of negotiations is accepted and the opinion is expressed that the American creditors would agree to having the rates of the loan service adapted to altered conditions. It is proposed to the German Government to begin negotiations on the subject direct with the American creditors."

GILBERT

863.51 Relief Credits/524

*The Secretary of State to the Chargé in Germany (Gilbert)*

No. 187

WASHINGTON, February 15, 1939.

The Secretary of State refers to the Embassy's telegram No. 69, January 25, 6 p. m., and transmits for the information of the Embassy a copy of a telegram addressed by the Foreign Bondholders Protective Council, Incorporated, on February 4, 1939, to the Minister of Finance, Berlin, and a copy of a letter addressed by Mr. Thomas W. Lamont<sup>9</sup> on February 8, 1939, to Dr. Rudolf Brinkmann, German Ministry of Economics, regarding Austrian bonds.<sup>10</sup>

The American Chargé d'Affaires is requested at some suitable opportunity to indicate to the proper German authorities the interest of

<sup>7</sup> Not printed; it reported that the German Government agreed to the publication of its note of January 3, but wished the United States to withhold publication until Germany had released its own communiqué on the note (863.51 Relief Credits/517).

<sup>8</sup> See telegram No. 10 of January 19, 7 p. m., *supra*.

<sup>9</sup> Member of J. P. Morgan & Co.

<sup>10</sup> Enclosures not printed.

this Government in these communications and endeavor to ascertain what the prospects are of the German Government's responding to them favorably in the way of undertaking the discussion suggested.

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863.51 Relief Credits/529 : Telegram (part air)

*The Chargé in Germany (Geist) to the Secretary of State*

BERLIN, March 15, 1939—10 a. m.

[Received March 16—6 a. m.]

170. Department's instruction No. 187 of February 15, respecting Austrian bonds. The Economic Ministry states that the communications from the Bondholders Protective Council and Lamont have had consideration and that the Ministry in conjunction with the Reichsbank and the Finance Ministry is disposed to undertake negotiations in the near future, preferably in Berlin. The Foreign Office confirms this and Wiehl<sup>11</sup> informed me this afternoon that a communication to this effect will shortly be sent to the Council through the German Embassy in Washington. Wiehl also stated that on account of existing pressure on possible negotiators the meeting would probably have to be held in Berlin.

GEIST

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863.51 Relief Credits/543 : Telegram

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

BERLIN, July 3, 1939—7 p. m.

[Received July 3—3:40 p. m.]

584. Puhl, administrative head of the Reichsbank, leaves tonight to consult with Lamont in Brussels tomorrow about the situation of defaulted Austrian dollar bonds and today asked Heath<sup>12</sup> to lunch apparently for the purpose of impressing upon him the fact that although it was extremely difficult at this moment to leave Berlin by reason of the recent reorganization and new tasks of the Reichsbank he was making a special effort to meet Lamont in the hope that the meeting would open the way to a solution of the Austrian bond question.

Repeated to Brussels for Lamont.

Repeat to Treasury.

KIRK

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<sup>11</sup> Ministerial Director Wiehl, head of the Commercial Policy Division of German Foreign Office.

<sup>12</sup> Donald R. Heath, First Secretary of Embassy in Germany.

863.51 Relief Credits/544: Telegram

*The Chargé in Germany (Kirk) to the Secretary of State*BERLIN, July 7, 1939—3 p. m.  
[Received July 7—1:06 p. m.]

607. Embassy's 584, July 3, 7 p. m. In conversation today with Heath, Puhl said that in his meeting in Brussels on July 4 he had suggested to Lamont as a possible solution the exchange of Austrian 1930 dollar bonds for German bonds. Puhl told Lamont that he would endeavor to obtain the agreement of the other agencies alluded to to this procedure which he said would have the advantage of being a "purely banking transaction" and thereby avoid making Germany publicly accept responsibility for the payment of Austrian obligations for which it argues "in principle" it is not liable. He remarked that although it would be difficult he hoped to be able to obtain German agreement to the procedure provided there were no "further surprises in relations". Puhl said that his tentative proposal of an exchange of Austrian for German obligations was based on the Reichsbank's understanding that only two or three million dollars of the bonds still remained in American hands so that the cost of servicing them would not be great. Lamont on the other hand thought that 10 million dollars were outstanding in the United States and Puhl informed him that in the present state of the Reich's exchange resources it would be difficult if not impossible to make payment of service on such an amount. Puhl said that Lamont promised to ascertain the amount of Austrian 1930 bonds still in American ownership and to report to him. Lamont had suggested that the Austrian bonds might be exchanged for Dawes plan bonds to which Puhl replied that the German Government did not hold enough Dawes bonds to effect the exchange. Lamont had held out for 5% interest whereas Puhl stated 4% as the maximum which the German Government would pay but it was agreed that discussions of the interest rate would be resumed if the general agreement of the German Government to the bond exchange proposal were obtained.

Repeat to Treasury.

KIRK

863.51 Relief Credits/547

*The Acting Secretary of State to the German Chargé (Thomsen)*

WASHINGTON, December 6, 1939.

SIR: I am requested by the Secretary of the Treasury to transmit to you the attached statement showing the amounts due on January 1, 1936 to January 1, 1939, inclusive, and January 1, 1940, payable by

the Government of Germany on account of the indebtedness of Austria under the terms of the Debt Agreement of May 8, 1930<sup>13</sup> and the Moratorium Agreement of September 14, 1932,<sup>14</sup> between the Federal Government of Austria and the Government of the United States.

In presenting this notice of amounts due under the agreements signed by the Austrian Government, I take the occasion to reiterate that this Government is fully disposed to discuss, through diplomatic channels, any proposals which your Government may desire to put forward in regard to the payment of this indebtedness, and to assure you that such proposals would receive careful consideration with a view to eventual submission to the American Congress.

Accept [etc.]

SUMNER WELLES

[Enclosure]

*Statement of the Amounts Payable by the Government of Germany in Respect of Austrian Indebtedness, Maturing January 1, 1936, to 1939, Inclusive, and January 1, 1940*

FUNDING AGREEMENT

	<i>Principal</i>	<i>Interest</i>	<i>Annuity under Moratorium Agreement</i>
Amount due January 1, 1936.....	\$460, 093. 00	—	\$34, 767. 23
Amount due January 1, 1937.....	460, 093. 00	—	34, 767. 23
Amount due January 1, 1938.....	460, 093. 00	—	34, 767. 23
Amount due January 1, 1939.....	460, 093. 00	—	34, 767. 23
Total.....	1, 840, 372. 00	—	139, 068. 92
Amount due January 1, 1940:			
Principal of bond No. 12, dated January 1, 1928, due January 1, 1940, under agreement of May 8, 1930, between the United States and Austria.....			\$460, 093. 00
Seventh annual annuity due January 1, 1940, under moratorium agreement of September 14, 1932, between the United States and Austria.....			34, 767. 23
Amount due .....			\$494, 860. 23

II. Extension of the Extradition Treaty of July 12, 1930, Between the United States and the German Reich to the Territory in Which the Former Austro-American Extradition Treaty Was Effective

262.11/21

*The German Chargé (Thomsen) to the Secretary of State*

[Translation]

Zu R 4532/39

WASHINGTON, July 22, 1939.

MR. SECRETARY OF STATE: By direction of my Government, I have the honor to bring the following to Your Excellency's knowledge:

<sup>13</sup> For text, see *Annual Report of the Secretary of the Treasury on the State of the Finances for the Fiscal Year Ended June 30, 1930*, pp. 316-324.

<sup>14</sup> *Annual Report of the Secretary of the Treasury . . . , 1932*, pp. 307-308.

The Government of the German Reich considers the Extradition Treaty between the Republic of Austria and the United States of America, of January 31, 1930,<sup>15</sup> to have ceased to exist in consequence of the reunion of Austria with the German Reich. Since that time, the German Extradition Law has been introduced into the State of Austria by the Order of April 26, 1939, (*Reichsgesetzblatt* 1939, I, p. 844).

The Government of the German Reich therefore proposes that the operation of the Extradition Treaty of July 12, 1930, between the German Reich and the United States of America<sup>16</sup> (*Reichsgesetzblatt* 1931, II, p. 403), shall now extend also to the territory in which the former Austro-American Treaty was effective.

I should be greatly obliged to you for the favor of a statement whether the United States Government agrees to this proposal of the Government of the German Reich.

Accept [etc.]

THOMSEN

262.11/22

*The Secretary of State to the German Chargé (Thomsen)*

WASHINGTON, November 2, 1939.

SIR: I have received your note of October 21, 1939<sup>17</sup> in which you ask whether the Government of the United States agrees to the proposal made by the Government of the German Reich in your Embassy's note of July 22, 1939 that the operation of the Extradition Treaty of July 12, 1930 between the United States and the German Reich shall now extend also to the territory in which the former Austro-American Extradition Treaty was effective.

The Government of the United States agrees to this proposal of the Government of the German Reich.

Accept [etc.]

For the Secretary of State:  
R. WALTON MOORE

UNSATISFACTORY TRADE RELATIONS BETWEEN THE UNITED STATES AND GERMANY<sup>18</sup>

611.623/371

*Memorandum by the Acting Secretary of State*

[WASHINGTON,] March 17, 1939.

The German Chargé d'Affaires called upon me this afternoon. He had requested an appointment with me this morning at the moment I had requested him to come to see me.

<sup>15</sup> *Foreign Relations*, 1930, vol. I, p. 408.

<sup>16</sup> *Ibid.*, vol. III, p. 120.

<sup>17</sup> Not printed.

<sup>18</sup> Continued from *Foreign Relations*, 1938, vol. II, pp. 418-431.

When Dr. Thomsen came in he told me that he had been instructed by his Government to deliver me a note informing me of the new situation which had arisen by the proclamation by Germany of a protectorate over Bohemia and Moravia, and that the terms of the decree itself were contained in the note.<sup>19</sup> There was no reference made in the note or in his conversation to Slovakia or to Ruthenia.

I accepted the note but made no comment whatever with regard thereto.

I then told Dr. Thomsen that I had desired him to come to see me in order that I might inform him that on the basis of an investigation of developments in so-called "barter" transactions in German-American trade, the Treasury Department has come to the conclusion that those transactions involve the bestowal upon German exports to the United States of a bounty or grant within the meaning of Section 303 of the Tariff Act of 1930.<sup>20</sup> The Treasury Department therefore intends within the immediate future, under the mandatory provisions of Section 303, to impose and collect countervailing duties upon such imports into the United States in an amount equal to the amount of the subsidy.<sup>21</sup>

Dr. Thomsen asked what the phrase "immediate future" might mean. I told him that I understood an announcement would be made by the Treasury Department within the next forty-eight hours. Dr. Thomsen inquired whether this decision had been reached very recently. I told Dr. Thomsen that the matter had been under very careful consideration for some months and that the decision had now been arrived at, and further, that the law made it mandatory for the Secretary of the Treasury to take the action described. Dr. Thomsen remarked that his Government undoubtedly would be very much concerned. To this I made no reply.<sup>a</sup>

S[UMNER] W[ELLES]

611.6231/1126

*The Secretary of State to the Chargé in Germany (Geist)*

No. 212

WASHINGTON, April 4, 1939.

SIR: Reference is made to your confidential despatch no. 602 dated February 23, 1939<sup>21a</sup> concerning the German desire to expand trade with the United States.

This despatch reports a conversation between Dr. H. Giebel, president of the Continental Import and Export Corporation of New York

<sup>19</sup> Vol. I, p. 45.

<sup>20</sup> 46 Stat. 590, 687.

<sup>21</sup> See Treasury Decision No. 49821, March 18, 1939, *Treasury Decisions*, vol. 74, p. 389, or Department of State, *Press Releases*, March 18, 1939, p. 203.

<sup>21a</sup> Not printed.

and Berlin, and Mr. Riddleberger of the staff of the Embassy, and encloses a memorandum<sup>22</sup> of this conversation. In the memorandum of the conversation it is stated, among other things, that the plan which Dr. Giebel has in mind "is in its general outline similar to that in effect today for the cotton trade; that is, the proceeds from the sale of American agricultural products would be deposited in special accounts in German banks to be utilized for the purchase of a selected list of goods."

Since the reported conversation with Dr. Giebel took place, the United States Treasury Department has announced the imposition of countervailing duties on imports from Germany, and there is enclosed for your convenient reference a copy of the Treasury Department's statement to the press no. 16-80 of March 18, 1939 announcing that the Treasury decision referred to is to be published in the March 23 issue of *Treasury Decisions*. This press release also contains a copy of the opinion of the Attorney General<sup>23</sup> with respect to the above Treasury decision. The Treasury decision referred to appears to answer the proposal of Dr. Giebel with regard to increasing German trade with the United States along the lines which were in effect with regard to the cotton trade.

In connection with the general question of barter trade between Germany and the United States, reference is made to this Department's confidential instruction no. 31 of April 28, 1938.<sup>24</sup>

Very truly yours,

For the Secretary of State:  
FRANCIS B. SAYRE

611.623/382 : Telegram

*The Chargé in Germany (Geist) to the Secretary of State*

BERLIN, April 19, 1939—noon.

[Received April 19—11:38 a. m.]

259. When I saw Bergemann, Director of the Commercial Policy Section of the Economics Ministry, a few days ago he inquired somewhat plaintively what Germany could do to maintain its exports in face of the "handicap" of the 25% countervailing duties. He said that it was inconceivable that Germany would adopt the solution of a total devaluation of the mark at this time.

He admitted that the Economics Ministry had given some thought to such devices as making "free gifts" of merchandise to exporters who were regular importers of German goods but that he supposed that such procedure would run afoul of our customs laws.

<sup>22</sup> Not printed.

<sup>23</sup> 39 Op. Atty. Gen. 261; Department of State, *Press Releases*, March 18, 1939, p. 203.

<sup>24</sup> *Foreign Relations*, 1938, vol. II, p. 418.



When I saw him again yesterday he remarked that the countervailing duties would not presumably affect duty-free goods which he said account for about 40% of German exports to the United States. (I construed this as an admission that duty-free goods had received, at least in certain instances, export bounties in the past and might receive additional bounties in the future in order to extend their sale in the United States to provide the foreign exchange which Germany needs). During the conversation he said that Germany would endeavor to sell for free foreign exchange some of the goods which in the past had been exported over inland accounts. Also, he said an endeavor would be made to export goods on the basis of payment partly in free exchange and partly in "eigene sperrmarken" (blocked marks which have remained in a single ownership since being blocked. In other words an effort would be made to get bondholders, banking or other interests to become importers of German goods in order to obtain payment of their blocked credits. To date there have been few such transactions).

Bergemann said that the German Government had not yet canceled the "inland account procedure" and was awaiting information from Washington to ascertain whether as a practical matter trading could still be conducted with them. He supposed however it would be very difficult to use this system in face of the 25% countervailing duties. He said that in view of the present tension no effort would be made at this time to revive Brinkmann's suggestion of an "American mark"<sup>25</sup> which would sell at a discount.

Bergemann left last night for Slovakia. It appears that Slovakia is unable to absorb German goods to the extent which Germany wishes to import its timber and agricultural products. He said that it was an extremely difficult problem for which to date he had found no solution. It could not easily be solved by Germany engaging in development work and investment in Slovakia in payment for raw materials since the opportunities for investment there were not as great as in Rumania.

In Rumania he said there has been a thriving "normal" trade which was more or less in balance and a need for investment and development work.

Referring to the Rumanian treaty<sup>26</sup> he said it was a "sheer accident" that its announcement coincided with the "events" in Czechoslovakia. Negotiations had started last November and agreement had been reached by Wohlthat<sup>27</sup> in Bucharest some 2 or 3 days before the "event". He denied that any ultimatum was given to Rumania

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<sup>25</sup> See letter of October 31, 1938, from the State Secretary for the German Economics Ministry to the American Ambassador and enclosed memorandum, *Foreign Relations*, 1938, vol. II, p. 428.

<sup>26</sup> League of Nations Treaty Series, vol. cxcix, p. 82.

<sup>27</sup> Helmut Wohlthat, of the German Ministry for Economic Affairs, in charge of negotiations for German-Rumanian commercial treaty.

saying that Rumania's fear of Hungarian Irredentism with regard to Transylvania caused her to desire to conclude the treaty thinking that Germany would thereafter restrain Hungary from any aggressive action toward that area. He denied that there was a secret supplementary treaty with Rumania. He said that it was originally planned it had to keep the treaty secret but that after "the events" in Czechoslovakia it was deemed better to publish the treaty.

He did not deny the existence of extreme foreign exchange stringency in Germany but remarked that the situation was not yet acute in Bohemia, Moravia since the Czech factories had in general stocks of raw materials sufficient to last them for some time.

Repeat to Treasury as No. 15 from Heath.

GEIST

611.623/396

*Memorandum of Conversation, by the Acting Deputy Commissioner of Customs (W. R. Johnson)*<sup>28</sup>

[WASHINGTON,] April 21, 1939.

Dr. Tannenberg, First Secretary of the German Embassy, called at my office this morning to discuss the outstanding countervailing duty order against German imports. He stated that he was fully authorized by his government in all that he would say.

He first asked whether it would be possible to clear importations without the additional 25 per cent deposit if they were financed solely in dollars or free reichsmarks. I advised him that this had been thoroughly considered but no practical procedure had been devised.

Tannenberg then said that his government is convinced that it will have virtually no trade with the United States if the order stands without modification, and that Germany does not want this result. His careful study of the order, the Attorney General's opinion, and the practices which occasioned the order has satisfied him that there remains no practical way for Germany to assist her exports to the United States without incurring countervailing duties. He stated that if shipments to which their formal assurances made through the Department of State clearly applied could be cleared through customs without the 25 per cent additional deposit, Germany is prepared to repeal and prohibit completely, "today, if necessary", all decrees, regulations, and practices under which the "barter" procedures have been carried on; to prohibit effectively any practice or procedure for offsetting the disadvantages to German exports resulting from our dollar devaluation; and to prevent exports to the United States unless the transactions are financed solely in free exchange and without price

<sup>28</sup> Copy transmitted to the Department of State by the Treasury Department on May 3.

manipulation of any kind. He did not make it clear, but I understood these proposals to relate to dutiable merchandise, since free goods are not subject to countervailing duties.

Tannenberg seemed anxious for an early response to his proposals but stated that he, of course, did not expect any reply from me today. I made it clear that, in my opinion, complete revocation of the order could not be considered since Germany could not now stop or recall subsidies applying to goods beyond its control.

Several times during the conversation Dr. Tannenberg remarked that unless we would assume that his government proposes to act in entire good faith his visit could have no purpose.

In reply to my inquiries Tannenberg estimated the volume of dutiable German imports into the United States recently financed without subsidies at 40 per cent of the total. He estimated that this volume, plus a third of the remainder, or a total of 60 per cent of the past volume of trade, could be continued on a no-subsidy basis if the 25 per cent deposit were eliminated. The remaining 40 per cent, he said, is lost beyond recovery, since it cannot be carried on without some assistance.

W. R. JOHNSON

611.623/396

*The Under Secretary of State (Welles) to the Secretary of the Treasury (Morgenthau)*

WASHINGTON, May 10, 1939.

MY DEAR MR. SECRETARY: The Department has studied with attention the memorandum transmitted by the Treasury in regard to the conversation between Dr. Wilhelm Tannenberg, First Secretary of the German Embassy, and Mr. W. R. Johnson, Acting Deputy Commissioner of Customs, which took place on April 21.

I have discussed the questions involved with the Secretary of State and it is our thought that the matter might appropriately be handled if the Acting Deputy Commissioner of Customs informed the First Secretary of the German Embassy that if the German Government on its own initiative takes such action as will abolish the practices which made it mandatory for this Government to impose countervailing duties upon German exports, and this Government was satisfied that the objectionable practices have in fact been abolished, this Government in such event would rescind the order imposing the countervailing duties. Such statement to the First Secretary of the German Embassy would of course make it clear that action would have to be taken by the German Government unilaterally and upon its own initiative and that no agreement between the two Governments was involved directly or indirectly.

As most recently described in telegram No. 304 of May 2 from our Embassy in Berlin,<sup>29</sup> there appears to be firmly established in Germany an all-pervasive direct and indirect system for facilitating exports. Even if the German Government wishes to exempt its exports to the United States from the effects of this system, there would remain the question of how effectively Germany could prohibit, with reference to exports to the United States, the different practices and procedures for enabling German products to compete on a price basis in foreign countries. It would appear that it must be difficult to devise assurances that the German system will not result in bounties or grants on various articles which would in the future make the latter subject to countervailing duties under Section 303 on grounds different from those covered in the assurances given by the German Government in August 1936<sup>30</sup> or which would be covered in additional assurances directed toward the practices covered by the most recent countervailing duty order.

The questions raised, both as regards the particular assurance mentioned by Mr. Tannenberg and by the more general aspects of the German system, are largely of detailed and technical legal character within the field of legal interpretation of the responsibilities of the Secretary of the Treasury under the mandatory terms of Section 303, and I find it difficult, without the necessary studies, to express a definite opinion.

Sincerely yours,

SUMNER WELLES

611.6231/1153: Telegram (part air).

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

BERLIN, August 12, 1939—4 p. m.  
[Received August 14—6:30 a. m.]

786. In a conversation with a member of the Embassy staff Puhl, who is the active head of the Reichsbank under Funk the nominal head, said that he greatly regretted the publicity given here to Grady's recent statements on German-American trade<sup>31</sup> as well as the action of the Securities and Exchange Commission in refusing registration to German conversion bonds<sup>32</sup> from the viewpoint that such incidents weakened the efforts which moderate elements in the Government were

<sup>29</sup> Not printed.

<sup>30</sup> See *Foreign Relations*, 1936, vol. II, p. 210.

<sup>31</sup> Henry F. Grady took office as Assistant Secretary of State on August 8, 1939. For statements referred to, see *New York Times*, August 9, 1939, p. 11.

<sup>32</sup> In press release No. 2027, dated August 2, 1939, the Securities and Exchange Commission announced that it had ordered a public hearing to be held on August 15, 1939, "to determine whether grounds exist for the issuance of a stop order suspending the effectiveness of registration statements (File No. 2-3961) filed under the Securities Act of 1933 by the German Government and the Konversionsskasse für Deutsche Auslandsschulden (Conversion Office for German Foreign Debts). . . ." (862.51/4755a)

exerting to bring about a "moderation of policy" on the part of the Reich and strengthened the hands of the extremist influence in party and Government. He said that on both occasions he had been the subject of such reproaches as "well you see that your policy of conciliation doesn't get anywhere."

He said that Funk had called him in when Grady's utterances were published in the local press and had wanted to issue a statement "correcting" the reported statement that Germany had made no proposals towards solving the trade and economic issues between the two countries.

Funk had wished to refer to the proposals suggested last summer presumably by Brinkmann in a speech, see Embassy's telegram No. 387, August 16, 1938, 6 p. m.,<sup>33</sup> and in a personal letter to the Ambassador<sup>34</sup> which is understood to be in the Department's files suggesting as a provisional scheme the carrying out of German-American trade on the basis of a special "Amerika mark". Puhl said that he had dissuaded his Minister from making a public reply and suggested that since he knew Grady personally and favorably he, Puhl, might write the latter a personal letter in an endeavor to clear up the "misunderstanding". Puhl added that there were mistakes and misunderstandings on both sides as regards trade relations, that he thoroughly realized the disastrous effect on German economic relations of German policies of exchange control and over valuation of the mark but that while these policies were economically vexatious and disadvantageous to the Germans it was not possible at this moment to eliminate them.

Repeat to Treasury as No. 55, from Heath.

KIRK

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PERSECUTION OF JEWS IN GERMANY; REPRESENTATIONS BY THE UNITED STATES REGARDING RIGHTS OF AMERICAN CITIZENS<sup>35</sup>

362.115/380: Telegram

*The Chargé in Germany (Gilbert) to the Secretary of State*

BERLIN, January 3, 1939—5 p. m.

[Received January 3—3:30 p. m.]

6. Embassy's 729, December 14, 9 p. m.<sup>36</sup> There follows the text (translation made in this office) of a first person note addressed to me

<sup>33</sup> *Foreign Relations*, 1938, vol. II, p. 422.

<sup>34</sup> See letter of October 31, 1938, and enclosed memorandum, *ibid.*, p. 428.

<sup>35</sup> Continued from *ibid.*, pp. 355-418. See also section entitled "Cooperation with the Intergovernmental Committee on Refugees to Assist Persons Forced to Emigrate, Primarily from Germany, for Political or Racial Reasons", *ante*, pp. 55 ff.

<sup>36</sup> Not printed.

signed by Weizsäcker<sup>37</sup> dated December 30 which has just been received.

"In reply to your note of December 14, 1938, No. 2,<sup>38</sup> relative to the treatment of American citizens in Germany, I have the honor to state as follows:

"According to your note, the Government of the United States only feels it may expect a general assurance from the German Government to the effect that American citizens will not be subjected to differential treatment due to their race or creed. It believes that it can base this expectation on the assertion that it is one of its fundamental principles to make no distinction between American citizens on the basis of race or creed and that in its relations with other countries has always contested the right of the latter to apply on their part such discrimination to American citizens.

"Naturally the Government of the United States of America, like any sovereign Government, has a right to set up political principles of one kind or another regarding measures to be adopted within its own country in the questions here involved. It is an entirely different question however whether such principles are also legally binding on other Governments regarding measures falling within their sovereignty. Obviously that would only be the case if such principles either corresponded with universally accepted rules of international law or if they had been made the subject of special agreements between separate states.

"There is, however, no general principle in international law according to which a state would be bound to refrain from discriminatory treatment of foreign citizens residing in its country based on race or creed or other characteristics. The American Government is probably aware that the German Government is not the first, nor is it the only, Government that has considered such differential treatment necessary in specific cases. In no case has it done so, however, on the basis of the foreign citizenship of the persons affected; it has applied special measures of the kind in question to certain categories of foreign citizens only when its own citizens of the same categories were likewise subjected to these measures. Beyond that, out of special consideration and where it proved to be technically feasible, the German Government even legally conceded more favorable treatment in this connection to foreign citizens than to its own citizens.

"Therefore the only question remaining to be answered is whether and to what extent any special treaty agreements between Germany and the United States of America may stand in the way of the application to American citizens of the German measures challenged by the American Government. In this respect the Foreign Office has repeatedly declared to the American Embassy, orally and in writing, that the German Government would of course respect rights to which American citizens were entitled by virtue of treaties between the two countries. To date the American Embassy has not informed the Foreign Office of a single case in which, in its opinion, such treaty rights had been violated by German measures. If such cases should

<sup>37</sup> Ernst von Weizsäcker, State Secretary in the German Foreign Office.

<sup>38</sup> See telegram No. 228, December 10, 1938, 1 p. m., to the Chargé in Germany, *Foreign Relations*, 1938, vol. II, p. 410.

be brought to its attention by the American Embassy, the German Government for its part is prepared to examine and settle them on the basis of prevailing treaty provisions."

GILBERT

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362.115/381 : Telegram

*The Acting Secretary of State to the Chargé in Germany (Gilbert)*

WASHINGTON, January 4, 1939—7 p. m.

1. Your no. 1, January 1, 2 p. m.<sup>39</sup> and no. 6, January 3, 5 p. m. Please withhold until further notice presentation of notes or *aide-mémoire* concerning specific cases.

We are now drafting a reply to the German note of December 30 reported in your no. 6, January 3, which contemplates inclusion of such specific cases as you may have ready for presentation and the subsequent presentation of others as they arise.

WELLES

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362.115/383 : Telegram

*The Acting Secretary of State to the Chargé in Germany (Gilbert)*

WASHINGTON, January 6, 1939—noon.

2. Your no. 6, January 3, 5 p. m. Please deliver the following first-person note to the Foreign Minister:

"I have the honor to acknowledge the receipt of the note signed by Mr. Weizsäcker of December 30, 1938 concerning the treatment in Germany of American citizens, and under instructions of my Government to reply as follows:

"My Government, maintaining the position set forth in the note of December 14, 1938<sup>39a</sup> reiterates its fundamental position that it declines to recognize the right of other nations to apply on their part to American citizens measures which would have the effect of arbitrarily dividing them into special classes and subjecting them to differential treatment on the basis of such classification, irrespective of measures applied by other nations to their own citizens on the basis of differential classification of their own citizens.

"The treatment accorded in Germany to American citizens, however, is governed not only by the principles of international law, but by the prevailing treaties between Germany and the United States, and in this respect my Government has been gratified to note in Your Excellency's declaration that the rights to which American citizens are entitled by virtue of treaties between the two countries would be respected, and that the German Government for its part is prepared

<sup>39</sup> Not printed.

<sup>39a</sup> See telegram No. 228, December 10, 1938, 1 p. m., to the Chargé in Germany, *Foreign Relations*, 1938, vol. II, p. 410.

to examine and settle on the basis of prevailing treaty provisions cases which in the opinion of my Government are violations of such treaty rights and of which the German Foreign Office is informed by this Embassy.

"My Government has accordingly instructed me to present to Your Excellency as they arise such cases of American citizens which heretofore it has been the practice to take up with the competent local authorities and with regard to which formal assurances in general form have repeatedly been sought from Your Excellency's Government that the measures in question would not be applied to American citizens.

"I am therefore presenting for examination and settlement certain specific cases of the nature referred to which have already been brought to my attention and I shall pursue this practice should similar cases be brought to my attention in the future."

You should add as an annex to this note a detailed statement of the cases listed in your no. 1, January 1, 2 p. m.<sup>40</sup> and present to the Foreign Office in future communications such cases of the nature mentioned as may arise. Please cable date of your note to the Foreign Minister, mailing copies thereof. Also cable whether Foreign Office agrees to publication of its note of December 30. We expect to publish your note without the added details of specific cases on receipt of your telegraphic report of its delivery.

WELLES

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862.4016/2051: Telegram

*The Chargé in Germany (Gilbert) to the Secretary of State*

BERLIN, January 6, 1939—1 p. m.  
[Received January 6—9:20 a. m.]

13. Embassy's telegrams 764, December 29, 1 p. m.<sup>41</sup> and 6, January 3, 5 p. m.

The following third-person note, dated December 31, has been received today from the Foreign Office.

"In reply to *note verbale* No. 274 of December 29, 1938,<sup>40</sup> the Foreign Office has the honor to inform the Embassy of the United States of America that the assurances given the Government of the United States in *note verbale* Number 84-60 SHT. 14-12 of December 30, with regard to the examination and consideration of treaty rights to which American citizens are entitled, apply also to the present inquiry."

GILBERT

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<sup>40</sup> Not printed.

<sup>41</sup> *Foreign Relations*, 1938, vol. II, p. 418.



362.115/387: Telegram

*The Chargé in Germany (Gilbert) to the Secretary of State*

BERLIN, January 12, 1939—5 p. m.

[Received 5:10 p. m.]

30. Embassy's No. 19, January 7, 2 p. m.<sup>42</sup>

1. I handed to Woermann<sup>43</sup> last evening (in the absence of Weizsäcker) a first-person note dated January 11 addressed to the Foreign Minister employing the precise text transmitted in Department's 2, January 6, noon, together with a group of annexes covering specific cases.

I told Woermann that I would look for prompt and favorable action.

2. I then went on to say that the position taken in our note was merely illustrative of a fundamental issue between his country and mine which had arisen due to the attitude and action of the German Government in respect of certain matters. I had noted his statement that he desired that the relations between the two countries be bettered. I said that in what I intended to say I was in no way acting under specific instructions. Nevertheless although I was using my own words I felt confident that I was voicing the views held by the majority of Americans and by my Government and that what I would state orally could be considered as fully associated with the contentions set forth in our note which I had just given him.

I said that I personally felt that the chief difficulties might be grouped under three counts.

First, our country was made up of individuals whose origins lay in a large number of different nationalities. They had come to America for the purpose of making our country their home. That was the kind of people we wanted in our country. We did not want any other kinds of peoples. The National Socialist regime in Germany had, however, voiced a new concept. We did not object to Germans in Germany being as German as they might wish. This new concept had nevertheless introduced something new into the international field. The idea had been put forward that in some manner German sovereignty crossed frontiers. I would not go into just what the German Government had in mind in this. However, I felt that I could say that at least by its direct and traceable results it had given every evidence of being for the purpose of creating a form of separatism whereby those of German origin were to occupy a special position in other countries. Our principles from the beginning of our country

<sup>42</sup> Not printed.

<sup>43</sup> Ernst Woermann, Under State Secretary in the German Foreign Office.

were to accomplish the precise opposite. Our principles were to coalesce into one country people of various origins. We would have equal objection to Poles, Irish, or peoples of any other nationalities endeavoring to occupy a special position. We would not tolerate it in any other folk and would not tolerate it in Germans. Where the German Government came in was that statement by responsible German officials voiced the concept which I had mentioned. It was something which as applied to a difference of opinion we could not countenance nor tolerate and no one need expect us to tolerate it.

Second, just as within our country individuals of all origins having acquired citizenship were equally American citizens they must all equally be regarded as American citizens abroad. Our passports were all worded in precisely the same manner and all carried the same weight. The German Government had endeavored to create discrimination between groups of American citizens in the promulgation and in the application of a number of official decrees. What I had to say on this score was merely a corollary of what I had stated under my first point. This action by the German Government also struck at the very roots of the principles of our commonwealth. Such action was likewise intolerable to us and we would resist it and would continue to resist it.

I then said that he could plainly see that the specific points raised in our note which I had handed him and the cases enumerated in the annexes were not merely isolated instances but were of cardinal importance in that they were related to principles which we felt to be fundamental and which we would defend at all costs.

Third. The third difficulty of which I would speak was, I said, of a different but not unrelated order. The American people were aroused by the treatment which the German Government had thought fit to accord to a section of the German population. In this respect the American people were stirred on two counts; by the nature of the acts themselves, and because these acts, as discussed above, are alien to our principles of life and conduct. Our Government did not inspire our people to adopt these feelings nor did it inspire them to express them. They were entirely natural and spontaneous. The circumstance that Government officials being Americans should have shared these feelings and views was no cause for astonishment nor as far as I could see for complaint.

3. I then took up the question of our publication of the German note of December 30. Woermann stated that he would have to consult the Foreign Minister and would let me know as soon as possible. He has just telephoned me that the German Government gives permission for publication. In this connection I beg to refer to the

considerations associated with publication discussed in my 19, January 7, 2 p. m.<sup>44</sup>

4. The annexes to the note prepared by the Consulate General covered 15 cases falling into the following categories:

(a) One case involving the denial of a reduction in income tax (paragraph 1, Embassy's telegram No. 1, January 2 [1], 2 p. m.).<sup>44</sup>

(b) Twelve cases involving the exclusion of Jews from a remission of house rent tax (paragraph 2, same telegram).

(c) Two cases involving the cancellation of commercial identity cards of American citizens (paragraph 5, same telegram).

5. With reference to the number of cases presented at this time I feel it well to explain that in the procedure which I discussed in my 1, January 2 [1], 2 p. m., I listed the total number of cases thus far "reported" to our consular offices in Germany in order that the Department might be apprised of their general character and scope and I stated that as rapidly as further verification should be made of this material I contemplated taking formal action in the manner indicated. While carrying out the entire plan under a formula for which I sought the Department's approval I nevertheless envisaged taking specific action only as cases could be made ready. I believe that it is scarcely necessary to say that for reasons related to the claimants as well as to our Government it is essential that cases not only be presented in detail sufficient to constitute elements of a legal proof but also that particular care be exercised that they do not embody possible misrepresentations. I have gone into the matter of these annexes very thoroughly with the Consulate General. It is felt that all of the cases now included satisfactorily meet the requirements just described. Other cases must, however, await further preparation to be included in the formal action.

Six copies of note and annexes transmitted by mail.

GILBERT

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362.115/403 : Telegram

*The Chargé in Germany (Gilbert) to the Secretary of State*

BERLIN, February 7, 1939—6 p. m.

[Received February 7—2 p. m.]

105. Embassy's telegram 82, February 1, 1 p. m. and despatch No. 530, January 16.<sup>45</sup>

1. Geist<sup>46</sup> late last evening presented to the competent official at the Foreign Office a first-person note dated February 6 supplementing

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<sup>44</sup> Not printed.

<sup>45</sup> Neither printed.

<sup>46</sup> Raymond Geist, First Secretary of Embassy in Germany.

the Embassy's note of January 11<sup>47</sup> and embodying additional cases of discrimination against Americans under German anti-Jewish measures.

2. Reaffirming in general terms the declaration in Weizsäcker's note of December 30 last,<sup>47a</sup> the Foreign Office official concerned said that the German Government recognized the validity of the pertinent German-American treaty provisions and was willing to consider individual cases on this basis. With respect to the cases submitted with the Embassy's note of January 11 he said that the Foreign Office was not in a position to give a decision as yet inasmuch as these were still being studied by the legal department of the Foreign Office as well as by the Finance Ministry and the competent tax offices. He said that the Embassy would be informed in due course and his statements on this score may be accepted as at least an oral acknowledgment of the Embassy's previous note. The official remarked incidentally that such cases as emanated from Austria might entail a somewhat longer delay in view of the marked independence and lack of coordination existing among the Austrian authorities which he said had been a source of particular annoyance to the Foreign Office itself.

GILBERT

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862.4016/2081 : Telegram

*The Chargé in Germany (Gilbert) to the Secretary of State*

BERLIN, February 15, 1939—4 p. m.  
[Received February 15—12:30 p. m.]

121. A circular order of the Finance Ministry respecting the computation of the capital flight tax on Jewish property was summarized in yesterday's press. It is decreed that in computing this tax the basis to be used is the value of the property minus the "expiatory levy" imposed last November. Furthermore the Finance Ministry adds that cases may arise where Jews would be unable to pay the capital flight tax within the time limits stipulated in their visas for emigration to other countries, and in such cases the Finance Ministry is prepared to issue "certificates of non-objection" enabling Jews to leave Germany even if the capital flight tax has not been fully paid provided an adequate security is given for it accompanied by pledges of real estate or securities.

GILBERT

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<sup>47</sup> See telegram No. 2, January 6, noon, to the Chargé in Germany, p. 576.

<sup>47a</sup> See telegram No. 6, January 3, 5 p. m., from the Chargé in Germany, p. 574.

862.0414/64

*The Chargé in Germany (Gilbert) to the Secretary of State*

No. 600

BERLIN, February 20, 1939.

[Received March 4.]

SIR: I have the honor to transmit the original German text as well as an English translation, of a German Exchange Decree (*Deutscher Devisenerlass*) dated February 13, 1939,<sup>48</sup> which relates to the representation of Jews by licensed German foreign exchange advisers.

The decree is not only of importance for its application to foreign exchange advisers, but more particularly, perhaps, because it is prefaced by an order signed by the Führer's Deputy, Herr Hess, regulating the representation of Jews by German lawyers in all types of legal business. It is understood that this order was first printed some time ago in the *Juristische Wochenschrift*; its publication in an Exchange Decree in order to provide a basis for the provisions relating to foreign exchange advisers is apparently its first appearance in an official publication.

The order of the Führer's Deputy, as well as the executory ordinance pertaining thereto, which is likewise embodied in the Exchange Decree, provide briefly that German lawyers who are members of the Party and of the Party's organizations and affiliated associations, are forbidden to represent and give advice to Jews and Jewish firms in legal matters. The definitions of a "Jew" and of a "Jewish firm" are those set forth, respectively in the First Decree to the Reich Citizenship Law of November 14, 1938 [1935], (Embassy's despatch No. 2474 of November 18, 1935) and the Third Decree to the Reich Citizenship Law of June 14, 1938, (Embassy's despatch No. 197 of June 23, 1938).<sup>49</sup> Among the affiliated associations specified is the National Socialist League of Lawyers (N. S. Rechtswahrerbund) which includes the great majority of German lawyers. It is understood from a local attorney that the very few German lawyers who are not members of this League have subsequently likewise been forbidden to represent Jews, so that the prohibition may be regarded as of comprehensive and general application.

It will be noted from the text of the order that certain exceptions are made. Officials, notaries and economic inspectors may advise Jews in their apparently strictly official capacity, but may not go "beyond this obligation". Exceptions are made in cases involving treason, which are tried before the People's Court, and, furthermore, special emergency permits may be granted for the representa-

<sup>48</sup> Not printed.

<sup>49</sup> Despatches not printed. The laws referred to are those supplementing the Reich Citizenship Law of September 15, 1935, *Foreign Relations, 1935*, vol. II, p. 406.

tion of Jews by German lawyers in specific cases approved by the competent superior authority if the "paramount interest of the German people" so requires. From paragraph (d) of Section IV of the executory regulations to Herr Hess' order (which are included in the Exchange Decree) it would appear that such emergency permits may be issued to enable German lawyers to represent Jews of foreign nationality.

The provisions of the various orders in the Exchange Decree are fairly involved, and it is therefore deemed inadvisable to attempt further to summarize them. In brief, it would appear that if a Jew or Jewish firm may not obtain representation or legal advice in accordance with the exemptions permitted in these provisions, the only recourse open will be to resort to one of the "Jewish Consultants" who, following the exclusion of Jewish lawyers by the German decree of September 27, 1938, may still conduct legal business for Jews and Jewish firms and represent them in court. The status of these consultants was explained in the Embassy's despatch No. 392 of October 26, 1938.<sup>50</sup>

It is suggested that the Department may wish to take note of the provision permitting the representation of foreign Jews by German lawyers, particularly in view of such cases involving American Jewish nationals as may arise in the future in which the question of freedom of choice of counsel might be important.

Respectfully yours,

PRENTISS GILBERT

862.5031/6

*The Chargé in Germany (Geist) to the Secretary of State*

No. 615

BERLIN, March 6, 1939.

[Received March 18.]

SIR: I have the honor to enclose an English translation<sup>50a</sup> of a decree promulgated in *Reichsgesetzblatt*, Part I, No. 32, of February 22, 1939, requiring German Jews to surrender to the appropriate German authorities all objects of gold, platinum or silver in their possession, as well as precious stones and pearls. A time limit of two weeks from the date of promulgation of the decree, or until March 7, is set for the surrender of these objects.

It will be noted that Jews of foreign nationality are specifically exempted from the application of the decree.

Reference is made to the Decree of December 3, 1938, Governing the Use of Jewish Property (see Embassy's despatch No. 486 of De-

<sup>50</sup> *Foreign Relations*, 1938, vol. II, p. 391.

<sup>50a</sup> Not printed.

ember 7, 1938<sup>51</sup>), Section 14 of which forbade Jews to acquire such articles, as well as to pawn them or sell them privately. The present decree supplements these provisions drastically by prohibiting Jews from even keeping objects of this nature which they still possess. From the point of view of the property that Jews may take with them upon emigrating, the latest decree is of perhaps little practical effect inasmuch as emigrating Jews have for some time been strictly forbidden to take possessions of this kind out of the country.

The decree states that the Minister of Economics will issue regulations concerning the assessment of the objects surrendered and the indemnity to be paid for them. Such details of this procedure as become known will be reported later as opportunity is afforded. According to a Jewish informant, there are only two State offices in Berlin where valuables may be surrendered, and for the moment they are greatly crowded. After leaving his name and address at one of these offices, this particular person was told that he would be instructed to bring his valuables later for surrender. It does not appear that any arrangements have yet been made for assessing the value of the objects which have so far been accepted by these offices.

Respectfully yours,

RAYMOND H. GEIST

862.502/83

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

No. 836

BERLIN, May 11, 1939.

[Received May 26.]

SIR: I have the honor to transmit herewith a copy, and translation, of *Reichsgesetzblatt*, Part I, No. 84, of May 4, 1939,<sup>52</sup> containing a statute which modifies existing rent laws for the purpose of separating Jews from "Aryans" in apartment houses.

The statute in question does not specifically compel Jews to vacate houses owned by "Aryans" nor does it, vice versa, compel "Aryans" to leave houses owned and inhabited by Jews, but the intent thereof is rather to deprive Jews of the right of protection against sudden denunciation of rent contracts in order to permit "Aryan" householders summarily to cancel their contracts and evict Jewish tenants. At the same time it is provided that a lessor can only denounce a rent contract with a Jew if he (the lessor) is furnished with a certificate by

<sup>51</sup> Not printed, but see telegram No. 698, December 6, 1938, 6 p. m., from the Chargé in Germany, *Foreign Relations*, 1938, vol. II, p. 408.

<sup>52</sup> Not printed; in despatch No. 939, June 6, the Consul reported that the provisions of the law had been adapted and extended to Austria and the Sudetenland by decrees of May 10, promulgated in the *Reichsgesetzblatt*, Part I, No. 90, of May 13, 1939 (862.502/84).

the municipal or communal authorities that some other quarters are available for the Jew in a Jewish-owned house. In this connection, rather extraordinary powers are vouchsafed the local authorities to enable them to find and make free alternative quarters for Jews. These authorities may compel Jewish householders, or Jewish tenants in a Jewish-owned house, to register with them vacant rooms, or space which they would not seem to require for their own needs. The latter may then be forced, even against their will, to lease these quarters to other Jews who are liable to eviction from "Aryan" houses. The local authorities may draw up the terms of these involuntary contracts and collect a fee for this service. It is provided that the law may be applied in Austria and the Sudetenland with necessary emendations.

The purpose of the law is, in short, to effect the widest possible withdrawal of Jews to houses owned by Jews and largely inhabited by Jews. In view of the current housing shortage in most German cities this will not be an easy matter to accomplish. This difficulty will in part be circumvented, however, by the solution indicated in a Deutsches Nachrichten Büro report of May 4, which points out that there are many wealthy Jews who occupy apartments and villas too large for their own needs; this report comments that it is only natural, as the new law so provides, that they should be forced to rent quarters to other Jews, whose dwellings in turn will be made available to deserving German "Aryans."

Under the terms of the law, the definition of a Jew is that laid down in the Nuremberg racial legislation of September 15, 1935,<sup>53</sup> namely, a person who has three or more Jewish grandparents or belongs to the Jewish faith. In the case of mixed marriages, the provisions will not be applied if only the wife is Jewish. On the other hand, if the husband is a Jew and there are no children by the marriage, the law becomes applicable irrespective of the fact whether the husband or the wife is the lessor or lessee of a dwelling. In general, a business undertaking defined as Jewish in accordance with the Third Decree to the Reich Citizenship Law of June 14, 1938 (see Embassy's despatch No. 197 of June 23, 1938<sup>53a</sup>), is to receive the same treatment as a Jewish private individual.

The law entered into effect the day following promulgation, that is, on May 6, and apparently cancellation of such rent contracts as come into question may be made from that date, provided that, as mentioned before, the municipal authorities certify that other quarters are available. Apparently the premises are to be vacated as soon as possible thereafter, but in certain cases it is provided that a delay may be granted if a certificate can be obtained from the local authorities that

<sup>53</sup> See *Foreign Relations*, 1935, vol. II, pp. 405-412.

<sup>53a</sup> Not printed.



there are difficulties in the way of a Jew's moving into other quarters, or if immediate removal would do "serious damage to the health of one of the parties affected."

As first mentioned above, the law does not compel "Aryan" householders to evict Jews. That pressure from the Party may be brought to bear upon them to do so is indicated, however, in an article appearing in the *Frankfurter Zeitung* of May 10 which reports that the Reich Ministers of the Interior and of Labor have issued directive regulations to the local authorities that the cell and block leaders of the National Socialist Party are to be asked to assist in drawing up lists of "Aryan" dwellings inhabited by Jews, as well as of the extra rooms in other Jewish houses which might in turn be allotted to these Jews. While asserting that a "community of dwelling" (*Wohngemeinschaft*) is impossible between Jews and "Aryans," the *Frankfurter Zeitung* article denies that the authorities have any intention of building up "undesirable ghetto districts." It points out that Jews are free to make among themselves voluntary arrangements for the leasing of premises.

Inasmuch as no exception is specifically provided, the law apparently applies in principle to foreign Jews. On the other hand, according to the report of the *Frankfurter Zeitung*, the directive regulations issued by the Ministers of the Interior and Labor provide that before issuing a certificate that alternative quarters are available for foreign Jews living in German "Aryan" houses, the local authorities must first consult with the Minister of Labor. The same provision applies also in cases where the local authorities might wish to establish evicted German Jews in the quarters of foreign Jews.

Respectfully yours,

ALEXANDER KIRK

862.4016/2119

*The Consul at Berlin (Geist) to the Secretary of State*

No. 941

BERLIN, June 6, 1939.

[Received June 23.]

SIR: With reference to the Embassy's despatch No. 246 of July 16, 1938, transmitting a series of reports, one of which dealt with the Reich law of July 6, 1938, Excluding Jews From Certain Trades and From Access to Health Resorts,<sup>54</sup> I have the honor to inform the Department that a decree dated May 8, 1939, has now been promulgated which excludes Jews from the travel agency business. Article 2 permits the Reich Minister of Economic Affairs to make exception to

<sup>54</sup> Despatch not printed, but see political report, *Foreign Relations*, 1938, vol. II, p. 336.

the prohibition in individual cases. For the purposes of this decree, the definition of a Jew is that laid down pursuant to the Nuremberg racial legislation of September 15, 1935, namely, a person who has three or more Jewish grandparents or belongs to the Jewish faith.

There are enclosed a copy and a translation of the decree which was promulgated in the *Reichsgesetzblatt*, Part I, No. 88, of May 11, 1939, and which is entitled "Second Decree for the Execution of the Law Relating to the Business of Travel Agencies."<sup>55</sup>

Respectfully yours,

RAYMOND H. GEIST

862.4016/2118 : Telegram

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

BERLIN, June 22, 1939—4 p. m.  
[Received June 22—1:45 p. m.]

537. This morning's Berlin papers carry brief summaries of an order issued yesterday in Prague by the Reich protector which is designed to "Aryanize" the economic life of the protectorate of Bohemia and Moravia and which it is stated will replace miscellaneous provisional measures hitherto taken to eliminate Jewish influence in that region.

This order which enters into effect today provides that Jews, Jewish undertakings or Jewish associations require the express written approval of the Reich protector to have the right of disposal over real property, business partnerships, stocks and bonds and leased properties irrespective of the legal nature of Jewish interests in such matters. For the administration of Jewish businesses the Reich protector may appoint special trustees who shall be responsible to the Reich protector himself and may recall agents or administrators who have already been named for this purpose. In the case of enterprises employing less than one hundred workers or having an annual turnover of less than 3 million crowns, with the exception of banks and insurance companies, the powers of the Reich protector in the above respects may be entrusted to the Oberlandraete.

Jews are required to register with the National Bank by July 31, 1939 their holdings of precious metals and stones, it being stated however that a surrender of these valuables is not envisaged.

Transfers of property made by Jews subsequent of March 17, 1939 are declared to be legally invalid unless approved by the Reich protector or the competent authorities.

Attempts to circumvent the order may be punished by imprisonment up to 10 years as well as by confiscation of the property in

<sup>55</sup> Not printed.

question. Cases of this nature will be dealt with by the German Courts in the protectorate on the basis of the general provision of German law and the German penal code.

The definition of Jews under the order is substantially the same as that set forth in the Nuremberg Racial legislation of 1935, that is "Jews" are persons with three or more full blooded Jewish grandparents or persons with two Jewish grandparents who belong to the Jewish religion or are married to full blooded Jews.

Repeated to London for Pell.<sup>56</sup>

KIRK

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862.4016/2125

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

No. 1043

BERLIN, June 23, 1939.

[Received July 7.]

SIR: I have the honor to inform the Department that according to a report published in the *Deutsche Allgemeine Zeitung* of June 21, the Reich Minister of the Interior, in agreement with the Reich Minister for Popular Enlightenment and Propaganda, has drawn up a set of regulations governing the visits of Jews to German health and bathing resorts.

For the purpose of the regulations, which apparently enter into effect immediately, the definition of Jews is that given in the Reich Citizenship Law of September 15, 1935, that is, in general, "Jews" are persons with three or more full-blooded Jewish grandparents, or persons with two Jewish grandparents who belong to the Jewish religion or are married to full-blooded Jews. The regulations apply to foreign Jews as well as to German Jews, but extraterritorial members of foreign missions, as well as foreign consular career personnel, are exempted from their provisions.

In accordance with the new prescriptions Jews may be admitted to German bathing and health resorts provided they obtain a doctor's certificate that a cure is necessary for their health, and provided further that means are at hand at the particular resort for lodging them in hotels or pensions apart from the other guests. The medical certificate which will be given them by a Jewish doctor must bear the endorsement of a local official health bureau (*Gesundheitsamt*), and as regards the places in which they are to be lodged at any particular resort, care must be taken that no women personnel under 45 years of age are employed in these establishments.

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<sup>56</sup> Robert Pell, Assistant to Director of the Intergovernmental Committee for Refugees.

The officially approved Jew may in general use the arrangements, such as fountains and baths, which are necessary for his cure, although, "out of special regard for the other guests," the local authorities may impose restrictions as to time of use, and so forth. The Jew in question will not, however, be admitted to the other facilities of the resort, such as the garden, sport places, concert hall, restaurant or reading rooms.

An "Aryan" married to a full-blooded Jewess may bring his wife to a health resort if a doctor certifies that her attendance is necessary.

A doctor's certificate entitling a Jew to visit a health resort shall be valid only for the place designated. Upon registering on arrival the Jew will be required voluntarily to state that he is a Jew. The "cure cards" given Jews by the resort authorities will be distinguished by a special color.

Respectfully yours,

ALEXANDER KIRK

840.48 Refugees/1714 : Telegram

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

BERLIN, July 7, 1939—4 p. m.  
[Received July 7—3:46 p. m.]

608. Embassy's telegram No. 305, May 3, 11 a. m.<sup>57</sup> The contemplated legislation outlined in the telegram under reference providing for a central Jewish organization was promulgated today in the form of a law which takes effect immediately. Its application with respect to Austria, however, is being postponed for the meantime.

The law provides that all German and stateless Jews residing in Germany shall be embraced within a "Reich Association of the Jews in Germany" which shall have recognized legal status and competence. The central office will be in Berlin and as its branches the association will employ the local Jewish religious associations (see in this connection Embassy's despatch 74, April 3 [5], 1938<sup>57</sup>). In addition to its primary function to further emigration the association will be responsible for the maintenance of Jewish schools and welfare systems and may undertake further duties assigned to it by the Minister of the Interior who shall approve its constitution and to whom it will be subordinated. The Minister of the Interior shall incorporate within the new Reich association all Jewish organizations and foundations and it is provided that those not incorporated shall be dissolved and their property shall fall to the state.

According to the law Jews may only attend schools operated by the association which shall include schools training for emigration

<sup>57</sup> Not printed.

and the association may draft for these schools former Jewish teachers who were dismissed from the State schools on a pensioned status. The Jewish schools will be considered as private institutions and will be supervised by the Minister of Education.

With respect to the responsibilities of the Association for Jewish welfare work it is provided that it shall "according to the means at its disposal support impoverished Jews to the extent necessary that the public service will not need to intervene".

An editorial in this morning's *Völkischer Beobachter* describes the law as a generous step for the orderly execution of the National Socialist aim of ridding Germany of the last Jew. It envisages that the welfare work of the Association and the assistance it will render to impoverished Jews to emigrate will be financed by membership dues as well as by special levy to be paid by emigrating Jews (see in this connection Embassy's despatch 621, May [*March*] 8, 1938<sup>58</sup>). The editorial states that "Germany is doing everything to make the particular favorites of the democracies as acceptable as possible to them" and asserts that if the latter are not helpful in providing emigration possibilities it is not Germany's fault.

Transmitted to Embassy at London for American representative on International Refugee Committee.

Despatch follows.

KIRK

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840.48 Refugees/1725 : Telegram

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

BERLIN, July 11, 1939—9 a. m.

[Received July 11—8:55 a. m.]

620. My No. 608, July 7, 4 p. m., last sentence of second paragraph. German press reports of law establishing "Reich Association for the Jews in Germany" erroneously stated that the property of the Jewish organizations and foundations which are not to be incorporated in the Association and which are to be dissolved shall fall to the State. According to text of law in *Official Gazette* the property in question shall fall to the new Reich Association.

Transmitted to London for American representative on International Refugee Committee.

KIRK

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<sup>58</sup> Not printed.

862.4016/2125 : Telegram

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

WASHINGTON, July 21, 1939—4 p. m.

308. Your despatch 1043, June 23, 1939. Please address a note to Minister of Foreign Affairs and referring to report published in the *Deutsche Allgemeine Zeitung* concerning proposed regulations imposing restrictions upon Jews visiting health and bathing resorts and add:

I have been instructed by my Government to call attention to its several representations, and particularly to those contained in the Embassy's notes of May 9<sup>59</sup> and December 14, 1938<sup>59a</sup> and January 6, 1939,<sup>60</sup> against the imposition in Germany of discriminations upon American citizens based on race or creed, and to state that the Government of the United States assumes that the discriminatory treatment indicated in the report will not be applied to American nationals of the Jewish race.

HULL

862.4016/2130 : Telegram

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

BERLIN, July 31, 1939—5 p. m.

[Received July 31—12:45 p. m.]

717. Department's 330, July 29, 2 p. m.<sup>61</sup> Regulations imposing restrictions upon Jews visiting health and bathing resorts having been published in the *Reich Ministerial Blatt*, note was presented today at the Foreign Office. Opinion was expressed by Foreign Office spokesman regulations would not affect Americans of Jewish faith who desired to visit German spas as such interference was not the intent of the law. No actual cases of interference have been reported.

KIRK

362.115/443 : Telegram

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

BERLIN, October 23, 1939—6 p. m.

[Received 8:38 p. m.]

1811. Reference Embassy's despatch number 456, November 23, 1938.<sup>61</sup> The following decree signed under date of October 19, 1939,

<sup>59</sup> See telegram No. 63, May 7, 1938, 5 p. m., to the Ambassador in Germany, *Foreign Relations*, 1938, vol. II, p. 369.

<sup>59a</sup> See telegram No. 228, December 10, 1938, 1 p. m., to the Chargé in Germany, *ibid.*, p. 410.

<sup>60</sup> See telegram No. 2, January 6, noon, to the Chargé in Germany, p. 576.

<sup>61</sup> Not printed.

by the Reich Minister for Finance, which is entitled "Second Executory Ordinance Concerning the Expiatory Payment by Jews" and which provides for an increase in the contributions to be collected for this purpose, is contained in a *Reichsgesetzblatt* dated October 21 distributed today.

"On the basis of section 2 of the order of November 12, 1938,<sup>62</sup> concerning an expiatory payment by the Jews the following is herewith decreed.

"1. In order to attain the sum of one billion Reich marks the levy on the property of Jews is raised from 20 to 25 percent of the property.

"2. The differential contribution of 5 percent of the property falls due on November 15, 1939.

"3. Payment is to be made without any special summons."

I learn that in the foreign press conference this evening the official spokesman announced without comment that the above step was being taken because it had proved impossible to collect the stipulated total fine of one billion marks by means of the previous scale of payments.

Repeated to London for Achilles.<sup>63</sup>

KIRK

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**DECLARATION BY THE GERMAN GOVERNMENT THAT INHERITANCE CLAIMS OF AMERICAN CITIZENS TO ESTATES OF PERSONS DECEASED IN GERMANY WILL BE TRANSFERRED TO BENEFICIARIES**<sup>64</sup>

362.113/20584

*Memorandum of Conversation, by the Chief of the Division of European Affairs (Moffat)*

[WASHINGTON,] August 12, 1939.

Participants: Herr Hans Thomsen, German Chargé d'Affaires ad interim

Mr. Pierrepont Moffat, Chief, Division of European Affairs

Mr. Joseph Flack, Division of European Affairs.

Herr Thomsen came in at Mr. Moffat's request to discuss the working of the inheritance transfer proposal as made in the *aide-mémoire* of December 16, 1938.<sup>65</sup> Mr. Moffat referred to the wide publicity which had been given to the German *aide-mémoire* and the hope which had been entertained that it would be helpful in removing a cause of

<sup>62</sup> See telegram No. 621, November 15, 1938, 7 p. m., from the Ambassador in Germany, *Foreign Relations*, 1938, vol. II, p. 399.

<sup>63</sup> Theodore C. Achilles, Third Secretary of Embassy in the United Kingdom.

<sup>64</sup> Continued from *Foreign Relations*, 1938, vol. II, pp. 479-482.

<sup>65</sup> See memorandum by the Acting Secretary of State, December 20, 1938, *ibid.*, p. 479.

irritation and in arresting a vicious circle whereby transfers from one country to the other threatened to be more and more curtailed. Mr. Moffat went on to say that in view of decisions of the German authorities exceptions were being made to the terms of the *aide-mémoire* and detailed these exceptions, adding that out of about 100 cases which had passed through the Embassy at Berlin only five had been satisfactorily settled by transfer, and that our representatives in Berlin also encountered considerable delay in endeavoring to obtain explanations from the Devisenstelle at that place. He added that three American citizens had actually made trips to Germany in the hope that their inheritance credits would be transferred, but these trips had been without result. He went on to say that the interpretation being placed on the German offer in the *aide-mémoire* was causing considerable repercussion in this country, and it was his feeling that unless some corrective action were taken the result would be detrimental rather than beneficial.

Dr. Thomsen took note of the five exceptions to transfer which have been reported as having been made by the Devisenstelle, and said that he would take this matter up with the authorities in Germany with a view to correcting the difficulties mentioned. He intimated that there would be no possibility of obtaining transfer in instances where the inheritance arose prior to American naturalization, or in cases where the inheritance arose prior to the application of German foreign exchange control restrictions in 1931. However, he appeared sympathetic with our point of view that where the inheritance arose prior to 1931 but was not disposable by the beneficiary until after this date transfer should be effected.

In conclusion Mr. Moffat said that general dissatisfaction with the manner in which the terms of the *aide-mémoire* were being carried out would make it necessary for the Department to make some announcement in the press detailing the various circumstances under which transfer could not be effected, unless some corrective action could be taken within a reasonable time by the appropriate German authorities. Herr Thomsen said that he would take this matter up with the Foreign Office at Berlin.

While refraining from citing any individual cases by name, Mr. Moffat took occasion during the conversation to speak of an instance which had just been brought to the attention of the State Department in which an applicant for transfer who had complied with all of the formalities and who had on two occasions supplied evidence of his citizenship had been furnished with a statement for signature in which, if it were signed, the signatory would accept a preferred blocked account for some 34,000 Reichsmarks.



362.113/2056

*The German Chargé (Thomsen) to the Chief of the Division of European Affairs (Moffat)*

WASHINGTON, August 17, 1939.

MY DEAR MR. MOFFAT: Pursuant to our conversation on Saturday, August 12, concerning the transfer of inheritances from Germany to beneficiaries of American citizenship in the United States, I wish to comment briefly on the following points, which were mentioned by you besides the issue involved in principle:

1. As a matter of principle, only such inheritances can be transferred to the United States, to which the claim has arisen after the introduction of foreign exchange control in Germany, i. e. the 4th of August, 1931.

Exceptions, however, will be made in the following two cases:

(a) When and if transfer in instalments had already commenced before August 4, 1931, the full amount of the inheritance not yet transferred shall be transferred in order to prevent a discrimination against the heirs on account of introduction of foreign exchange control in the meantime.

(b) If the beneficiary furnishes proof that the nontransfer of the inheritance prior to the introduction of foreign exchange control was due to circumstances not attributable to him, the inheritance may also be transferred. A case falling within this category exists if the settlement proceedings before the Probate Court were not completed by that time; furthermore, if the provisions of the testator's will precluded the transfer prior to that date. It will, however, be considered as a circumstance attributable to the beneficiary if the transfer of the inheritance was refrained from on the ground that for particular economic conditions (f. i. low prices for real estate) the liquidation of the inheritance was considered as inadvisable at that time.

2. As a rule, the income accruing from the inheritance up to the time of the transfer of the capital shall also be transferred. If the heir decides, however, to leave his property in Germany until further determination on his part (as f. i. in cases in which the inheritance consists of real estate), he will be treated like any other person making an investment in Germany, i. e. the income has to be transmitted to the "Konversionskasse fuer deutsche Auslandsschulden" with the permission of the proper Foreign Exchange Office (Devisenstelle). In cases in which it seems advisable for economic reasons that the inheritance should remain in Germany, exceptions from this rule will be granted both with regard to the future transfer of the capital and with regard to the transfer of the proceeds thereof.

3. The statement made by me on December 16, 1938, under instructions of my Government, comprises only the transfer of estates from Germany to America and vice versa on the basis of reciprocity. Therefore, under the present ruling no inheritance can be transferred to an American national residing in a foreign country other than the United States.

4. I have requested information concerning the transfer of inheritances to such American citizens who were domiciled in Germany at the death of the testator and subsequently took up residence in the United States.

Concerning the more general complaints of American citizens about the methods of transfer of inheritances from Germany to the American beneficiaries, I have acquainted my government with your remarks and conclusions and hope to be able to return to the argument shortly. I may, however, under instructions of my government, suggest that the American Embassy in Berlin furnishes the Auswaertiges Amt as soon as feasible with a complete list of cases in which transfer of inheritances to American citizens was stopped, withheld or denied, including such cases as mentioned above under 1-4.

Believe me [etc.]

H. THOMSEN

362.1143/683

*Memorandum of Conversation, by Mr. Joseph Flack of the Division of European Affairs*

[WASHINGTON,] October 3, 1939.

Dr. Resenberg<sup>66</sup> came in by appointment this morning to continue discussion of the difficulties being encountered in the transfer of inheritance credits. This discussion had been inaugurated on August 12, 1939 with Herr Thomsen, the German Chargé d'Affaires, at which time Dr. Resenberg had already left for New York to take home leave in Germany. Dr. Resenberg explained again that as he had been largely instrumental in inaugurating the procedure of the *aide-mémoire*<sup>66a</sup> he was most anxious that it should function smoothly.

Dr. Resenberg stated categorically that the German Government is continuing to transfer inheritance credits within the purview of the *aide-mémoire* as heretofore, and that the European situation had not altered this practice. He added that the Reichsbank continues to make transfers through its correspondents in the United States, and as far as the German Government has been informed there have been no difficulties in this connection up to the present time.

Dr. Resenberg went on to detail the developments in the situation from January to August 1939 stating that during this period the equivalent of 3¼ million Reichsmarks had been transferred in dollars

<sup>66</sup> First Secretary of the German Embassy.

<sup>66a</sup> Dated December 16, 1938; see memorandum by the Acting Secretary of State, December 20, 1938, *Foreign Relations*, 1938, vol. II, p. 479.

within the purview of the German *aide-mémoire*. He added that during the same period certain cases had been rejected, as follows:

42 cases involving 133,000 Reichsmarks had been rejected because the American citizenship of the applicant had been acquired subsequent to the inheritance.

72 cases involving 1 million Reichsmarks where the inheritance was received prior to August 4, 1931 when German foreign exchange control was introduced.

18 cases involving 31,000 Reichsmarks where the transfer application had been denied for the transfer of rent and interest involving indirect heirs.

In this connection Dr. Resenberg stated that rents and interest were being transferred and would be transferred when such transfer concerned the original heir. In summarizing this situation he said that three quarters of the value of transfer applications had been approved and that the doubtful cases comprised only one quarter of the value involved. He explained that the value setup of these transfers appears as follows:

	<i>January-August 1939</i>
Transfers	3,250,000 Reichsmarks
Rejections	1,164,000 Reichsmarks
Total	<u>4,414,000 Reichsmarks</u>

In discussing the question of transfer in favor of an American citizen who has been a resident of Germany and subsequently returns to the United States for permanent residence, Dr. Resenberg stated that if residence in Germany had brought about the status of a "Devisen Inlander" then transfer can only be made in the event that the beneficiary is able to establish by affidavit the hardship of his case. He said that it was his understanding that if the beneficiary were living in Germany at the time of the inheritance this placed him in the category of a "Devisen Inlander". Dr. Resenberg stated that during his leave he had discussed the transfer question with Dr. Albrecht of the German Foreign Office who has charge of such matters there, and that furthermore since his return the German Embassy in Washington had been informed by the Foreign Office that our Embassy at Berlin had not taken up the transfer question for discussion with the Foreign Office. He went on to say that Dr. Albrecht was very much interested in the transfer matter, and that he would not only be glad to discuss any questions which might arise with a member of the Embassy and to examine any complaints which might be presented, but also to be as helpful as possible. Dr. Resenberg suggested that the Embassy submit periodically to Dr. Albrecht a list of the cases which it felt should properly have been transferred within the purview of the *aide-mémoire*. He suggested that in the

first instance complaints with regard to cases be taken up with the Devisenstelle at Berlin by a consular officer, and that if these were not dealt with satisfactorily they be taken up later in the Foreign Office with Dr. Albrecht. Dr. Resenberg again stressed the fact that both he and the Foreign Office were anxious to have the transfer procedure work as smoothly as possible.

I mentioned to Dr. Resenberg that I had seen in two instances in correspondence which had passed through the State Department references to the racial origin of beneficiaries in communications emanating from the Devisenstelle. I told Dr. Resenberg that I understood that when the *aide-mémoire* of December 16, 1938 was presented by Herr Thomsen to Mr. Welles, Herr Thomsen informed Mr. Welles that questions of race were not to be raised in connection with such transfers. Dr. Resenberg said that he was glad that I had mentioned this point and that he had also noted a similar instance in correspondence which had passed through the German Embassy in Washington, and that he had immediately written to the Foreign Office about this aspect, and that he would again bring it to the attention of the German Foreign Office. He agreed with my interpretation that the question of racial origin was not to be raised in connection with transfers.

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362.113/2056

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

No. 377

WASHINGTON, October 13, 1939.

SIR: Mr. Geist's <sup>67</sup> despatch no. 1129 of July 10, 1939 <sup>68</sup> with reference to the disappointing results of the operation of the procedure envisaged in the German *aide-mémoire* of December 16, 1938 concerning the transfer of inheritance credits has been received and studied along with previous despatches from Mr. Geist on the same subject.

The questions raised in the despatch under reference have received careful consideration, and following an informal and unofficial discussion at the State Department on June 29, 1939 with a member of the German Embassy the German Chargé d'Affaires ad interim was asked to call at the State Department for a formal discussion of the situation. At that time consideration was given to the question of issuing a statement to the press with regard to the unsatisfactory treatment of such transfers. However, this step has been held in abeyance pending further developments and further reports from you concerning the attitude of the German authorities and their future

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<sup>67</sup> Raymond Geist, Consul and First Secretary of Embassy in Germany.

<sup>68</sup> Not printed.

treatment of transfer applications. A copy of a memorandum of the resulting conversation on August 12, 1939 is enclosed,<sup>69</sup> as well as a copy of a letter from Dr. Thomsen to the Chief of the Division of European Affairs dated August 17, 1939<sup>70</sup> and a copy of a memorandum of conversation<sup>71</sup> at the Department of State on October 3, 1939 between Dr. Resenberg, First Secretary of the German Embassy, and an officer of the European Division.

It will be noted from the enclosed material that, while the German Embassy has promised a helpful attitude on the part of the Devisenstelle and the German Foreign Office, the German authorities are not disposed to admit within the purview of the *aide-mémoire* cases in the following categories:

1. Where the inheritance arose prior to the acquisition of American citizenship by naturalization.
2. Where the inheritance arose prior to August 4, 1931, unless legal or testamentary obstacles stood in the way of its distribution prior to that date.
3. Where the beneficiary is not a resident of the United States.
4. Where the beneficiary was a resident of Germany at the time of the inheritance, thus classifying him as a Devisen Inlander according to the German interpretation.

It will be noted from the memorandum of October 3, 1939 that an invitation has been extended to the Embassy to discuss transfer matters under the *aide-mémoire* with Dr. Albrecht, the competent official for such matters in the German Foreign Office, and it is accordingly suggested that an early opportunity be arranged to discuss with Dr. Albrecht the general question of transfers under the *aide-mémoire* from the standpoint of the rejected cases mentioned in the despatch under reference which have not already been favorably reconsidered, as was the case of Mrs. Diamant, reported in Mr. Geist's despatch no. 1175 of July 19, 1939,<sup>72</sup> and such other rejected cases as may be of record in your own office or in consular offices in Germany outside of Berlin. This Department has from time to time in the past transmitted to the Embassy for resubmission to the Devisenstelle certain cases which had been rejected but which appeared to fall within the purview of the *aide-mémoire*, and it will continue this practice when such cases are brought to its attention in the future.

In your discussion with Dr. Albrecht you are requested to inquire whether the apparently rare cases in which the beneficiary is not a resident of the United States may be disposed of within the purview of the *aide-mémoire*. The case of Mrs. Eugenia Pauline Maas, a resident of France, is an illustration of the foregoing.

<sup>69</sup> *Ante*, p. 592.

<sup>70</sup> *Ante*, p. 594.

<sup>71</sup> *Supra*.

<sup>72</sup> Not printed.

Dr. Albrecht's attention should also be invited to the practice noted in some instances of suggesting to applicants for transfer that they accept the amount due for transfer in a blocked Reichsmark account in Germany instead of receiving full transfer as provided for in the *aide-mémoire* of December 16, 1938.

It is thought that you will find it helpful to submit periodically, perhaps every quarter year, a list of all rejected cases for Dr. Albrecht's consideration and to discuss with him, when necessary, questions relative to the general functioning of the transfer arrangements within the purview of the *aide-mémoire*, keeping the State Department currently informed by despatch as heretofore of developments and tendencies revealed by the attitude of the German authorities as well as by the actual treatment of transfer applications so far as this information may be available to you.

Very truly yours,

For the Secretary of State:  
G. S. MESSERSMITH

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[Further discussions with the German Government on this subject concerned the application of the German *aide-mémoire* of December 16, 1938, to individual cases. After the outbreak of war between the United States and Germany, the American Government through the Swiss Government requested information of the German Government as to whether the rights of American citizens to inherit estates in Germany had been abrogated or modified. The German Foreign Office stated in note of June 13, 1942, to the Swiss Legation in Germany that (translation):

"The right of American citizens to inherit property in Germany, including bequests in wills, is neither abrogated nor limited. Limitations in the disposition of property, which is inherited, are made in the decree of January 15, 1940, regarding the treatment of enemy property (German Official Gazette I. S. 191) in connection with the decree of April 9, 1941 (German Official Gazette I. S. 171)."]

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**REPRESENTATIONS BY THE GERMAN GOVERNMENT REGARDING PROCEEDINGS BEFORE THE MIXED CLAIMS COMMISSION, UNITED STATES AND GERMANY<sup>28</sup>**

[For correspondence concerning retirement of the German Commissioner from the Commission and subsequent work of the Commission, see Mixed Claims Commission, United States and Germany, *Opinions and Decisions in the Sabotage Claims handed down June 15, 1939, and October 30, 1939 and Appendix* (Washington, Government Printing Office, 1940).]

<sup>28</sup> For previous correspondence respecting claims of the United States against Germany, see *Foreign Relations*, 1937, vol. II, pp. 348 ff.

**CLOSING BY GERMANY OF THE NEW YORK OFFICE OF THE GERMAN  
STUDENT EXCHANGE AGENCY AT THE REQUEST OF THE AMERICAN  
GOVERNMENT**

800.01B11 Registration German University Service/12

*The Adviser on Political Relations (Dunn) to the Acting Secretary  
of State*

[WASHINGTON,] January 9, 1939.

MR. WELLES: Pursuant to your direction, I had Dr. Thomsen, the Chargé d'Affaires of the German Embassy, come in to see me this morning. I read to him the portion of a circular letter written by Dr. Rettig, Director of the New York Office of the German Student Exchange Agency to the "German exchange students, 1938-39 in the United States and Canada" which requests of German exchange students reports regarding the political point of view obtaining in the respective colleges they are attending and the political and financial influences behind that college or university which influence its attitude.

I told the German Chargé d'Affaires that even before a copy of this circular letter had come to our attention, we had felt that there was no need for the maintenance in this country of a special office for the exchange of students between American and German universities. I pointed out that he was no doubt aware of the existence of the Institute of International Education, which was the principal organization directing the arrangements for the exchange of students between American universities and those of all foreign countries, that the Institute of International Education was a private American organization supported by private funds, and had no relationship whatever with the American Government. I further stated that it was our feeling that the exchange of students in general must be carried on on a private basis.

I then referred to the parts of Dr. Rettig's circular letter which called for political reports from the German exchange students now in this country. I told Dr. Thomsen that this was something that of course no country would tolerate, and, as far as this Government was concerned, directly contravened existing laws.

I said that as a result of this information which had come to us regarding the activities of Dr. Rettig in the political sphere, it became incumbent upon this Government to take proceedings against him for violating our Statutes. I said that I wished him thoroughly to understand that our bringing up the matter with the German Embassy was for the purpose of suggesting that Dr. Rettig's office be closed, and that the German organization for the exchange of students with Germany be withdrawn from this country. I further said that if the office were closed and the representation withdrawn promptly, the

necessity for initiating proceedings against Dr. Rettig would be avoided, with its attendant publicity.

Dr. Thomsen said that he agreed with me entirely in the position we took, that an office of this kind could not be permitted to indulge in political activities. He said that by issuing the circular letter, a copy of which I had permitted Dr. Thomsen to read, Dr. Rettig had entirely removed himself from the possibility of having the Embassy extend to him any assistance or protection. Dr. Thomsen went on to say that the German Embassy here had never been in favor of the establishment of Dr. Rettig's office and activities, as they felt arrangements for the exchange of students with Germany were amply provided for by the Institute of International Education, of which Dr. Duggan is the head. He said that he would report our conversation immediately to his Government, and took some notes of the pertinent portions of Dr. Rettig's letter for the purpose of writing up the cable report on the subject.

Dr. Thomsen then asked whether I would consider it appropriate to tell him whether the existence of this letter was very widely known. I said that as far as we were concerned, it had come into our hands through confidential channels, that we had every intention of guarding its confidential character until the German Government had had an opportunity to withdraw the office, but that of course if it became necessary to take proceedings against Dr. Rettig, the letter would necessarily become public. Dr. Thomsen then asked if we would be good enough to give him the time necessary to take the matter up with the German Foreign Office by cable and to have arrangements made for the closing of the office and the withdrawal of Dr. Rettig. I said that we naturally would give them the time necessary to make those arrangements, but that I felt I should point out the possibility of Dr. Rettig's activities, as set forth in this circular letter, becoming public through other sources and the possibility of these activities being reported in the press. As far as we were concerned, we thought it advisable to avoid such publicity, and the German Government might also realize the necessity for prompt action if publicity were to be avoided.

JAMES CLEMENT DUNN

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811.42762/106

*Memorandum by the Adviser on Political Relations (Dunn)*

[WASHINGTON,] January 16, 1939.

Referring to my conversation of January 9, 1939, with the German Chargé d'Affaires, Dr. Thomsen telephoned me this morning to say



that he had taken up with his Government the matter of the activities of Dr. Rettig, Director of the New York Office of the German Student Exchange Agency, and had now received word from the German Foreign Office that this office is to be abolished. Dr. Thomsen said that he had been authorized to take the necessary steps to notify Dr. Rettig of the closing of the New York Office of this Agency, and to give Dr. Rettig and his staff four weeks in which to effect the closing of the office and the withdrawal from this country of the Director and members of the staff.

JAMES CLEMENT DUNN

## GREECE

### WILLINGNESS OF THE UNITED STATES TO INSTITUTE TRADE AGREEMENT DISCUSSIONS WITH GREECE

611.6831/235a

*The Secretary of State to the Minister in Greece (MacVeagh)*

No. 622

WASHINGTON, September 28, 1939.

SIR: Reference is made to your conversations with various officers of the Department, held during your recent visit to the Department, regarding the possibility of undertaking trade-agreement negotiations between the United States and Greece.

This subject has been given careful consideration by the interdepartmental trade-agreements organization and, on the basis of a report dated June 8, 1939,<sup>1</sup> prepared by the Subcommittee on Greece, it is thought that a basis may exist for the negotiation of a trade agreement between the United States and Greece. Copies of this report and the two supplements thereto are enclosed for the Legation's strictly confidential information.

As indicated in the aforementioned report of the Subcommittee on Greece, it appears possible that concessions could be made on a fairly large number of commodities of mutual interest to both countries. Although reciprocal concessions by Greece and the United States may not be expected to result in any large expansion of the total trade between the two countries, it would nevertheless appear desirable to broaden and consolidate the existing provisional commercial arrangement in so far as possible, now that Greece has undertaken formally to grant American trade equality of treatment in respect of all forms of trade and payments control.

The Department would of course prefer that the initiative in any discussion of the possibility of undertaking the negotiation of a trade agreement be taken by the Greek Government. In a conversation with an officer of the Department regarding the allegation of the Greek Government that the reduction in duty on dried figs contained in the trade agreement recently concluded between the United States and Turkey<sup>2</sup> was discriminatory against Greece, the Minister-Counselor of the Greek Legation stated that he would advise his Government to

<sup>1</sup> Not found in Department files.

<sup>2</sup> Department of State Executive Agreement Series No. 163, or 54 Stat. 1870.

consider the possibility of requesting trade-agreement negotiations with the United States (see memorandum of conversation of June 2, 1939 enclosed with Department's Instruction no. 592, July 10, 1939).<sup>3</sup> It is therefore possible that such initiative may be taken in the near future by the Greek Government. However, if by the date of your receipt of this instruction the question of the possibility of undertaking trade-agreement negotiations has not been raised with you by the competent Greek authorities, and if you perceive no objection because of the present situation in Europe or otherwise, the Department desires that you seek an early opportunity to discuss this matter with the appropriate Greek authorities with a view to ascertaining the attitude of the Greek Government relative to the negotiation of a trade agreement.

If the Greek Government evinces an interest in undertaking the negotiation of a trade agreement, you should point out that the Trade Agreements Act,<sup>4</sup> under the authority of which the trade agreements negotiated by this Government are concluded, requires that public notice of intention to negotiate a trade agreement must be given in the United States before definitive negotiations may be undertaken. (The practice of issuing a preliminary announcement that negotiations are contemplated has been discontinued.) In order to avoid, so far as possible, delays in the progress of negotiations, it is the usual practice of this Government, before giving the required public notice, to reach an understanding with the other Government as to the principles and objectives on the basis of which it is expected that negotiations will take place. As the purpose of this public notice is to provide an opportunity for interested persons in the United States to present information and views, you should state that prior to the receipt and careful study of such information and views any conversations between the two Governments in regard to the tariff treatment of particular products are necessarily tentative. You should emphasize that it is essential to avoid publicity in regard to preliminary discussions which might or might not lead to public notice of intention to negotiate a trade agreement.

You should inform the Greek Government that, since the commercial policy of the United States is based upon the principle of equality of treatment, it is customary to include, in the trade agreements which are concluded between the United States and other countries, general

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<sup>3</sup>Neither printed. The Greek contention was that the concession on figs valued at more than 7 cents a pound would injure the trade in Greek figs, which were valued below 7 cents. The Department in an *aide-mémoire* of June 28 to the Greek Legation pointed out that the concession to Turkey was in return for Turkish concessions and expressed the belief that it was doubtful whether the market for Greek figs would be affected. (611.683/23, 24)

<sup>4</sup>Approved June 12, 1934; 48 Stat. 943.

provisions designed to carry out this principle, as well as to safeguard the reciprocal concessions. In view of the fact that the *modus vivendi* between the United States and Greece which became effective January 1, 1939,<sup>5</sup> contains reciprocal assurances of non-discriminatory treatment with respect to all forms of trade and payments control, the Department assumes that there would be no difficulty in incorporating essentially similar provisions in the general provisions of a trade agreement.

You should also state that an important object of the proposed trade agreement between the United States and Greece would be to increase the trade in both directions between the two countries. With this end in view, it is contemplated that in respect of products of which each country is the principal or an important source of the other country's imports the proposed agreement would include schedules of reciprocal reductions of existing high import charges, as well as the binding in other cases of existing customs treatment. In view of the existing system of quantitative restrictions upon imports into Greece, this Government would also expect to obtain in the agreement specific minimum quota assurances with respect to certain products of important interest to the United States.

There are enclosed two copies of a proposed draft of general provisions for inclusion in a possible trade agreement between the United States and Greece. If the Greek Government expresses an interest in undertaking the negotiation of a trade agreement, you are requested to transmit to the competent Greek authorities a copy of this proposed draft of general provisions, together with a copy of the enclosed explanatory comments.<sup>6</sup>

Should the Greek Government express its readiness to negotiate a trade agreement on the basis of the enclosed draft general provisions, and to give consideration, during the course of the negotiations, to such requests as this Government may make for reductions in the total import charges imposed by Greece on articles of which the United States is an important supplier of Greek imports, as well as to requests for specific minimum quota assurances on such articles, you should inform the appropriate Greek officials that this Government is prepared to give immediate consideration to the possibility of issuing a public notice of intention to negotiate a trade agreement with Greece. In this connection you should state that it is the practice of this Government to publish, along with the required public notice of intention to negotiate, a list of the products in respect of which the Government of the United States will consider

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<sup>5</sup> Provisional Commercial Agreement, signed at Athens, November 15, 1938. See Department of State Executive Agreement Series No. 137, or 53 Stat. 2046.

<sup>6</sup> Neither printed.

granting concessions to the other government concerned in the proposed negotiations; and that therefore we would appreciate receiving a list of articles with respect to which the Greek Government would expect to receive tariff concessions, it being understood that this Government is not in general in a position to grant concessions to Greece on articles of which Greece is not the principal or an important supplier of imports into the United States. You should point out that, while there is no necessity for the Greek Government to indicate at this stage the exact nature of the concessions to be requested, the list should be comprehensive for the reason that it will be difficult to consider any articles not contained in the published list. The list submitted by the Greek Government should include both the United States tariff-paragraph number and a description of each article, the description conforming as closely as possible to the United States tariff nomenclature.

You should also emphasize that, since the purpose of the required public notice of intention to negotiate a trade agreement is, as stated above, to provide an opportunity for interested persons to present their views relative to the proposed agreement, it is of course not possible for this Government to undertake any commitment in regard to the products which might be included in the proposed agreement with Greece, or the extent of the concessions which might be granted on such products, before the views of interested persons are received and appropriate consideration given to them. You should also point out that, under the authority of the Trade Agreements Act, the President of the United States may not modify any existing rate of duty by more than 50 percent and may not transfer any article between the dutiable and free lists.

Upon receipt of information that the Greek Government is desirous of undertaking the negotiation of a trade agreement, the interdepartmental trade-agreements organization is prepared to proceed as rapidly as possible with the preparation of a preliminary list of articles of which the United States is in general the principal or an important supplier of Greek imports and which it desires to have considered in the negotiations for tariff concessions or quota assurances by Greece. You may inform the Greek authorities that the Department will be glad to transmit to them a list of such articles as soon as possible, it being understood that the list would be subject to modification in the light of information from the trade which may be received following public notice of intention to negotiate and the public hearings held pursuant to the terms of such announcement. In this connection, you should inform the Greek authorities that while the United States does not publish a list of products on which concessions may be requested from the other Government in trade-

agreement negotiations, nevertheless the public announcement gives interested persons an opportunity to submit their views regarding such products in writing or orally at the public hearings.

There are enclosed herewith three copies of the Department's press release no. 330 of August 16, 1939<sup>7</sup> containing the formal notice of intention to negotiate a new trade agreement with Belgium, which you may wish to bring to the attention of the Greek authorities as illustrative of our trade-agreements procedure.

The publication of this Government's formal notice of intention to negotiate a trade agreement, together with the publication of the list of products under consideration for the granting of concessions to the other country, is customarily followed by a period of about six weeks during which interested persons in the United States may submit their views in writing with respect to the proposed negotiations, which in turn is followed by public hearings at the end of a further week or ten days. After an additional brief period for the study of the information thus received, this Government is then in a position to proceed with definitive negotiations.

With reference to the possibility of this Government's granting a tariff concession on figs in a possible trade agreement with Greece, the interdepartmental Committee on Trade Agreements is strongly opposed to any such concession, for the reasons stated in the report of the Subcommittee on Greece of July 26, 1939<sup>8</sup> enclosed herewith. However, for your confidential information at this time, the Committee has approved a proposal to inform the Greek Government, if it is disposed favorably to enter into trade-agreement negotiations on the basis outlined above, but insists upon a tariff concession on dried figs in the agreement, that the Committee would be prepared to include dried figs in the list of products to be published along with the formal notice of intention to negotiate a trade agreement with Greece and therefore to give active consideration to the granting of some concession on this item, the exact nature of any concession to be determined after further investigation and in the light of information obtained from interested persons following the public announcement of intention to negotiate a trade agreement with Greece. Therefore, if the question of a concession on dried figs should be raised specifically by the Greek authorities, you should inform them that this Government, having reduced the duty on figs under the trade agreement with Turkey, is not disposed to consider granting any further concession on this product, and you should endeavor to obtain their assent to the exclusion of dried figs from the list of products

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<sup>7</sup> Department of State *Bulletin*, August 19, 1939, p. 135.

<sup>8</sup> Not found in Department files.

to be considered in the negotiations. If the Greek authorities should continue to insist upon a concession on dried figs, you should merely state at this time that you will be glad to transmit their request for such a concession to your Government along with their other proposals regarding a basis for undertaking trade-agreement negotiations.

Please keep the Department informed briefly by telegraph of any important developments in connection with these matters.

Very truly yours,

For the Secretary of State:  
HENRY F. GRADY

611.6831/236 : Telegram

*The Minister in Greece (MacVeagh) to the Secretary of State*

ATHENS, November 1, 1939—4 p. m.  
[Received November 1—2:25 p. m.]

230. Department's instruction No. 622, September 28. I saw the Minister of National Economy confidentially this morning and he not only agreed that a trade agreement with the United States would be "good for Greece" but asked me to request the Department's instructions preparatory to an early exchange of more detailed views. On learning that I already possess such instructions he said that he needs some time to dispose of pressing local problems due to war conditions but will get in touch with me as soon as conversations become feasible, possibly in a month's time.

MACVEAGH

611.6831/239 : Telegram

*The Minister in Greece (MacVeagh) to the Secretary of State*

ATHENS, December 7, 1939—4 p. m.  
[Received December 7—1:17 p. m.]

268. My telegram No. 230, November 1, 4 p. m. The Minister of National Economy has requested a postponement of further conversations until early in January on the ground that the continuing chaotic condition of Greek foreign trade precludes the present consideration of long term agreements. His attitude may be understood partly in connection with the Allied blockade of German exports which has caused the Greek authorities great alarm and is even occupying the attention of the Foreign Office and the Premier.

MACVEAGH

REPRESENTATIONS BY THE UNITED STATES AGAINST GREEK EMERGENCY LAW REQUIRING CONVERSION OF THE EARNINGS OF FOREIGN RESIDENTS INTO GREEK CURRENCY

868.5151/262 : Telegram

*The Minister in Greece (MacVeagh) to the Secretary of State*

ATHENS, May 26, 1939—3 p. m.  
[Received May 26—10:22 a. m.]

93. A recent Greek decree requires all foreigners established here to convert into drachmas their entire earnings from business done or services rendered in Greece. See the last paragraph of my despatch number 3042 of May 15.<sup>9</sup> Although the Minister of Finance promises benevolent enforcement he indicates that exceptional treatment will be granted only upon individual application, the decision resting with the Greek authorities as to who should be considered "established" and how badly he needs his money at home. The British and French Legations have urgently requested instructions from their respective Foreign Offices and in the event that protests are made to the Greek Government the Department may wish to authorize me to take parallel action.

MACVEAGH

868.5151/262 : Telegram

*The Secretary of State to the Minister in Greece (MacVeagh)*

WASHINGTON, June 5, 1939—6 p. m.

108. Your 93, May 26, 3 p. m. Requirement of conversion of earnings of foreign residents into the currency of the country is a measure so destructive of the mutual advantages of residence and establishment rights that even in the few countries where it may exist in principle, it has been substantially abrogated in practice, at least in application to Americans, by the liberal granting of exceptions. Vis-à-vis the United States, which is the greatest supplier of free exchange to Greece, the requirement lacks any equitable basis of reciprocity. You may in your discretion act on parallel lines with your colleagues in any reasonable protest, or make vigorous separate representations, emphasizing also the practical objections.

HULL

<sup>9</sup> Not printed.



868.5151/264

*The Minister in Greece (MacVeagh) to the Secretary of State*

No. 3101

ATHENS, June 8, 1939.

[Received June 27.]

SIR: In reference to my telegram No. 93 of May 26, and the Department's telegraphic reply, No. 108 of June 5, 1939, concerning the obligation recently placed upon foreign residents in Greece to convert their earnings into drachmas, I have the honor to report that I saw Mr. Mavroudis, the Under Minister for Foreign Affairs, this morning, and placed the matter before him in the manner indicated by the Department. On leaving, I handed him the enclosed *Aide-Mémoire*.

Mr. Mavroudis appeared to understand and sympathize with the attitude expressed, and promised to bring the *Aide-Mémoire* promptly to the attention of the Minister of Finance and other responsible authorities. He expressed doubt as to whether the law could be amended, but thought that some way could be found to accommodate our point of view.

I am informing my colleagues here of my action and believe that it will soon be supported by similar representations on their part. But in view of the urgency of the matter, and the Department's permission to act separately, it seemed best not to risk the possible delays attendant on strictly parallel action.

Respectfully yours,

LINCOLN MACVEAGH

[Enclosure]

*The American Minister (MacVeagh) to the Greek Permanent Under Secretary of State for Foreign Affairs (Mavroudis)*

## AIDE-MÉMOIRE

The American Minister had the honor of being received today by His Excellency Mr. Nicholas Mavroudis, Permanent Under Secretary of State for Foreign Affairs, and of bringing to His Excellency's attention Article 12 of Greek Emergency Law No. 1704, published in the Government *Gazette* (Volume I, No. 149) of April 14, 1939, the text of which reads as follows:

"Any person established in Greece, who receives any payments, commissions, or other profits in Greece, or other profits in foreign exchange by reason of business done in Greece, or any remuneration in foreign exchange for services rendered in Greece to persons established abroad, or as rental for buildings, must sell the foreign exchange in question to an authorized bank within three months after its receipt."

Mr. MacVeagh said that informal inquiries with regard to this article of Law 1704 had failed to disclose any indication that it was

not to be taken literally, or that it would not be applied, among others, to American citizens, though exemption might be made in exceptional cases on personal application. He had accordingly been instructed to say that, in the opinion of the American Government, the requirement of conversion of the earnings of foreign residents into the currency of the country is a measure destructive of the mutual advantages of residence and establishment rights, and that, when applied by Greece to the United States, which is the largest supplier of free exchange to Greece, it lacks any equitable basis of reciprocity.

Regarding the practical aspects of the matter, Mr. MacVeagh pointed out that the comparatively few American citizens who are paid by concerns in the United States but work in Greece, principally with the tobacco companies, the Standard Oil Company, or in the American-supported schools, even though they may remain here for a considerable period of time, depend on the United States for their livelihood and must eventually return there where the interests of themselves and their families lie. While in this country, they need only enough drachmas to cover their actual living expenses and similar expenditures, whereas they need dollars in the United States to pay for leaves of absence spent there, for insurance, for the education of their children, and the like, and as savings, which would be useless to them in drachmas. Investigation of individual cases with a view to making just exemptions could only result in the uniform establishment of the above facts, and yet would entail great inconvenience to all concerned, including the authorities themselves.

Mr. MacVeagh added that he hardly felt it necessary to remind His Excellency that Greece receives millions of dollars annually from the United States, remitted without restraint or control on the part of the American authorities by Greek subjects and even by American citizens of Greek origin residing and working there.

Mr. MacVeagh said that he felt confident that the competent Hellenic authorities would accord this matter a considerate reexamination, in the light of the foregoing, and expressed the hope that His Excellency would be able to give the Legation an early and favorable reply for transmission to its Government.

ATHENS, June 8, 1939.

868.5151/265

*The Chargé in Greece (Reed) to the Secretary of State*

No. 3232

ATHENS, July 20, 1939.

[Received August 8.]

SIR: Following the Legation's despatch No. 3101 of June 8, 1939, concerning the obligation recently placed upon foreign residents in

Greece to convert their earnings into drachmas, I have the honor to transmit herewith a copy and translation of a Note on this subject received from the Greek Foreign Office (No. 16127 dated July 5, 1939) and a copy of the Legation's reply thereto (Note No. 169/69 of July 8, 1939).<sup>10</sup>

The Foreign Office stated that "the competent Hellenic authorities, in order to be in a position to examine the question benevolently, would find it valuable to know the concrete cases of American citizens affected by the provisions of Article 12 of the law" in question.

It seemed very undesirable, if not actually frustrative of the purpose of our original representations, that this question should thus be returned to the basis of an examination of individual cases, particularly since we had previously understood informally from the Ministry of Finance that individual exemptions might be allowed, anyway. Furthermore, the Legation did not seem to be in a position to make the detailed examination of the affairs of individual Americans which the compilation of such a list would have involved, nor indeed to undertake the responsibility for such a list, which could hardly have been entirely accurate and which would have been subject to constant change. Consequently, I believe that the Department will agree that in my reply I have correctly interpreted the spirit and intent—though I have not used the exact phraseology—of the Department's telegraphic instruction No. 108 of June 5, 1939, in reiterating the opinion that a general exemption should be accorded.

There has as yet been no further communication on the subject from the Greek authorities. Meanwhile, although the provisions of Article 12 came into effect as of July 18th, I am advising American residents who inquire that they should not change their earnings into drachmas for the present, and that the Legation will be prepared to assist any individuals who may be approached by the Greek authorities.

I should add that the British Legation has not yet received instructions to take this matter up officially, and has so far limited its action to informal conversations with the Ministry of Finance, while the French Legation has taken it up in the form of an inquiry to the Greek Office as to the intent and application of the law.

Respectfully yours,

LESLIE E. REED

868.5151/269

*The Minister in Greece (MacVeagh) to the Secretary of State*

No. 3333

ATHENS, August 21, 1939.

[Received September 8.]

SIR: Following the Legation's despatch No. 3232 of July 20, 1939, concerning the obligation recently placed upon foreign residents in

<sup>10</sup> Neither printed.

Greece to convert their earnings into drachmas, I have the honor to transmit herewith for the Department's consideration a copy and translation of a Note on this subject No. 18925, of August 17, 1939,<sup>11</sup> which has just been received from the Greek Foreign Office.

The Foreign Office states that the Greek monetary laws give sufficient power to the Greek authorities to grant foreign exchange to an American national for "the support of his family, the education of his children, and his insurance premiums", and gives assurance that applications for foreign exchange for "these needs" will be approved. "Since the interests of American nationals will thus be fully satisfied fundamentally, it hopes that the Government of the United States will agree with the Greek Government in recognizing that it is not necessary to consider a general legislative measure . . ." <sup>12</sup>

The Department will appreciate that the Foreign Office's words in fact constitute a refusal to grant a general exemption from the law in question in favor of American citizens, and that the three needs enumerated in the Foreign Office's note do not include the items "vacation" and "savings" mentioned in my original *Aide-Mémoire* and the Legation's subsequent Note (No. 169 of July 8, 1939 <sup>11</sup>). Consequently, I am informing the Foreign Office that its reply is being forwarded to Washington and requesting that the Greek authorities be good enough to suspend the application of the law to American citizens residing and working in this country pending the receipt of my Government's instructions.

Respectfully yours,

LINCOLN MACVEAGH

868.5151/269

*The Secretary of State to the Minister in Greece (MacVeagh)*

No. 628

WASHINGTON, October 18, 1939.

SIR: The Department has given consideration to the circumstances discussed in your despatch No. 3333 of August 21, 1939, regarding the required conversion of earnings of foreigners into Greek currency, under the provisions of Article 12 of Emergency Law No. 1704, which you state went into effect on July 18, 1939.

It is observed that the Greek Foreign Office in its note No. 18925 of August 17, 1939,<sup>11</sup> states that the Greek authorities have ample power under the Law to satisfy any requests of American nationals for the granting of foreign exchange and will take all necessary measures to insure that the requests of American nationals, with respect to certain

<sup>11</sup> Not printed.

<sup>12</sup> Omission indicated in the original despatch.

specific needs, will be granted. The Foreign Office expresses the opinion that American nationals will thus be satisfied fundamentally, and that a change in the Law (exempting Americans from the operation thereof) would not in fact improve the situation of American citizens.

The Greek Government's assurances that requests of American residents for foreign exchange to cover a specified list of needs will be approved is not a satisfactory solution of the problem. Aside from the fact that the Foreign Office did not specify all of the needs for foreign exchange mentioned in the Legation's note to the Foreign Office of July 8, 1939,<sup>18</sup> it would obviously be impossible to set forth in any list all of the specific needs for foreign exchange which might arise. Furthermore, to require Americans to make specific requests for foreign exchange in each instance would entail delay and mutual annoyance. You were correct therefore in not accepting the Greek Government's reply as a satisfactory solution.

The Department understands from your reports that Article 12 of the Law requires the transfer to Greece and the conversion into drachmas of all foreign exchange derived from business done in Greece or from remuneration for services rendered in Greece including any part of such revenue or remuneration which might, except for Article 12, have been held or deposited in the United States. It is not clear, however, how it is proposed to enforce this law or what penalties are provided in case of violation. In view of the conciliatory tone of the Foreign Office's note of August 17, it seems probable that no endeavor will be made in actual practice to require American residents in Greece to transfer to Greece their entire earnings resulting from services rendered in Greece, and the Legation may consider it desirable not to discuss the matter with the Greek authorities until an actual case arises requiring representations by the Legation.

Should such a case arise, the Legation is requested to report the facts to the Department by telegraph and to await the Department's instructions before taking the matter up with the Greek authorities.

In connection with the subject of Greek exchange regulations, the Department desires to learn whether the Greek authorities are attempting, by virtue of Article 12 or any other exchange measure, to limit the control by American residents in Greece over their funds held outside Greece. For instance, are American citizens in Greece who have funds in the United States required to obtain the permission of the Greek authorities to send out of Greece through the mails dollar checks which they draw on their American banks?

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<sup>18</sup>Not printed.

Furthermore, the Department would be glad to learn whether American residents in Greece who happen to receive dollar checks in Greece are required to convert these checks into drachmas, or whether they may mail the checks abroad without conversion.

If the Greek regulations do not permit Americans to mail from Greece negotiable instruments drawn on banks outside Greece and calling for payment in foreign exchange, by what means and to what extent has an effort been made to enforce these regulations?

Very truly yours,

For the Secretary of State:  
R. WALTON MOORE

868.5151/272

*The Minister in Greece (MacVeagh) to the Secretary of State*

No. 3569

ATHENS, November 20, 1939.

[Received December 14.]

SIR: Pursuant to the suggestions made in the Department's instruction No. 628 of October 18, 1939, commenting on my despatch No. 3333 of August 21, 1939, I have the honor to report as follows regarding the operation of the Greek foreign exchange restrictions as affecting funds in the United States belonging to American citizens residing in Greece:

In reply to the Department's question as to whether the Greek authorities are attempting, by virtue of Article 12 of Emergency Law No. 1704, effective July 18, 1939, or any other exchange measure, to limit the control by American residents in Greece over their funds held outside Greece, it may be said that the Greek authorities do in fact attempt to exercise a control over actual remittances, through the operation of the censorship. Thus, taking the example suggested by the Department, letters placed in the Greek mails, if containing checks on foreign banks, are returned by the censor to the sender, or, more frequently, are sent to the Bank of Greece for its examination.

The authorities explain that this practice is designed primarily to extend control over the businesses or foreign income of Greeks, or of persons of foreign nationality permanently domiciled in Greece, and that the censorship, which is not competent to pass on the legality of these transactions, in effect merely redirects all remittances to the attention of the Bank of Greece, for rulings in the individual cases. So far as the Legation has been able to learn, the Bank of Greece interposes no objection in the matter of a foreigner's disposition of his funds outside the country, unless representing income earned in Greece, and the Bank officials usually suggest to persons desiring to

send out of Greece checks drawn on foreign banks that they bring their letters to the bank for sealing, in order to pass the censor. The Legation has learned of no case in which an American has been refused permission to dispose of his funds, if not representing earnings in Greece, as he pleases.

As regards dollar checks received through the mails by American residents in Greece, the practice has been to require that they should be converted into drachmas. Here again it is the censorship which detects the arrival of the checks and presumably apprises the Bank of Greece of the fact. The recipient, if a foreigner, may, however, apply to the bank for permission to mail the check abroad without conversion. Bank officials state that this permission is regularly granted, unless it is evident that the remittance represents earnings in Greece.

The Legation is not sure that the conciliatory tone of the Foreign Office's note of August 17, commented on in the fourth paragraph of the Department's instruction under acknowledgment, may be taken as more than an assurance that careful consideration will be given to individual applications of American residents in Greece who wish to dispose abroad of part of their earnings resulting from services rendered in Greece. On the contrary, the Bank of Greece still expects that the amounts representing the earnings in Greece of Americans residing here should be subject to the exchange control, and Article 14 of the law provides penalties of fine and imprisonment in case of violation. Nevertheless, the bank has been willing, up to the present time, to allocate foreign exchange for retransfer abroad, upon the individual application of Americans whose earnings have been placed under this control. These applications must set forth the purpose for which the remittance is desired. Thus far a formal and general approval has been assured only for such purposes as "the support of a family, the education of children, and the payment of insurance premiums".

The general question of exchange control as affecting American residents thus remains in the indeterminate stage reported in my despatch No. 3333 of August 21.

Since the receipt of the Department's instruction no case has arisen requiring representations by the Legation. Should such a case be brought before the Legation, the facts will be reported to the Department by telegraph before discussing the matter with the Greek authorities.

Respectfully yours,

LINCOLN MACVEAGH

## HUNGARY

### INFORMAL REPRESENTATIONS TO THE HUNGARIAN GOVERNMENT WITH RESPECT TO DISCRIMINATION AGAINST JEWISH MANAGERS IN HUNGARY FOR AMERICAN MOTION PICTURE PRODUCERS

864.4061 Motion Pictures/68: Telegram

*The Secretary of State to the Minister in Hungary (Montgomery)*

WASHINGTON, February 9, 1939—6 p. m.

23. Department informed by Hays<sup>1</sup> organization that a Film Chamber organized in Hungary about a month ago similar to the German Film Chamber prescribes in one of its regulations that "anyone who desires to head a distributing organization must be a member of the Film Chamber and only a certain small percentage of members of the Film Chamber may be non-Aryans".

The Hays organization states further that distributors who are not members of the Film Chamber will not be allowed to do business after February 1; that the small quota percentage of non-Aryans has been filled by enrollment of Jewish stenographers, et cetera; and that the Metro manager who applied for membership was refused on the ground that the Jewish quota was filled.

In our relations with other governments we have emphatically rejected the right of foreign nations to apply on their part laws, decrees, or regulations which would have the effect of arbitrarily dividing American nationals into special classes based on race or religion and subjecting them to differential treatment on the basis of such classification.

Please investigate the alleged situation of the Metro and other distributors for companies of American nationality, and if the facts are as indicated you should make prompt informal and energetic protest to the appropriate authorities of the Hungarian Government with a view to obtaining the removal of the apparent discrimination against American film companies arising from the regulation concerning membership in the Hungarian Film Chamber based on racial considerations. Please report developments promptly by cable.

HULL

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<sup>1</sup> Will H. Hays, President of Motion Picture Producers and Distributors of America, Inc.



864.4061 Motion Pictures/70 : Telegram

*The Minister in Hungary (Montgomery) to the Secretary of State*

BUDAPEST, February 13, 1939—4 p. m.

[Received February 13—2:32 p. m.]

26. Referring to the Department's telegram No. 23, February 9, 6 p. m., existing law limits Jewish members of Film Chamber to 20 percent, but it is understood proposed legislation reduces percentage to 6. Jewish applications are not being acted on until limitations in new bill are known. Only two Jewish managers, both of local film producing companies, so far admitted to Chamber. Managers who have not been able to establish qualifications for admission may continue activities until June 30 provided petition and documents for establishing admissibility submitted February 28.

Hungarian manager of Metro was refused admission but company can continue business by appointing acceptable manager. Christian manager Paramount already admitted. Christian manager Universal not yet acted on but is certain of admission. German manager Warner Brothers under orders to leave Hungary and no manager appointed. Jewish manager Fox eligible as war veteran under first Jew law but probably not under proposed law and application not yet acted on but company not concerned as yet doing business.

No foreigner is permitted membership in Chamber and Hungary claims right to refuse any Hungarian national membership. Since there appears to be no discrimination against American interests should protest be made and if so on what grounds?

MONTGOMERY

864.4061 Motion Pictures/70 : Telegram

*The Acting Secretary of State to the Minister in Hungary  
(Montgomery)*

WASHINGTON, March 15, 1939—8 p. m.

40. Your no. 26, February 13, 4 p. m. Since it appears from your telegram that two Jewish managers, both of local film producing companies, have thus far been admitted to the Hungarian Film Chamber thus authorizing them to head distributing organizations there, you should point out to the appropriate Foreign Office officials informally but as a matter of record that this Government is of the opinion that this fact appears to constitute discrimination against American producers who may have local Jewish managers who are excluded from membership in the Film Chamber on racial grounds. You should express the hope that such managers for American companies may be

admitted to the Film Chamber on the same basis as Jewish managers of local producing companies.

If you have not already done so, please forward by despatch copies and translations of all laws or regulations constituting the Film Chamber.

WELLES

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864.4061 Motion Pictures/71

*The Minister in Hungary (Montgomery) to the Secretary of State*

No. 1465

BUDAPEST, March 21, 1939.

[Received April 8.]

SIR: I have the honor to report that in accordance with the Department's Telegram No. 40, March 15, 8 p. m., this Legation has informally notified the appropriate Hungarian Foreign Office officials that the United States Government is of the opinion that the refusal to allow Jewish managers of American film companies operating in Hungary to become members of the Hungarian Film Chamber constitutes discrimination against American producers, and has expressed the hope that such managers will be admitted to the Chamber on the same basis as Jewish managers of local producing companies.

Translations of the Statutes of the Film Chamber and its regulations, as given in Decrees No. 6090 and No. 6095 of 1938 are enclosed.<sup>2</sup> As the nationality qualifications for membership are, according to these statutes, to be governed by Paragraph 4 of Law No. 15 of May 28, 1938 (The "Jew Law") which is still under revision, it is understood that new applications for membership received from Jews are not being acted on. As stated in my telegram No. 26, February 13, 4 p. m., the Hungarian Government reserves the right to refuse membership to any Hungarian national. As far as the membership of the Metro-Goldwyn-Mayer manager is concerned, it is understood that in addition to his racial difficulty he is *persona non grata* with the Hungarian Government and is consequently not likely to be approved for membership in the Chamber.

Respectfully yours,

For the Minister:  
HOWARD K. TRAVERS  
*Secretary of Legation*

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<sup>2</sup> Not printed.

## ITALY

### SUGGESTIONS OFFERED BY PRESIDENT ROOSEVELT TO THE ITALIAN AMBASSADOR REGARDING OPPORTUNITY FOR PREMIER MUSSOLINI TO MAKE CONTRIBUTION TO MAINTENANCE OF PEACE IN EUROPE

*The Acting Secretary of State to President Roosevelt*<sup>1</sup>

WASHINGTON, March 23, 1939.

MY DEAR MR. PRESIDENT: I am sending you herewith the memorandum I dictated last night of the conversation you had yesterday afternoon with the Italian Ambassador. I am only sorry that a stenographer was not present. I wish it were possible for me to reproduce with complete accuracy all that you said and the way in which you said it because it was one of the most effective presentations I have ever heard. However, I believe the memorandum I am sending you covers the main points contained in your conversation.

Believe me

Faithfully yours,

SUMNER WELLES

[Enclosure]

*Memorandum of Conversation, by the Acting Secretary of State*<sup>1</sup>

[WASHINGTON,] March 22, 1939.

Participants: The President; Don Ascanio dei principi Colonna, Royal Italian Ambassador; Mr. Welles, Acting Secretary.

After the President concluded his formal reception of the Italian Ambassador this afternoon, he asked the Ambassador to come into the Red Room with him in order that they might have a personal conversation at which I was present.

The President commenced the conversation by asking the Ambassador if he had not met him before in Paris since his face was familiar to him, and the Ambassador replied that he had been in Paris at the beginning of the Peace Conference as Secretary to Signor Scialoja who was then Minister for Foreign Affairs.

<sup>1</sup>Photostatic copy obtained from the Franklin D. Roosevelt Library, Hyde Park, New York.

The President said he was particularly glad to welcome the Ambassador to Washington.

The President then continued by stating that the Ambassador, of course, had not yet been here long enough to familiarize himself with conditions in the United States but that he wanted him to realize that with the complete liberty of the press which existed in this country there was a great deal that was said that did not truly represent American public opinion. He said he thought that often a false impression was created in European countries as to the importance of press statements or the utterances of public officials and the President referred specifically to a speech which might be made by an individual senator and which might be regarded as important, for example, in Germany, but which in reality in no sense reflected the bulk of public opinion in the United States. The President said that the Ambassador should realize that in this country of ours of 130 millions of people, there were represented large elements which might in their origin be Italian, or English, or German, but that the important fact to remember was that the United States was in fact united, with the immense majority of the people speaking not only the same language, but sharing the same thoughts. The President said that at the present time the people of the United States felt very deeply with regard to the situation in Europe and that there was no question that if war broke out as a result of a policy of military aggression on the part of one country or group of countries against non-aggressive European nations, the sympathies of the American people would be overwhelmingly with the latter. The President stated that it was not a question of an insistence by this people on the form of government which European peoples should have, but on the contrary a deep-rooted opposition to the carrying out on the part of any nation of a policy of military domination which jeopardized the peace of the world and, consequently, the vital interests of all peace-loving peoples. The President said that in a very real sense the question at issue was a moral issue and that he believed that the influence of the United States was effective not only because of the size of the United States and the number of its people and not only because of its capacity for turning out manufactured goods and for the raw materials which it could offer, but also because of the moral influence which it represented.

The President then turned personally to the Ambassador and said that he knew well of the close connection between the Ambassador's family and the Vatican and that the same principles which were upheld by the Catholic church and by the Pope were the principles which were upheld by the Government and the people of the United States and that he believed that those principles would be triumphant.

The President then stated that he believed that Il Duce had a very great opportunity presented to him today to prevent the world from being thrown into war. He said that in the first place there was no question that the neutrality legislation in the United States would be speedily amended and that should war break out for the reasons he had previously indicated, the people of the United States would certainly insist that such assistance as this country could render the countries which were the object of aggression in Europe be rendered to the fullest extent possible. The President said that Il Duce must surely bear in mind the fact that Europe could not contain two overlords at the same time and that if Hitler persisted in his present course he would undoubtedly throw over Mussolini at any moment that seemed to him expedient, but from the larger standpoint, the President believed that if Mussolini were now to delay forcing the issue he would not only be counted responsible for averting the outbreak of a European war, but would also have the opportunity to gain any just concessions which he believed essential as the result of discussions which could readily take place around a council table. The President said that he regretted that he himself had not had the opportunity of personally meeting and of talking with Mussolini because he believed that such an opportunity for discussion between the two might be useful and because he believed they would find that they "spoke the same language". The President said that the people of the United States possessed only the most friendly and kindest feelings for the Italian people as they had done over a period of many generations. At this point the Ambassador interjected that the Italian people possessed exactly the same feeling for the people of the United States. The President then continued by saying that since this was the case, it was very much to be hoped that the United States would not find itself in a position where it had to feel unsympathetic or opposed to the position which might be assumed by Italy. The President reiterated that Mussolini had a great opportunity by holding off until such time as a reasonable adjustment of the concessions to which he felt Italy was entitled could be worked out through conference and discussion to avert a European conflagration which would only prove disastrous to Italy herself as well as to the other powers involved.

The President said that he did not have in mind any great conference such as that of Versailles or of Vienna, but discussions among a limited number of people, and that while he himself, the President, would not take the initiative because he did not desire to have it thought by the European powers that the United States was "butting into European affairs", he did feel that Mussolini himself should take the initiative. The President stated that if Mussolini took the initiative in the manner he proposed he could be sure that he himself,

the President, would lend his support to the finding of a reasonable solution in every possible manner.

The Ambassador inquired whether the President would not put this message in writing. The President replied that he thought it was very much easier to explain the thoughts that he had orally to Mussolini's Representative in Washington as he had done, but that the Ambassador was, of course, at entire liberty to inform Mussolini immediately of his conversation with the President.

The attitude of the Ambassador changed completely during the course of his conversation with the President. It was perfectly evident from watching his face that he sympathized completely with the suggestions made by the President.

The President concluded the conversation by saying that if at any time the Ambassador received a personal message for the President from Mussolini he had only to let me know and I would inform the President accordingly.

S[UMNER] W[ELLES]

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#### UNSATISFACTORY TRADE RELATIONS BETWEEN THE UNITED STATES AND ITALY<sup>2</sup>

611.6531/450: Telegram

*The Ambassador in Italy (Phillips) to the Secretary of State*

ROME, January 30, 1939—noon.

[Received January 30—9 a. m.]

30. Department's telegram No. 127, December 14, 7 p. m.<sup>3</sup> Foreign Office's reply dated January 27 explains that all quotas assigned United States for 1938 were distributed among competent trade organizations for allotment to importers entitled thereto and that consequently possible unused portions of quotas are due to market and price contingencies, namely, lack of demand on the part of importers or failure to make full use of licenses issued. It then states "in conformity with the general rules followed by the Royal Government in respect to the granting of quotas to foreign countries it is not possible to permit that unfilled portions of quotas not utilized in the year for which they were authorized be carried over into the following year".

The note points out that import licenses are valid for 6 months from the date of issue and that their validity is not impaired by the

<sup>2</sup> For previous correspondence, see *Foreign Relations*, 1938, vol. II, pp. 557 ff.

<sup>3</sup> *Ibid.*, p. 581.

ending of the calendar year and therefore that our request for extension beyond December 31 of licenses already issued is superfluous.

With respect to "goods in transit" the Italian authorities mistook this phrase to mean goods in transit through Italy. We shall take the first opportunity to clear up this misunderstanding although the question would now appear to have only academic importance in view of assurance regarding continuing validity of licenses issued near the close of the year occurred [*sic*] no cases of refusal to admit in transit at the end of the year have been brought to the Embassy's notice.

Copy of note by next pouch.<sup>4</sup>

PHILLIPS

665.116/405 : Telegram

*The Ambassador in Italy (Phillips) to the Secretary of State*

ROME, February 1, 1939—7 p. m.

[Received February 1—4:48 p. m.]

33. The list of quotas for American imports into Italy in 1939 has been received. In general the quotas have been calculated upon the basis of article 8 included in the temporary commercial agreement<sup>5</sup> and for the purposes of such calculations 1934 has again been chosen as the representative year.

The quotas for 18 commodities are less than would result from a strict application of the provisions of article 8 as was the case with similar items last year. These reductions calculated on the basis of customs import valuations in 1938 amount to approximately 52 million lire. In "compensation" quotas for 8 products have been increased by approximately 56 million lire. No quotas are granted for pork fat, bacon and zinc since the domestic production of these commodities has increased to such an extent as to render their importation "almost unnecessary" during the current year.

Full report and list of quotas by mail. Inform Commerce.

PHILLIPS

<sup>4</sup> Despatch No. 1275 of February 1, and enclosed copy of note, not printed.

<sup>5</sup> For text of temporary commercial arrangement between the United States and Italy, signed December 16, 1937, see Department of State Executive Agreement Series No. 116, or 51 Stat. 361. For correspondence, see *Foreign Relations*, 1937, vol. II, pp. 435 ff.

611.6531/461a

*The Secretary of State to the Ambassador in Italy (Phillips)*

No. 466

WASHINGTON, April 11, 1939.

SIR: With reference to your despatches nos. 1202 and 1282 of December 16, 1938, and February 6, 1939, respectively,<sup>5a</sup> please acknowledge the Ministry of Foreign Affairs' *Note Verbale* no. 241101/151 of December 10, 1938<sup>6</sup> and *Pro Memoria* of January 24, 1939,<sup>7</sup> and, after expressing concern that the Ministry has not only rejected the Embassy's requests of November 2, 1938,<sup>8</sup> but has established 1939 import quotas for a substantial number of important American products on the same unsatisfactory basis as that employed for 1938 quotas, continue your note substantially as follows:

This Government is disposed to agree, as it did last year, that for the purpose of determining the amount of Italian import quotas for American products during the calendar year 1939, the year 1934, with certain exceptions, is generally acceptable as a "previous representative period". It does not concur, however, that under the terms of the Arrangement increased quotas for certain products can compensate for reduced quotas on other products. Accordingly, the Italian Government is requested to establish for each product listed in Attachment A of the *Pro Memoria* of January 24, 1939, except dried prunes (96), a quota based upon the actual proportion of Italian imports thereof supplied by the United States in 1934.

For the same outstanding reasons set forth in the Embassy's *Note Verbale* no. 628 of April 25, 1938,<sup>9</sup> it is again requested that quotas for dried prunes (96), wheat flour (70-A), and raw cotton (181-A) be established on the basis of the actual proportion of Italian imports of each supplied by the United States during the three-year period 1932-1934. As regards the Ministry's comment concerning the three-year representative period for these three products, it should be recalled that the provisions of the Temporary Arrangement permit the selection of a separate representative period for each of all products of considerable interest. An understanding on this point was reached during the negotiations. The Embassy informed the Ministry of Foreign Affairs on December —, 1937 that paragraph three of Article VIII dealt with quantitative limitations on the importation

<sup>5a</sup> Neither printed.

<sup>6</sup> See telegram No. 374, December 12, 1938, 7 p. m., from the Chargé in Italy, *Foreign Relations*, 1938, vol. II, p. 580.

<sup>7</sup> See telegram No. 33, February 1, 1939, 7 p. m., from the Ambassador in Italy,

*supra*.

<sup>8</sup> See telegram No. 105, October 25, 1938, 3 p. m., to the Ambassador in Italy, *Foreign Relations*, 1938, vol. II, p. 577.

<sup>9</sup> See telegram No. 40, April 23, 1938, 3 p. m., to the Ambassador in Italy, *ibid.*, p. 561.



of individual products and that the formula laid down in the Article was based upon that past period of trade in any individual product which was in fact representative. The Ministry replied on December —, 1937 that insofar as the representative period was concerned the year 1934 was specified in its comment only as an indication of a year which was not affected by special conditions and *that it did not propose any definite years for all products.* [The Embassy will see the Department's 192 of December 14, 1937<sup>10</sup> and the Embassy's 517 of December 15, 1937<sup>11</sup> and set in the appropriate dates in the blank spaces above.]<sup>12</sup>

With reference to the Ministry's comment respecting foreign exchange attention is invited to the substance of what was said during the negotiations, namely, that under the exchange provisions of the Temporary Arrangement the Government of either country may limit the amount of exchange which can be used for commercial payments by limiting the quantity of commercial imports, provided quantitative import restrictions are administered in accordance with the proportionate share formula set forth in the Arrangement.

Adverting to the principal reasons given by the Ministry during the past year for establishing short quotas, i. e., commitments to other countries and the needs of the national economy, it is again recalled that the Temporary Arrangement was entered into only after assurances of the Italian Government, particularly as set forth in its communication No. 240759/127 of November 24, 1937,<sup>13</sup> that all preferences would be totally abolished as of December 31, 1937, except those reserved for Austria. Further, as already explained in a prior communication, the Arrangement imposes no restrictions whatsoever upon the Italian Government insofar as concerns the total quantity of any product which it will permit to be imported.

Considering the foregoing, it is hoped that the Italian Government will find it possible during the current year to restore the reduced 1939 quotas in the manner suggested herein and at the same time establish quotas for dried prunes, wheat flour and raw cotton on the basis of the proportion of total Italian imports of these products supplied by the United States during the period 1932-34.

Your 325 of November 8, 1938.<sup>14</sup> Please endeavor to obtain informally (1) a list of the products of considerable interest to the United States for which the proposed global quotas are not inclusive of permitted imports from all countries and (2) information as to the amount whereby each of such global quotas has been increased by

<sup>10</sup> *Foreign Relations*, 1937, vol. II, p. 490.

<sup>11</sup> *Ibid.*, p. 492.

<sup>12</sup> Brackets appear in the original.

<sup>13</sup> See telegram No. 488, November 24, 1937, from the Ambassador in Italy, *Foreign Relations*, 1937, vol. II, p. 466.

<sup>14</sup> *Ibid.*, 1938, vol. II, p. 579.

reason of special accords between Italy and other countries, and report by cable unless the list is unduly long.

Very truly yours,

For the Secretary of State:  
FRANCIS B. SAYRE

611.6531/454

*The Department of State to the Italian Embassy*

MEMORANDUM

The Royal Italian Embassy indicates in an undated memorandum<sup>15</sup> that the authorities of some States (New York, New Jersey and Washington) have recently discriminated against the nationals of Italy in respect of certain civil and commercial matters, such as, for instance, the granting of licenses to engage in the sale of alcoholic beverages, on the ground that the treaty of commerce and navigation between the United States and Italy of February 26, 1871<sup>16</sup> is no longer in force and in consequence the State authorities are at liberty to enforce the local law.

The Embassy points out that the treaty of 1871 was denounced with the mutual understanding that a new one would be immediately negotiated and suggests that inasmuch as neither Government has indicated a desire to discontinue negotiations, the present ought to be considered as a period of transition during which the *status quo ante* should, by comity, remain unchanged pending the conclusion of a new treaty.

When joint notice of intention to terminate the treaty of 1871 was given on December 15, 1936, this Government was hopeful that a new treaty could be negotiated and brought into force before the expiration of the old one on December 15th of the ensuing year. Unfortunately, despite substantial progress during the parleys the negotiations failed of successful conclusion within that year.

This Government did not have the understanding which the Embassy's memorandum appears to assert that in the event the negotiation of the new treaty was not completed within the year either Government would be expected as a matter of comity to continue to accord rights that rested exclusively in the provisions of the old treaty. Notice of termination of the treaty of 1871 was, obviously, as it seems to this Government, unconditional within the provisions of Article XXV.

<sup>15</sup> Not printed.

<sup>16</sup> For text of treaty, see William M. Malloy (ed.), *Treaties, Conventions, etc., Between the United States of America and Other Powers, 1776-1909* (Washington, Government Printing Office, 1910), vol. I, p. 969. For correspondence on joint denunciation of treaty on December 15, 1936, see *Foreign Relations, 1936*, vol. II, pp. 340-360 *passim*.

As the result of termination of the old treaty and the failure to conclude a new one, there are no treaty provisions in force between the United States and Italy dealing with the subjects referred to in the Royal Italian Embassy's memorandum. There are no other means than treaty provisions in force whereby rights in respect of such matters as the Italian Embassy has mentioned differing from rights in regard to the same matters established by the laws of the several States may be enjoyed by aliens in the United States. In the circumstances there is no authority whereby the Executive may as a matter of comity accord such rights as continuing after the termination of the Treaty of 1871.

WASHINGTON, May 4, 1939.

611.653/95

*Memorandum by the Secretary of State*

[WASHINGTON,] May 6, 1939.

The Italian Ambassador called and I read over to him the attached statement relative to the proposed imposition of countervailing duties by the Treasury Department on certain imports from Italy.

I then said to the Ambassador that the State Department had earnestly exercised itself to prevail on the Treasury to allow the Government of Italy forty-five days in which to give attention to the alleged subsidies and to take steps if at all consistent to remove the grounds on which my Government is proposing to take action by applying the anti-dumping law.<sup>17</sup> He seemed entirely good-natured about the matter and appreciative of the forty-five day extension. I suggested that he get in touch with the appropriate Treasury officials for the full facts and for discussion.

C[ORDELL] H[ULL]

[Annex]

*Statement Read to the Italian Ambassador by Secretary Hull  
on May 6, 1939*<sup>18</sup>

MAY 5, 1939.

PENDING COUNTERVAILING DUTIES ON CERTAIN IMPORTS FROM ITALY

Under the provisions of Section 303 of the Tariff Act of 1930<sup>19</sup> it is mandatory upon the Secretary of the Treasury to impose additional

<sup>17</sup> Anti-Dumping Act of 1921; 42 Stat. 11.

<sup>18</sup> Filed separately under 611.653/100.

<sup>19</sup> 46 Stat. 590, 637.

duties upon imports into the United States when he finds that such imports have been subsidized. The law leaves no discretion as to its application and applies to bounties or grants, by whomever paid or bestowed, upon either the production or the exportation of the articles in question. The additional countervailing duties are required to be equal to the amount of the subsidy in question. The law applies to all dutiable imports into the United States. (The text of Section 303 is attached hereto.)

Under the provisions of this section the Treasury Department has informed the Department of State that it has reliable information

“. . . that the exportation of silk goods from Italy is subsidized to the extent of lire 6 to lire 63 per kilo of silk used in producing the exported goods. In the case of silk goods exported to North America and South America the exporter receives an additional subsidy of lire 4 per kilo.

“Each year an official price is fixed for raw silk made up of an arbitrary price to be paid to the farmer for the silk cocoons and a fixed cost for drying and selecting. The cost of raw silk to the buyer for the 1938-1939 period was fixed by official decree at lire 127 per kilo.

“Upon exportation of the silk goods the exporter is compensated in amounts varying according to the character of the goods exported, which are predicated on a basic rate representing the difference existing between the Italian fixed price of simple drawn silk and the average price of similar Japanese silk on the New York-Yokohama markets calculated monthly.”

It is the conclusion of the Treasury Department that this compensation to Italian exporters of silk goods constitutes a bounty or grant upon exportation and that countervailing duties should be imposed under Section 303 of the Tariff Act of 1930 on dutiable importations of silk goods from Italy.

The Department is further advised as follows:

“The Treasury Department is also satisfied from information before it that grants are being bestowed upon Italian exports of cotton, wool and leather goods. These exports are aided by the issuance to the exporters of special permits for the importation of raw materials. Such importations are ostensibly to replace the raw materials used in producing the exported goods, but in fact cover substantially more than replacement amounts in many, if not all, cases. The Italian restrictions upon imports are such that these permits have a substantial value, which in some cases may amount to as much as 200 percent of the value of the goods which may be imported under them.

“The issuance of these permits gives the Italian exporter a subsidy having a value equal to the price obtainable for so much of the permit as covers goods in excess of the quantity required to replace like material used in producing the exported articles.

“Section 303 of the Tariff Act of 1930 requires the Treasury Department to determine or estimate the net amount of the subsidy allowed

with respect to each shipment of dutiable merchandise from Italy to the United States in connection with which the above described procedures obtain. However, Treasury representatives who have visited Italy for the purpose of investigating this matter have been denied access to necessary information."

Although the Treasury Department is under the mandatory obligation of applying countervailing duties in these circumstances, this Department has secured the consent of the Treasury Department to suspend announcement of the imposition of such duties for a period of 45 days in order to afford an opportunity to the Italian Government to submit pertinent information concerning the procedures obtaining with respect to the four classes of goods above mentioned. The Treasury Department will of course be ready at any time during that period to discuss its findings with members of the Italian Embassy and to give additional information as to the basis of its pending action.

If the Italian Government should find it feasible or possible to modify its procedures with respect to exports to the United States of the classes of goods concerned, so as not to involve the payment or bestowal of a bounty or grant, such modification would of course obviate the necessity for the imposition of the contemplated countervailing duties and would, it would seem, constitute a desirable solution both from the standpoint of the Italian Government and that of the Government of the United States. Such a solution would have the advantage not only of eliminating both the subsidy and the offsetting additional duty, but also of removing delays in final liquidation of entries of merchandise which may be occasioned by the necessity of withholding final liquidation until the net amount of the subsidy allowed in connection with any particular shipment has been determined.

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611.6531/462: Telegram

*The Ambassador in Italy (Phillips) to the Secretary of State*

ROME, May 11, 1939—noon.

[Received May 11—7:22 a. m.]

186. Department's instruction No. 466, April 11, 1939. Officials of the Ministry of Foreign Trade and Exchange state categorically that the global quotas are now inclusive of special agreements between Italy and other countries and that no quotas exist outside of the global allotments.

Note based on the Department's instruction was delivered on April 25.

PHILLIPS

611.653/96

*Memorandum of Conversation, by the Secretary of State*

[WASHINGTON,] May 16, 1939.

The Italian Ambassador<sup>21</sup> called and handed me a memorandum relating to the recent notice to his Government by this Government that countervailing duties would have to be imposed on certain Italian imports unless the Italian Government should see fit to change its policy of subsidizing such exports or pursuing such similar policies as would place the exports under the ban of our countervailing duties law.

The Italian memorandum categorically denied that Italy is subsidizing the exports in question in any way, and expressed surprise at the charges. The memorandum then recited that the Government of Italy would consider it an unfriendly act if these proposed countervailing duties should be imposed; that in addition it would abandon the *modus vivendi* now existing; that furthermore it would find ways of retaliating by prohibiting American exports to Italy.

When I read the memorandum I remarked that this was a rough statement; that I had brought the matter up in a friendly spirit and urged a friendly settlement of it, to which statement the Ambassador agreed. I said that my proposal had called for a sitting down across the table and the presentation to the officials of each Government of the full facts material to the questions involved, to the end that there might be a frank and friendly determination of the true facts, to the satisfaction probably of each party concerned; that the Italian Government pursues just the opposite course by bluntly denying the charges of subsidizing exports with no proof offered to support the denial; that it then proceeds to announce that this Government will be guilty of an unfriendly act if it does not accept such unsupported denial and withdraw the proposed imposition of countervailing duties; that the Italian Government goes further and threatens to abandon the existing *modus vivendi* between the two governments; that it goes still further and threatens retaliation generally by prohibiting imports of American goods into Italy. I expressed my surprise at this entirely different spirit from that which I had expected of his Government in reply. I said it would be well for the Ambassador to see whether his Government is disposed to present the facts and evidence in support of its naked denial of subsidizing exports, in order that the two governments might in an amicable way settle, if possible, the question in dispute. He said that he would be glad to take back the memorandum which he had handed me, and it seemed

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<sup>21</sup> Don Ascanio dei principi Colonna.

from his statement to contain the substance of despatches from his Government on the subject. I suggested then that he see the Treasury officials and ascertain whether the matter could not be dealt with in a systematic manner rather than by this proposed blunt and gruff method. He said he would communicate with his Government and also confer with the Treasury. I stated to him that I had sent to Ambassador Phillips a copy of the memorandum I read to him some days ago in connection with this matter.

C[ORDELL] H[ULL]

611.653/98

*Memorandum of Conversation, by the Adviser on International Economic Affairs (Feis)*

[WASHINGTON,] May 18, 1939.

Participants: Signor Giuseppe Cosmelli, Counselor of the Italian Embassy

Mr. Feis

Mr. Stinebower <sup>22</sup>

Mr. Cosmelli, Counselor of the Italian Embassy, called upon me. He began this talk in a rather confused and embarrassed fashion, stating that his Ambassador had discussed the question of our proposed countervailing duty action with the Secretary of State yesterday afternoon, and that he wished to refer to that conversation. He stated that the Embassy here had prepared for the Ambassador a brief statement which it had considered solely for his own use and not for presentation to the Department, but that it apparently had been used as a memorandum. He said that he was under the impression that this memorandum may have given a somewhat over emphatic and blunt form to the ideas and thoughts of his Government, and that the Secretary of State may have received an unnecessarily unfavorable impression. At the same time, he stated there was no doubt but that his Government was very much moved by the report of the intended action.

I replied that I had not yet been informed by the Secretary of State of the conversation. The Counselor summarized it for me, particularly as regards the statements of his Government as to the way in which it would regard the imposition of countervailing duties and the possible retaliatory actions that it might take. He added that his Government denied that its practices were in contravention of Section 303.

<sup>22</sup> Leroy D. Stinebower of the Office of the Adviser on International Economic Affairs.

I said that the Treasury had informed us that after careful examination it had come to the inescapable conclusion that Italian practices would create a subsidy within the meaning of Section 303. Its ordinary practice, as provided in the law, would have been immediately to impose the necessary countervailing duties. I explained we had prevailed upon the Treasury to permit us to give the Italian Government this advance notification period. If nothing were agreed upon in the course of it I said I could see no alternative to the imposition of the duties in view of the mandatory character of the law.

I suggested, however, if the Italian Government was disposed to see whether some solution were not possible, the practicable thing to do would be for representatives of the Italian Embassy to enter into discussion with the proper Treasury officials. I presume that in such discussions the Italian representatives would lay before the Treasury their assertions that there is no basis for Treasury action. If Treasury officials were convinced, the matter would naturally come to an end; or, it might turn out in the course of such conversations the Treasury officials would be able to explain more fully to the representatives of the Italian Government the reasons and facts which in Treasury judgment made its findings necessary, in which case the Italian Government might be able to revise its procedures. I said that entering into such discussions seemed to me the only alternative to having the matter develop into immediate action.

Mr. Cosmelli agreed, saying at the same time he would naturally have to discuss the matter with the Ambassador before entering into such discussions. He also explained that ordinarily this work would be handled by the Commercial Attaché but since the Commercial Attaché was in New York, he had stepped into the breach. I stated that if the Italian representatives wish to enter into such discussions with the Treasury, the Department would be glad to arrange the initial meeting.

The discussion then turned back again upon the details of the procedures which were in question. Mr. Stinebower joined us and after explaining that this matter was one which Treasury officials could alone adequately explain to him, we had some talk as to the nature of the practices which the Treasury had given as the basis for their position. The Counselor said that as regards the products outside of silk goods, it seemed to him as though the Treasury were acting on assumption rather than on knowledge and that it was his judgment that before such action was taken, actual proof should be in hand. I again replied that the full knowledge of the details was a matter for the Treasury to explain and that I could not undertake to do so.



611.653/99 : Telegram

*The Ambassador in Italy (Phillips) to the Secretary of State*

ROME, May 19, 1939—5 p. m.

[Received May 19—3:34 p. m.]

197. For the Secretary and Under Secretary. The Italian memorandum referred to in your 38, May 17, 6 p. m.<sup>23</sup> illustrates the temper of the Italian Government vis-à-vis what they regard as our unfriendly attitude. Their complaints include first of all our continued refusal to recognize their empire status and the hostility of our press and they are still irritated by the President's message to Mussolini.<sup>24</sup>

While I thoroughly appreciate the Department's difficulties and the responsibilities of the Treasury under Section 303 of the Tariff Act it seems to me of great importance that we reach a friendly settlement and avoid the consequences of a possible cessation of trade between the two countries which would carry with it the loss of a profitable market for us. Any such result would play directly into the hands of Germany which more and more is dominating the Italian markets. Unfortunately for the present at least the commercial life of Italy is controlled by a political group who regard international trade as of less importance than political prestige. The only hope in the situation, as I see it, is to prevent Italy from falling completely within the German economic system and this can only be done by preserving and encouraging Italy's trade with the United States and with the other great democracies. Italy in this way while preserving her political alliance with Germany would nevertheless retain a degree of independence in her economic life which may be of extreme importance in the future.

I shall not take any steps with the Foreign Office without instructions but I should like to be able to explain to Ciano<sup>25</sup> that Section 303 of the Tariff Act is not directed exclusively against Italy and Germany as he seems to think but rather that the Treasury desires to be reassured that Section 303 of the Tariff Act is not to simulate [*sic*] the situation.

PHILLIPS

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<sup>23</sup> Not printed; it quoted the text of the memorandum by the Secretary of State, May 16, p. 631.

<sup>24</sup> Message of April 14, 1939; see vol. I, p. 130, footnote 2.

<sup>25</sup> Galeazzo Ciano, Italian Minister for Foreign Affairs.

611.653/99 : Telegram

*The Secretary of State to the Ambassador in Italy (Phillips)*

WASHINGTON, May 24, 1939—7 p. m.

42. Your telegram No. 197, May 19, 5 p. m. You may explain to appropriate authorities that Section 303 of the Tariff Act of 1930 is mandatory and leaves no discretion as to its application by the Treasury Department under the conditions set forth in paragraph 2 of my telegram No. 36 of May 13, 2 p. m.,<sup>28</sup> and that this administrative measure is not directed exclusively against Italy.

In fact, as a result of findings by the Treasury Department, countervailing duties are now in effect or have in recent years been in effect upon various products of Australia, Denmark, England, Ireland, Netherlands, Germany, South Africa, Lithuania, Nova Scotia, Poland and other countries. In a number of cases the other country involved has modified its practices so as to avoid the necessity of incurring countervailing duties. Some times the other government has taken the corrective steps after the countervailing duty order was issued, in which case the order has been revoked or appropriately modified. In other cases it has proved not to be necessary to issue the countervailing duty order at all since the other government acted promptly upon the receipt of prior notice, such as that which has been given to the Italian Government, to eliminate the subsidy procedure in question, in so far as it applied to exports to the United States.

For example, extended discussions took place last year between representatives of the Netherlands Government and the Treasury Department with a view to determining how the various Netherlands procedures with respect to dairy products could be modified so as to keep exports of such products free of entanglement with Section 303.

Explanation along the foregoing line would appear timely since the Italian Commercial Counselor recently stated informally at the Treasury Department that the Italian Ambassador here might request assurances that contemplated action has no political significance.

HULL

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<sup>28</sup> Not printed; it quoted the text of the statement dated May 5, 1939, read to the Italian Ambassador on May 6, 1939, *ante*, p. 628. Reference here is to the first paragraph of the statement.

611.653/101: Telegram

*The Ambassador in Italy (Phillips) to the Secretary of State*

ROME, June 1, 1939—noon.

[Received 12:20 p. m.]

211. Department's telegram No. 42, May 24, 7 p. m. I communicated substance of your telegram to Ciano on May 26. He did not appear to be interested in the least, admitting frankly that he knew nothing about the subject. I therefore instructed the Commercial Attaché to see the Minister of Foreign Trade and Exchange and to hand him a copy of the *aide-mémoire* which I had furnished Ciano. This Livengood did yesterday and has submitted the following report of his conversation with Guarnieri.<sup>27</sup>

"Professor Guarnieri after reading the paper carefully asked me to thank the Ambassador for his courtesy which he much appreciated. He characterized as 'very useful' the exposition which showed that in connection with the question of possible countervailing duties no policy of singling out Italy was involved. He added that a telegram was being sent the Italian Embassy in Washington. Italy would have no objections to investigations being made by the United States Treasury Department regarding Italy's aids to exportation.

Referring to silk he said that while Italy paid a guaranteed price on cocoons in order to sustain the industry, the Italian exporters sold abroad at world market prices not at dumping prices. He said that knowing thoroughly as he did Italy's export practices he could declare from the depths of his own conscience that Italy was not exporting anything to the United States at dumping prices.

He said that he regretted that at a time when conditions were as difficult as they are at present new complications might be presented by the United States, a country which he remarked was understood to be either contemplating or practicing a policy of giving what amounted to export bounties on wheat and cotton.

Before any action is taken by the United States in the matter of imposing countervailing duties he said Italy's situation and result which would have to follow should be thoughtfully considered. He continued in substantially the following words: 'If it is made impossible for us to export to the United States I must say with all frankness that we shall not be able to admit American merchandise and our position will be such that we shall not be able to continue to pay credits due to the United States—credits which up to now we have been scrupulously paying, whatever the sacrifices involved'.

'Italy values very highly its trade relations with the United States' he said. He was the only person he added who knew the full extent of the sacrifices which had been made to meet Italy's obligations to

<sup>27</sup> Felice Guarnieri, Italian Under Secretary for Foreign Trade and Exchange.

that country. It had been hoped that an accord for improving trade relations between the two countries would become possible.

Continuing, he said that if the American officials would put themselves in his position they would see that he could not import from the United States unless he had means for payment, and this he could not have without exporting—exporting at world prices; for, he repeated 'Italy is not exporting at dumping prices'.

At the close of the conversation he said again that he was glad that the *aide-mémoire* had been furnished, that it was very useful and that there would be no objection to investigations of the Treasury Department."

PHILLIPS

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611.653/101 : Telegram

*The Secretary of State to the Ambassador in Italy (Phillips)*

WASHINGTON, June 5, 1939—6 p. m.

48. Your 211, June 1, noon. With reference to Guarnieri's statement that Italian exporters sell abroad at world market prices and not at dumping prices, it should be observed that the contemplated action of which the Italian Government has been notified does not depend upon the price at which exports are offered but upon whether a bounty or grant within the meaning of section 303 of the Tariff Act of 1930 has been paid or bestowed upon the production or exportation of the article in question.

HULL

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611.653/102 : Telegram

*The Ambassador in Italy (Phillips) to the Secretary of State*

ROME, June 6, 1939—1 p. m.

[Received June 6—8:10 a. m.]

217. Department's telegram No. 48, June 5, 6 p. m. The Commercial Attaché informs me that in his conversation with Guarnieri he did as a matter of fact point out that Section 303 of the Tariff Act does not concern merely exports effected at dumping prices but concerns in general exports of goods on which a foreign government grants bounties. Guarnieri however confined himself to his own theory of dumping.

PHILLIPS

611.653/105 : Telegram

*The Secretary of State to the Ambassador in Italy (Phillips)*

WASHINGTON, June 22, 1939—1 p. m.

52. Your 230, June 21, 7 p. m.,<sup>28</sup> and Department's 42, May 24, 7 p. m. As the result of arrangement between the Treasury and the Italian Embassy, the Treasury has agreed to send the Supervising Treasury Attaché at Paris<sup>29</sup> to Rome for the purpose of obtaining fullest information and discussing matters relative to the imposition of countervailing duties on certain imports from Italy. It is understood that Italian officials are fully disposed to provide full information as desired by the Treasury.

The Treasury is suspending decision pending the outcome of these discussions. However, as regards silk goods, there is a special situation. The Treasury is convinced that according to the information already in their possession they are required under the law to give the 30 days notice of imposition of the countervailing duty on silk goods. However, they have consented, as a result of special urging by us, to see whether these same discussions might not also produce some solution in regard to silk goods also. They have informed us that they are agreeable to having their special representative discuss the silk goods question with the Italian Government. They say, however, that unless the Treasury representative convinces them, the Treasury Department, that their present findings are unfounded, or alternatively, in the event that their opinion remains unchanged, the Italian Government takes steps to remedy the present procedures which led the Treasury to find that countervailing duties must be applied, they will have to publish an order on July 1 giving 30 days notice of the imposition of countervailing duties on silk goods. In other words, it is to be clearly understood that only new information which leads the Treasury Department, before July 1, to change its present judgment or modification of present practices can lead to an avoidance of the application<sup>30</sup> of countervailing duties to silk goods on that day. Please see that the Italian Government gets as clear as possible a picture of the situation, that it appreciates the special effort we have made in the matter, and that all the necessary appointments for the Treasury representative are promptly made.

Treasury informs us Wait and two assistants will arrive in Rome on June 25 ready to start conversations on June 26. Suggest Embassy telephone Wait in Paris and have his appointments arranged before his arrival.

HULL

<sup>28</sup> Not printed.<sup>29</sup> Bernard Wait.<sup>30</sup> In telegram No. 54, June 23, 5 p. m., to the Ambassador in Italy, the Department changed the word "application" to read "announcement" (611.653/105 supp.).

611.653/111: Telegram

*The Ambassador in Italy (Phillips) to the Secretary of State*

ROME, June 28, 1939—3 p. m.  
[Received June 28—1:53 p. m.]

238. The Minister of Foreign Trade and Exchange arranged to see Wait this morning before leaving Rome and after a general conversation at which both the Commercial Attaché and a Secretary of the Embassy were present Mr. Wait was put in touch with the appropriate federation authorities and will report the results of his investigations.

Guarnieri considered that the premium paid by the Italian Government to silk growers was analagous to the assistance given by the United States Government to cotton and wheat producers in the United States. He said should it become necessary to apply section 303 to silk products exported from Italy he might be constrained to adopt like measures with regard to American imports similarly assisted. He thought, however, that after careful study it could be shown that a just application of the intent of the law would obviate the necessity of our imposing countervailing duties.

He made it clear that if Italian imports to the United States were reduced on account of the Government's action it would be necessary for him, on account of the Italian scarcity of foreign exchange, to reduce in a like amount American shipments to Italy since he could not afford to buy from a market in which he could not sell.

PHILLIPS

611.653/112: Telegram

*The Ambassador in Italy (Phillips) to the Secretary of State*

ROME, June 30, 1939—6 p. m.  
[Received 6:20 p. m.]

242. From Treasury Attaché Wait for Treasury Department:

"Payments to exporters of silk are substantially as heretofore reported. Entenzionale Serico, the Government organization, pays exporters of raw silk to all countries the difference between fixed Italian domestic prices and the average price of white raw silk on the Yokohama, New York markets which is computed on the 15th and last day of each month. Payments on exports of manufactured silk are based on the raw silk content as scheduled in Decree Law No. 1267 of May 29, 1937. An extra payment of lire 4 per kilo is made on exports to America. The Italian domestic price for the year beginning July 1, 1939 is fixed at lire 127 per kilo which is the same as for 1938. The average Yokohama, New York price on June 15 was lire 99.33 hence payment for export of raw silk to the United States now is lire 27.67

per kilo plus lire 4 a total of lire 31.67. Payments are based on prices prevailing on date of acceptance of order and not on date of export.

In addition to the above the manufacturers association Ufficio Serico Italiano pays lire 20 per kilo on exports of raw silk or raw silk used in exported manufactured products. This constitutes a return of lire 13 paid to the association by each buyer for each 10 kilos of domestic cocoons plus 7 lire from the association fund which accumulates as no repayment is made on domestic sales. This lire 7 represents the difference between the average New York, Yokohama price for white silk and the lower export price of Italian yellow silk. Amounts to be paid for the year beginning July 1, 1939 is not yet fixed.

The Italian Minister of Foreign Trade and Exchange says benefits are paid solely as an agricultural measure to encourage cocoon raisers by guaranteeing them a profitable price for cocoons corresponding to benefits given cotton and wheat growers in the United States; that payments to exporters will decrease as the price level of Japanese silk increases; that exports are made at world price levels that do not injure our trade; that any curtailing of Italian exports caused by a countervailing duty will be met by curtailing to the same extent imports from the United States into Italy. The Minister seemed particularly perturbed because a countervailing duty might apply to shipments of silk fabrics from England, France and Switzerland made from Italian silk which would result in ruining the raw silk business with those countries and giving it to Japan. He pointed out the practical difficulty of determining whether silk in fabrics was of Italian, Japanese, or other origin.

My opinion is the payments come within the provisions of Section 303.

With respect to import permits for leather, cotton, and wool, I am satisfied the present situation does not come within the provisions of Section 303. A report on such permits will follow."

PHILLIPS

611.653/115: Telegram

*The Ambassador in Italy (Phillips) to the Secretary of State*

ROME, July 6, 1939—7 p. m.  
[Received July 6—2: 53 p. m.]

251. A Stefani despatch from Washington distributed at noon today but not yet published in the Rome newspapers contains the following comment on the Treasury's announcement regarding countervailing duties on Italian silk: <sup>31</sup>

"Evidently these are measures dictated by the political prejudice which animates the Jew Morgenthau <sup>32</sup> against the Axis powers. Similar measures were taken recently against all imports from Germany."

<sup>31</sup> For text of Treasury Decision No. 49909, July 6, 1939, see *Federal Register*, July 8, 1939, p. 2860.

<sup>32</sup> Henry Morgenthau, Jr., Secretary of the Treasury.

We are bringing this item to the attention of the competent Italian authorities pointing out the lamentable effect that will ensue from its publication in the press and expressing the expectation that if already published it will be contradicted officially.

PHILLIPS

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611.653/118: Telegram

*The Ambassador in Italy (Phillips) to the Secretary of State*

ROME, July 8, 1939—11 a. m.  
[Received July 8—9: 30 a. m.]

253. In so far as we have been able to ascertain the offensive Stefani despatch referred to in my telegram number 251 of July 6, 7 p. m. has not been printed in any Italian newspaper. Guarnieri with whom the matter was taken up sent me word night before last that he was interesting himself immediately and personally in the matter and hoped that publication of the despatch could be headed off. Whether non-publication of the despatch was due to his efforts it is of course impossible to say. However, there was ample time for publication in the afternoon papers of July 6 before we were able to get in touch with Guarnieri's office.

There has been no editorial comment on the subject since that reported in my telegram No. 244, July 1, noon,<sup>33</sup> and the Treasury's announcement has received surprisingly little publicity here. Such as there was had been limited to a United Press despatch from Washington which was objective and fair although in two papers it was given disagreeable headlines and a report from Washington printed in the *Giornale d'Italia* July 6 in which it was pointed out that the Treasury's action apparently was not directed exclusively against Italian exporters. This latter despatch also described Wait's recent conversations with Italian officials as having taken place in an "atmosphere of mutual comprehension and cordiality."

PHILLIPS

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611.6531/475

*The Italian Embassy to the Department of State*

AIDE-MÉMOIRE

During the conversations which took place recently in Rome, full information was given to the Treasury Inspectors of the United States about the system of bounties awarded to the silk goods. The Italian technical authorities wish to stress the point that the system does not

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<sup>33</sup> Not printed.



represent a bounty awarded to the exported silk goods and it is only intended to guarantee for these exporting industries the possibility of buying raw materials necessary for said industries at the normal international prices.

Therefore the measure recently taken by the American Authorities should be considered as unlawful and justifies a hint that from the American side there is a tendency to hinder the selling of Italian manufactured goods on the American market and consequently to reduce the bulk of our trade with the United States.

If this assumption is correct, the situation could not help reducing the bulk of the American goods bought by Italy. So much more so, as the balance of payments between Italy and the United States is considerably unfavourable to Italy.

The Italian Authorities would ask for the postponement of the enforcement of the measures recently taken by the Treasury Department and would like to discuss, as soon as possible, in the most friendly spirit, the whole problem of the commercial exchanges between Italy and America, in the frame of a system of treaties and agreements, which should take the place of the *modus vivendi* signed December 16, 1937, which, in the intentions of both signatory parties, was intended only to meet the requirements of a transitory and short situation.

WASHINGTON, July 17, 1939.

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611.6531/472

*The Italian Ministry for Foreign Affairs to the American Embassy* <sup>34</sup>

[Note Verbale—Translation]

In reply to *Note Verbale* No. 1023 of April 25, last,<sup>35</sup> in which the Embassy of the United States of America conveyed the observations of its Government regarding the quotas established for the importation of United States products into the Kingdom during the year 1939, the Royal Ministry of Foreign Affairs has the honor to inform the Embassy of the United States of America that the competent Royal Authorities cannot but confirm, in general lines, the views already expressed on previous occasions regarding the criteria which governed the determination of the said quotas.

Moreover, the Royal Government does not consider that such criteria are contrary to the spirit of Article 8 of the *Modus Vivendi* of December 16, 1937, it having been understood during the negotiations, as is known to the Embassy of the United States of America, that an inter-

<sup>34</sup> Transmitted to the Department by the Chargé in Italy in his despatch No. 1517, July 27; received August 8.

<sup>35</sup> *Note Verbale* No. 1023 was based on instruction No. 466 of April 11, 1939, to the Ambassador in Italy, p. 625.

pretation in harmony with the exigencies of the Italian economic situation would be admitted.

It should on the other hand be borne in mind that as regards certain products (manufactured tobacco, cotton, scrap iron, animal hairs, mineral oils, wood, lubricating oils, benzol, lamp black, organic chemical products, etc.) the competent authorities of the Kingdom during 1938 authorized acquisitions in the American market considerably in excess of the quotas previously assigned, quotas which in large part had been accepted by the Government of the United States of America, and this was done in spite of the fact that the Italo-American trade balance was always very unfavorable to Italy. Furthermore, there has been manifest on the part of Italy the utmost good will in allowing importations of North American products not included in the quotas established for the United States, whenever national economic conditions permitted.

It is not, moreover, out of place to recall that in the course of the negotiations of the provisions of the *Modus Vivendi*, it was understood that the assignment of contingents for the importation of North American merchandise into Italy would be followed by negotiations for a Trade Agreement which would include tariff concessions to Italian products imported into the United States. Instead, the Royal Government has had to take note of the fact, especially recently, that the authorities of the United States of America are resuming the application to certain Italian export products of the most drastic investigations designed to ascertain whether the countervailing duties provided for in the American customs legislation are applicable to those products. The decision just adopted to apply such additional duties to Italian manufactures of silk confirms the views of the competent Royal Authorities regarding the not inconsiderable difficulties that obstruct the flow of Italian exports to the United States.

Consequently, the Royal Government, for the reasons above set forth, does not feel that it can accede, at least for the present, to the requests advanced by the Government of the United States of America.

In communicating the above, the Royal Ministry of Foreign Affairs has the honor to inform the Embassy of the United States of America that the Royal Government, in view of the differences of opinion that have arisen regarding the interpretation and practical application of Article 8, would be disposed to take under examination the possibility of revising the *Modus Vivendi*, to the end that the special exigencies that may arise in connection with certain branches of Italian economy might be taken into account in the practical application of the provisions in question.

ROME, July 24, 1939.

611.6531/472a : Telegram

*The Secretary of State to the Ambassador in Italy (Phillips)*

WASHINGTON, August 30, 1939—7 p. m.

83. You are requested to communicate the substance of the following to the Italian authorities:

1. We have received the *Note Verbale* of July 24 in which the Italian Government reiterates its views concerning the interpretation and operation of the Temporary Commercial Arrangement. As regards the Italian claim that an oral understanding exists concerning the interpretation of the quota provisions of the Arrangement, we wish to repeat that neither the Department nor the Embassy has any knowledge of such an understanding, and to point out that this Government does not enter into oral understandings with other Governments which provide that the provisions of written agreements or treaties with such Governments may be disregarded. Our views concerning the correct interpretation of the Arrangement remain as set forth in our note of April 25, 1939<sup>35a</sup> and previous communications.

2. The Department received, from the Italian Embassy here, on July 17 last, an *aide-mémoire* requesting the postponement of measures recently taken by the Treasury Department, and proposing discussions with a view to the replacement of the agreement of December 16 by a "system of treaties and agreements". In reply, we propose to hand a memorandum to the Italian Ambassador reading as follows:

[Here follows text of *aide-mémoire* handed to the Italian Ambassador August 31, 1939, printed *infra*.]

HULL

611.6531/473

*The Department of State to the Italian Embassy*

## AIDE-MÉMOIRE

The *Aide-Mémoire* of July 17, 1939, received from the Italian Embassy refers to the application of countervailing duties to certain Italian products when imported into the United States and also expresses the desire of the Italian Government to discuss with this Government the whole problem of the commercial exchanges between Italy and the United States.

With reference to the imposition of countervailing duties on certain Italian products under Section 303 of the Tariff Act, it is necessary to repeat that the provisions of the law are mandatory. As was explained during the conversations which took place in Rome in the

<sup>35a</sup> See footnote 35, p. 642.

month of June between the representatives of the United States Treasury and officials of the Italian Government, once the fact has been established that bounties or grants within the meaning of the statute are being paid in a foreign country on the production or exportation of articles dutiable in the United States, the executive branch of this Government has no alternative but to apply the countervailing duties as prescribed by the law. Such duties are imposed in accordance with the terms of a mandatory law, they are not imposed for the purpose of obtaining concessions on exports from the United States to foreign countries, and cannot be removed or modified in return for such concessions. There is no authority for administrative discretion to modify the requirements of law.

This Government hopes, therefore, that the Italian Government will find it possible to modify the practices which have occasioned the application of countervailing duties in such a way as to make it possible for this Government to remove them.

With regard to the problem of commercial relations, it has always been the desire of the United States that our trade relations with Italy should be placed on a satisfactory basis. This Government will give careful study to any proposals which the Government of Italy may care to submit with these ends in view, and on its part is prepared to make every effort to find a means of regulating the trade between the two countries which will be acceptable and advantageous to both countries. Of course, it goes without saying that the prospects for undertaking commercial negotiations depend upon the general political situation in Europe. Obviously such negotiations would be pointless if the outcome of the immediate crisis were such as to change the whole situation.

WASHINGTON, August 31, 1939.

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611.653/124: Telegram

*The Ambassador in Italy (Phillips) to the Secretary of State*

ROME, September 30, 1939—10 a. m.

[Received September 30—6 a. m.]

433. Department's telegram No. 83, August 30, 7 p. m. Director General of Commerce in the Ministry of Trade and Foreign Exchange<sup>36</sup> told the Commercial Attaché yesterday that the premium which the Italian Government has been paying on raw silk used in manufactured products is shortly to be discontinued and that premiums will be retained only on raw silk exported as such.

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<sup>36</sup> M. Masi.

Masi intimated that in view of this change our Government might wish to reconsider countervailing duties imposed on Italian silk products.

PHILLIPS

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611.6581/476 : Telegram

*The Ambassador in Italy (Phillips) to the Secretary of State*

ROME, October 11, 1939—1 p. m.  
[Received October 11—8:22 a. m.]

460. Department's telegram No. 83, August 30, 7 p. m. Italian reply dated October 7 received today. It merely repeats arguments already advanced in their *note verbale* of July 24 and again evinces willingness to examine the possibility of a revision of the temporary agreement with a view to taking into account changed requirements of Italian economy.

Copy by pouch.<sup>36a</sup>

PHILLIPS

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611.653/125 : Telegram

*The Ambassador in Italy (Phillips) to the Secretary of State*

ROME, December 9, 1939—11 a. m.  
[Received December 9—8:30 a. m.]

546. My telegram No. 433, September 30, 10 a. m. *Official Gazette* of December 7 publishes a decree dated October 12 suppressing as of November 1 the bounty called quota price adjustment heretofore paid on the exportation of silk textiles, velvets, ribbons, tulle, crepes, knitted goods, and hosiery referred to in subparagraphs E and F of Article V of Decree No. 1267 of May 29, 1937. Director General of Commerce Masi yesterday commented to the Commercial Attaché that in view of this action the United States ought now to discontinue application of countervailing duties on these silk products.<sup>37</sup>

PHILLIPS

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665.116/424 : Telegram

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

ROME, December 28, 1939—5 p. m.  
[Received December 28—1:07 p. m.]

574. Masi, Director General of Commerce, assured us today that the preparation of the United States import quota list for 1940 was

<sup>36a</sup> Despatch No. 1584, October 11, not printed.

<sup>37</sup> A Treasury Decision dated April 28, 1940, discontinued the countervailing duties on certain silk products.

being actively pushed. With regard to unfilled portions of the 1939 quotas he would give no indication of what we might expect but said the matter was being carefully considered.

In the course of the conversation Masi stated that in his opinion now was a most favorable moment for the negotiation of a trade agreement between the United States and Italy and referred in this connection to "the increasing recognition of Italy's importance as a stabilizing factor in present war conditions."

REED

611.6531/483 : Telegram

*The Ambassador in Italy (Phillips) to the Secretary of State*

ROME, February 8, 1940—11 a. m.  
[Received February 8—7:55 a. m.]

86. My despatch No. 1584, October 11, 1939.<sup>88</sup> Following is translation of *note verbale* dated February 5 from the Foreign Office:

"The Royal Ministry of Foreign Affairs presents its compliments to the Embassy of the United States of America and referring to its *note verbale* of October 7 last <sup>88a</sup> to which no reply has been received states as follows:

(1) The commercial balance between the United States of America and Italy is at a rate constantly unfavorable to the latter with a passive balance which in 1938 amounted to 508,391 lire.

(2) The *modus vivendi* of December 16, 1937, was signed with the understanding that shortly thereafter negotiations would follow for the conclusion of a commercial accord which would provide for tariff modifications. Such negotiations have not yet been begun while the application of supplementary duties on certain Italian products is restricting the exportation thereof to the United States influencing unfavorably Italy's already passive trade balance.

(3) It now appears that the divergence of interpretation between the Government of the United States of America and the Royal Government concerning article 8 of the *modus vivendi* cannot be eliminated in the future.

In view of the foregoing considerations the Royal Ministry of Foreign Affairs has the honor again to inform the Embassy of the United States of America that the Italian Government would be disposed to initiate negotiations looking to a revision of the *modus vivendi* of December 16, 1937, and will therefore be pleased to know whether the Government of the United States of America concurs in the matter."

PHILLIPS

<sup>88</sup> Not printed, but see telegram No. 460, October 11, 1 p. m., from the Ambassador in Italy, p. 646.

<sup>88a</sup> Not printed.

611.6531/483 : Telegram

*The Secretary of State to the Ambassador in Italy (Phillips)*

WASHINGTON, February 13, 1940—6 p. m.

36. Your 86, February 8, 11 a. m. We have not at any time lost sight of the desirability of finding a more mutually satisfactory basis for Italian-American trade relations and I hope you will assure the appropriate Italian authorities of our desire to that end. We have ever since the signing of the present *modus vivendi* carried forward studies of the numerous complex problems incident to that trade with a view to finding a basis for adjustment. The war has of course added new problems. Furthermore I am sure that the Italian authorities will appreciate the difficulty caused by the present discussion in Congress of the renewal of the Trade Agreements Act.

We recognize that there has been a certain delay in replying to the Italian Government's *note verbale* of October 7, 1939. That delay has not been due to indifference. We are equally interested in lowering the barriers now restricting Italian-American trade, and we are anxious to find a basis for increased trade and improved trade relations. However, we are unable to see how modification of the *modus vivendi* would contribute to this end.

I think the Italian authorities clearly understand that any trade agreement which we might be prepared to negotiate must follow the basic pattern of the trade agreements which we have already negotiated with other countries. One of our major difficulties in studying the possibilities of a trade agreement with Italy is the fact that Italian commercial practices are frequently at variance with the treatment we would expect to be accorded American commerce. Our consideration of the possibility of trade agreement negotiations would be materially helped if the Italian Government were to submit comprehensive proposals to us. You can assure the Italian authorities that any such proposals as they might care to make would receive our early and sympathetic consideration.<sup>39</sup>

It may be added for your own information that in addition to the points outlined above the recent action of the Italian Government as outlined in your 78, February 1,<sup>40</sup> adds very material complications.

HULL

<sup>39</sup> No record of further proposals by the Italian Government has been found in the Department files.

<sup>40</sup> Not printed.

PERSECUTION OF JEWS IN ITALY<sup>41</sup>

865.4016/129 : Telegram

*The Acting Secretary of State to the Ambassador in Italy (Phillips)*

WASHINGTON, January 5, 1939—7 p. m.

3. Embassy's telegram no. 392, December 28, 1 p. m.<sup>42</sup> While your interpretation of instructions concerning anti-Jewish measures is substantially correct, we feel that your statement to the effect that Jewish citizens "must fend for themselves" is not a correct statement of our attitude. There can be no question of abandoning these citizens even for a moment to their own defense. Our position is that each citizen must decide for himself what preventive action he may consider most useful in connection with his individual case. While the Embassy should carefully avoid any action which might be construed as acquiescence in the application of anti-Jewish measures to Americans, it should, in any concrete case brought to its attention by an American where the measures have been or are being applied make appropriate representations.

WELLES

865.4016/142 : Telegram

*The Chargé in the United Kingdom (Johnson) to the Secretary of State*

LONDON, February 14, 1939—7 p. m.

[Received February 14—4:30 p. m.]

222. Personal for the Secretary and Under Secretary from Myron Taylor.<sup>43</sup>

There has been pressure on me from many sources since the Italian decrees relating to Jews<sup>44</sup> were issued to make an appeal to Mussolini to postpone the date when the decrees will go into effect. With the President's approval I should like to go to Rome from Florence and, with the assistance and collaboration of Ambassador Phillips, attempt to make this appeal.

<sup>41</sup> Continued from *Foreign Relations*, 1938, vol. II, pp. 582-606.

<sup>42</sup> *Ibid.*, p. 605.

<sup>43</sup> Vice Chairman of the Intergovernmental Committee on Political Refugees.

<sup>44</sup> See *Foreign Relations*, 1938, vol. II, pp. 588-601 *passim*.



Jewish organizations with which I am in confidential contact are preparing a detailed memorandum on the situation which I can leave with Mussolini.

My best informed friend in Italian matters, who was with me on Friday,<sup>45</sup> expressed the belief that I should present the memorandum and then orally attempt to persuade Mussolini to relax the pressure on the Jews and to postpone action from March 12.

Please inform me whether you perceive any objection to this plan, to which I hope you will give your sympathetic consideration. [Taylor.]

JOHNSON

865.4016/147

*The Ambassador in Italy (Phillips) to the Secretary of State*

No. 1297

ROME, February 16, 1939.

[Received March 3.]

SIR: I have the honor to refer to a voluntary report dated February 7, 1939, entitled Jewish Owned Securities, Frozen Bank Accounts and Italian Exports, from the American Consul General at Milan.<sup>45a</sup>

On page 3 of the Consul General's report there is what purports to be a summary of regulations dated January 24, 1939, dealing with bank accounts of foreign Jews residing in Italy and conditioning their bank withdrawals. The Consul General interpreted these regulations in the following sense:

(1) *Ascertainment of property to be transferred abroad.*

All property, incomes and bank accounts of foreign Jews must be declared to the tax office. A detailed list must be furnished and if any liabilities are existing they must be indicated clearly. Transfers are allowed only for property regularly declared to the tax office and taxes (income or other) have been paid.

For banking accounts a special account named "accounts of foreign Jews", or "dossiers of foreign Jews", must be opened. Every foreign Jew is required to concentrate his assets in one account at one bank acting as agent for the Bank of Italy.

The deposits (accounts) may be used for the payment of 40% of the domestic price of goods chosen from the attached list, to be exported to countries with free exchange and with which Italy has no "clearing" agreements, nor "compensated trade", while the remaining 60% will have to be paid in foreign currency to the National Institute of Foreign Exchange.

As it appeared from this version of the new regulations not only that all foreign Jews in Italy would be required to declare their

<sup>45</sup> February 10.

<sup>45a</sup> Not printed.

property to the tax office, but that each of them would be required to concentrate his assets in a single bank account, it was deemed advisable to request the Consul General to furnish the Embassy a copy of the document upon which he had based his report. The Consul General promptly complied with this request and there are transmitted herewith a copy and an English translation of the Circular Letter containing the regulations in question.<sup>46</sup> An examination of them would seem to indicate that the above-mentioned impression was incorrect and that compliance with the requirements cited in the Consul General's report is incumbent only upon those foreigners of the Jewish race who desire to avail themselves of the "facilities" offered by the regulations for the transfer abroad of assets owned by them in Italy.

Occasion was taken to discuss these regulations when the Counselor of the Embassy called upon the Director General of the Department of Transoceanic Affairs at the Foreign Office on February 14. It was made clear to that official that if the Italian Government persisted, in spite of our Government's declared position in the matter, in expelling American citizens from Italy, our Government could not accept the procedure embodied in these regulations as an adequate or satisfactory solution of the problems to which they were intended to apply.

The Director General pointed out that adoption of the procedure in question was optional on the part of the persons concerned; if they did not wish to avail themselves of it, there was no provision in the Circular Letter which would prevent their spending their money freely in Italy. His attention was invited to the fact that persons required to leave Italy could not be expected to derive much comfort from the knowledge that they could utilize here their funds on deposit in this country. He replied that as the laws stood at present there was nothing to prevent foreign resident Jews leaving Italy from returning as visitors when they wished to do so and remaining here for as long as six months at a time.

Respectfully yours,

WILLIAM PHILLIPS

840.48 Refugees/1425: Telegram

*The Ambassador in Italy (Phillips) to the Secretary of State*

ROME, February 16, 1939—8 p. m.  
[Received February 16—3:45 p. m.]

55. My 12, January 12, 5 p. m.<sup>47</sup> Representatives of the Italian Refugee Committee called upon me this afternoon and discussed the

<sup>46</sup> Neither printed.

<sup>47</sup> Not printed.

approaching crisis for all foreign Jews in Italy who will not have been able to leave Italy before March 12. It is believed that there are about 6,000, one-third of whom are German, one-third Polish and one-third of various nationalities. Only those who can convince the Italian authorities that they will receive within 2 or 3 months permission to proceed to foreign countries will be permitted to remain unmolested and at this date there are comparatively few of these. The Committee fears that drastic measures will be taken against the several thousands remaining who may be sent either to concentration camps or over the frontiers in sealed cars.

In view of the assurances which Mussolini gave me on the occasion of presenting the President's letter to him (see my 2, January 3, 9 p. m.<sup>48</sup>) it would seem to me that perhaps I am in a position to approach the Italian Government and ask for a delay of 2 or 3 months beyond March 12. At the same time it might not be inappropriate for me to suggest that the Italian Government invite a representative of the London Committee to come to Rome and discuss the problem in the same manner in which representatives of the Committee negotiated with the German authorities in Berlin.

You will recollect that in his conversation with me Mussolini expressed a willingness to cooperate with the President in finding a solution of the entire international problem. Since the Italian refugee problem is an important part of the whole, do you not feel that I am in a position to make some helpful approach at this end?

PHILLIPS

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865.4016/144 : Telegram

*The Secretary of State to the Ambassador in Italy (Phillips)*

WASHINGTON, February 18, 1939—3 p. m.

14. Your 55, February 16, 8 p. m. Myron Taylor, who will reach Florence early next week, wishes to take up with Mussolini the possibility of delay beyond March 12 in the application of the Italian Decrees. We have advised him that we perceive no objection but suggested that he consult you before making definite plans.

Mr. Taylor's *démarche*, however, will be personal and unofficial as the Intergovernmental Committee's mandate does not include negotiations on behalf of involuntary emigrants from any country other than Germany.

HULL

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<sup>48</sup> Not printed; for President's letter of December 7, 1938, see *Foreign Relations*, 1938, vol. I, p. 858.

865.4016/146 : Telegram

*The Ambassador in Italy (Phillips) to the Secretary of State*

ROME, February 27, 1939—11 a. m.  
[Received February 27—8:40 a. m.]

66. Your 14, February 18, 3 p. m. I have been unable to secure an audience with Mussolini for Myron Taylor who has returned to Florence.

It is possible that Mussolini may be intending to postpone the provision set for March 12 with regard to the forced departure of foreigners of Jewish extraction until a later date and that his refusal to receive Taylor was in order not to give the impression of taking such action under pressure. Mr. Taylor agrees that in the circumstances it will be best to avoid all publicity and to do nothing further until perhaps March 7th or 8th when, if you see no objection, you might instruct me to seek an interview with Ciano<sup>49</sup> with a view to having the time limit extended.

PHILLIPS

865.4016/150 : Telegram

*The Ambassador in Italy (Phillips) to the Secretary of State*

ROME, March 8, 1939—1 p. m.  
[Received March 8—8:40 a. m.]

78. A representative of the Jewish Refugees Committee has informed the Embassy that according to information which has been given the Committee from the Ministry of the Interior, foreign Jews who have requested authorization to remain in Italy after March 12 will be permitted to do so. The extension will be determined in each case and will probably be granted for periods of from 4 to 6 months.

It is not known yet whether this will apply to German refugees but in any case it is not expected that there will be a general roundup or imprisonment of those German Jews who are still in Italy on March 12.

PHILLIPS

865.4016/155 : Telegram

*The Ambassador in Italy (Phillips) to the Secretary of State*

ROME, March 10, 1939—7 p. m.  
[Received March 10—2:25 p. m.]

83. My 81, March 10, 10 a. m.<sup>50</sup> Ciano confirmed to me this afternoon the information contained in my 78, March 8, 1 p. m. with regard

<sup>49</sup> Galeazzo Ciano, Italian Minister for Foreign Affairs.

<sup>50</sup> Not printed.

to foreign Jews in Italy. Furthermore, he said that this applied also to the German refugees. There will be no roundup or imprisonment of any foreign Jews in Italy on March 12.

He gave me very definitely the impression that the decision had been reached to relax the anti-Jewish campaign.

PHILLIPS

865.4016/157 : Telegram

*The Ambassador in Italy (Phillips) to the Secretary of State*

ROME, March 15, 1939—6 p. m.  
[Received March 15—1:45 p. m.]

89. This afternoon's papers carry an announcement regarding foreign Jews in Italy as follows:

"The 12th instant marked the expiration of the period established by Article 24 of the law relating to the defense of the race for the departure from the Kingdom of foreign Jews who initiated their sojourn in Italy after January 1, 1919.<sup>51</sup> Before this date many foreign Jews left the Kingdom of their own accord; the others with the exception of those authorized to remain under the provisions of Article 25 will gradually leave the Kingdom within the next few days. It is presumed therefore that with the exception of special cases for reasons of health or family conditions all foreign Jews residing in Italy subsequent to January 1, 1919, will leave the Kingdom within a brief period."

I am seeking an explanation of the apparent divergence between this announcement and the previous information received from Ciano, see my 83, March 10, 7 p. m.

PHILLIPS

865.4016/158 : Telegram

*The Ambassador in Italy (Phillips) to the Secretary of State*

ROME, March 17, 1939—2 p. m.  
[Received March 17—8:55 a. m.]

92. My telegrams numbers 83, March 10, 7 p. m., and 89, March 15, 6 p. m. Ciano assured me definitely today that his statement to me on March 10 held good so far as concerns the time permitted foreign Jews to leave Italy.

PHILLIPS

<sup>51</sup> Royal Decree-Law No. 1728 of November 17, 1938; *Gazzetta Ufficiale Del Regno D'Italia*, November 19, 1938, p. 4794.

**MONACO**

**EXTRADITION TREATY BETWEEN THE UNITED STATES AND  
MONACO, SIGNED FEBRUARY 15, 1939**

[For text of the treaty, see Department of State Treaty Series  
No. 959, or 54 Stat. 1780.]

## NETHERLANDS

### UNSUCCESSFUL NEGOTIATIONS FOR AGREEMENT BETWEEN THE UNITED STATES AND THE NETHERLANDS FOR THE EXCHANGE OF WHEAT AND COTTON FOR STRATEGIC RAW MATERIALS

811.24 Raw Materials/69 : Telegram

*The Minister in the Netherlands (Gordon) to the Secretary of State*

THE HAGUE, April 12, 1939—3 p. m.

[Received April 12—12:01 p. m.]

37. The first Dutch press comment (in this morning's *Rotterdam Courant*) concerning the reported Byrnes proposal<sup>1</sup> for exchange of our surplus grain and cotton against rubber and tin concludes as follows in translation:

"What many have for a long time thought they saw coming, namely the disappearance of free capitalistic trade, now threatens to become a reality."

GORDON

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811.24 Raw Materials/69 : Telegram

*The Secretary of State to the Minister in the Netherlands (Gordon)*

WASHINGTON, April 13, 1939—7 p. m.

23. Your 37, April 12, 3 p. m. For your information and guidance, the Department is reemphasizing to the press the fact that under the proposal certain American surplus commodities would be offered in exchange for strategic materials only if foreign governments would agree to hold the stocks acquired as reserves for national emergencies, with adequate safeguards against the release of any part of such stocks to commercial markets. Because of these features, we feel that this proposal does not run contrary to our commercial policies and is quite different from commercial barter deals. These transactions would be entirely apart from commercial markets and should not influence them.

HULL

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<sup>1</sup> James F. Byrnes, Senator from South Carolina; for text of Senator Byrnes' proposal, see Department of State, *Press Releases*, April 15, 1939, p. 297.

811.24 Raw Materials/91 : Telegram

*The Secretary of State to the Minister in the Netherlands (Gordon)*

WASHINGTON, April 25, 1939—7 p. m.

30. The Department has taken the occasion of the visit of Dr. G. H. C. Hart<sup>2</sup> to Washington on other matters to open up conversations regarding the possibility of exchange of American cotton and wheat for strategic materials, especially rubber and tin. Dr. Hart of course had no instructions regarding this subject but after consultation with the Minister he expressed his own reflections. The following summary of the impression received as to his views is offered solely for your information. In his opinion such exchanges would be advantageous to the Netherlands by supplying an extra-market outlet for rubber and tin, and by affording the Netherlands reserve stocks which would lessen supply and shipping problems in times of international conflict. He foresees a number of difficulties from the standpoint of the Netherlands, however, including the fact that the policy of that Government toward extensive emergency stocks has not been clearly defined; the problem of clearing accounts between the Netherlands Indies, supplying rubber and tin, and the Netherlands Government; political questions which would arise if action by the Netherlands legislature is required; and the fact that, in view of the undeveloped state of the spinning industry in the Netherlands, reserves of cotton could be carried only in the form of yarn. He also doubted that the Netherlands could commit itself to holding the stocks acquired as reserves for an indefinite period; in his opinion the Government would wish to liquidate stocks whenever the threat of war passes.

Conversations may be continued here, but it is believed that the principal discussion of the proposal must be carried on in The Hague. You are instructed, therefore, to present the matter to the Netherlands Government, referring to the conversations already held here. You may be guided in general by the Department's instruction to London,<sup>3</sup> a copy of which is being mailed to you from London. You will feel free to place the proposal before the highest officials of the Netherlands Government, since this Government is very much interested in arranging exchanges along the suggested lines.

It is hoped that the Netherlands Government will at least be interested in exploring the feasibility of such exchanges, the details to be worked out after further study and consideration (including, in all probability, clearance with the international committees controlling

<sup>2</sup> Director of Overseas Trade and Shipping in the Netherland Ministry for the Colonies.

<sup>3</sup> See telegram No. 267, April 18, noon, to the Ambassador in the United Kingdom, p. 234.



rubber and tin, cooperation between the British and Netherlands Governments, and perhaps discussions with other Governments producing these materials). It will be helpful to have full reports from you as to the response of the Netherlands officials and their opinions regarding problems and difficulties to be studied, together with your own recommendations.

One immediate difficulty is the apparent impression that this Government alone is interested in the proposed exchanges. Consideration may be given, therefore, to Dr. Hart's tentative suggestion that the possibilities offered by this idea might be explored by the international rubber and tin committees and then be brought, by members of those committees, to the attention of the British and Netherlands Governments. In any event, an active interest on the part of rubber and tin producers should encourage those Governments to give full consideration to the idea.

The proposal is being discussed also with the Belgian Government, particularly with respect to the supply of tin.<sup>4</sup>

You are requested to mail a copy of this instruction to London and to keep the Embassy there informed of developments at The Hague. A copy of the memorandum of conversation with Dr. Hart will be mailed to you in the first pouch.<sup>5</sup>

HULL

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811.24 Raw Materials/93 : Telegram

*The Minister in the Netherlands (Gordon) to the Secretary of State*

THE HAGUE, April 26, 1939—5 p. m.  
[Received April 26—4:08 p. m.]

53. Department's 30, April 25, 7 p. m. I presented the matter to the Foreign Minister this afternoon and am sending a note covering our conversation—including all the points brought out in the Department's instruction under reference as well as in its telegram No. 267, April 18, noon to the London Embassy<sup>5a</sup>—to him with copies to be distributed to the Prime Minister and the Ministers of Economic Affairs, Finance, and Colonies all five of whom meet in select Cabinet meeting tomorrow morning.

The Foreign Minister's first observation was that the informal discussions of this matter which he had had with his Government colleagues had not indicated a favorable reaction to our suggestion. However, the matter would of course be given the most careful study

<sup>4</sup> See pp. 438 ff.

<sup>5</sup> Memorandum not printed.

<sup>5a</sup> *Ante*, p. 234.

and it was to be hoped that the Government would not give us a merely negative reply. I shall of course follow the matter up with the utmost vigor.

GORDON

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811.24 Raw Materials/106: Telegram

*The Minister in the Netherlands (Gordon) to the Secretary of State*

THE HAGUE, April 29, 1939—2 p. m.

[Received April 29—12:05 p. m.]

58. My No. 57, April 28, 4 p. m.<sup>6</sup> The following is the text of an *aide-mémoire* embodying the reply of the Netherlands Government which the Foreign Minister has just given me.

“The proposal has had the serious attention of the Netherlands Government.

Participation on the part of the Netherlands in the American proposal ‘in the form in which it has been made’ (the clause quoted was underlined in the *aide-mémoire*) meets with grave objections. These objections are based on the fact that the commercial policy followed by the Netherlands Government in the matter of exchange of raw materials is not compatible with the conclusion of an agreement on the lines set forth in the letter of April 26, 1939. It is for this reason that the Netherlands have consistently refused to enter with other countries into agreements concerning barter of raw materials, and there would appear to be no possibility of making an exception without serious difficulties resulting therefrom with those other countries in the matter of commerce.

At the present time, the Netherlands declare their readiness to supply the United States of America with a stock of rubber and of tin against payment in money. Consultation with a view to the acquisition of the quantities of tin and rubber the United States desire to obtain might in the first instance be entered into with the organizations influencing the resources of the production of these two commodities.

The Netherlands Government have received information to the effect, so far as the supply of tin is concerned, Netherlands producers are prepared to send experts to the United States forthwith for purposes of discussion.

The foregoing should not be taken as meaning that the Netherlands would be unwilling to participate in an examination of other methods of giving satisfaction to the desire of the United States, subject to the objections referred to above not being inherent in such other methods.

The Hague, April 29, 1939.”

GORDON

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<sup>6</sup> Not printed.

811.24 Raw Materials/107: Telegram

*The Minister in the Netherlands (Gordon) to the Secretary of State*

THE HAGUE, April 29, 1939—4 p. m.

[Received 6 p. m.]

59. In handing me the *aide-mémoire* the Foreign Minister gave certain additional explanations which may be summarized as follows:

In order to stimulate all branches of its production and exportation, in trade agreements with various other countries The Netherlands has consented to take various articles which it does not particularly need or want in order to be able in return to dispose of diversity of Dutch products. More particularly in various trade agreements The Netherlands has agreed to take wheat which either on account of its price or quality is not particularly desirable to The Netherlands. In various trade agreements likewise The Netherlands disposes of a certain amount of the valuable and much sought-for commodities of tin and rubber only upon the other parties consenting to take a variety of other Dutch products. The Dutch Government accordingly feels that if it should now consent to our proposed arrangement all these other countries would object strenuously and demand that The Netherlands furnish them with tin and rubber on a barter basis for a limited amount of products of these other countries without insisting as under existing agreements that they take other Netherlands goods as well; thus, the Dutch claim, their commercial position would be greatly impaired.

It was quite evident from the conversation that the country which the Dutch principally fear in this connection is Germany—quite apart from political considerations the Dutch send approximately 15% of their total exports to and receive approximately 21% of their total imports from Germany. In this connection, however, the Foreign Minister also referred to trade agreements with the Argentine, Rumania and Turkey under all of which the Dutch import wheat.

The reply on this phase of the question boils down to the fact that the Dutch say they neither need nor want our cotton or wheat to form reserve stocks. I fear that this is a fact as regards cotton, and the statement that from other countries they are already getting grain which they do not particularly need, while to my mind not conclusive, nevertheless represents their present attitude. I say not conclusive because I understand that at the end of March the Dutch had only some 3 months reserve supply of wheat and as their winter wheat crop was approximately a 90% failure, unless they import more foreign wheat than they are doing this reserve will be pretty well used up by the time the next domestic crop is in hand.

The suggestion as to cash purchases of rubber and tin of course envisages furnishing such supplies over and above the present release

quotas established by the rubber and tin committees. The rubber people here have pointed out to the Government that if the International Rubber Committee were to be approached in ordinary routine fashion with respect to authorizing increased quotas the matter would take a long time and accordingly they are prepared if we desire it to send a Billiton<sup>7</sup> official—probably Vandebroek—to the United States to negotiate with a view to expediting matters. This of course means that the Netherlands Government for its part will approve an increase in release quotas for this purpose.

While the last paragraph of the *aide-mémoire* may seem to be one of courtesy only I trust that it may contain greater possibilities than that, and if we can devise other ways of approaching the matter I think that the Dutch are prepared to give them full and proper consideration.

As indicated above, however, the present status of the question is simply that the Dutch do not consider our proposal a good business proposition. They unquestionably are looking at the matter primarily if not exclusively from the angle of their own self-interest and so far it seems apparent that no considerations of higher politics, as may perhaps be the case in England, have entered into their calculations.

To sum up, I trust it is clear that if the cash purchase suggestion is not feasible I hope we may urge reconsideration of our barter proposal, but to do so with any chance of success the foregoing will indicate that we will have to offer some additional inducement.

GORDON

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811.24 Raw Materials/112: Telegram

*The Secretary of State to the Minister in the Netherlands (Gordon)*

WASHINGTON, May 5, 1939—6 p. m.

38. Your no. 58, April 29, 2 p. m., no. 59, April 29, 4 p. m., and no. 63, May 4, 1 p. m.<sup>8</sup> The reply of the Netherlands Government is distinctly disappointing.

You are instructed to respond, in the form you consider most suitable, to the points set forth by the Netherlands Government in its *aide-mémoire* and in the explanation given by the Foreign Minister, stressing the following points:

1. The United States Government itself is strongly opposed to the barter of materials by governments where such transactions take the

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<sup>7</sup> Dutch East Indies island.

<sup>8</sup> Telegram No. 63 not printed.

place of or interfere with normal channels of trade. This Government proposes quite a different type of arrangement, however. It wishes to stress particularly the fact that it will make its surpluses of wheat and cotton available for such exchanges only if these supplies are to be held as reserve stocks for war emergencies, with no possibility of their being substituted in commercial markets for supplies otherwise available through the normal channels of trade. Since this Government is prepared to hold stocks of strategic materials, including rubber and tin, in the same way, the proposed transactions would lie entirely outside the channels of trade and should be free from the criticism or difficulties feared by the Netherlands Government.

2. With reference to the Foreign Minister's observation as to the usual practice of the Netherlands in specifying in trade agreements that the other country take a variety of Netherland products along with tin and rubber, we do not believe that this fact is pertinent to the particular transaction which we have put before the Netherlands Government. Our proposal is based on the idea that if a war emergency came, the Netherlands Government would need the wheat and cotton just as much as we would need the tin and rubber. Furthermore, all of our ordinary trade arrangements are based on operative free market conditions. It is not perceived, therefore, how, if the Netherlands Government entered into the transaction proposed, it would be laying itself open to any justified claims on the part of other countries that would impair the commercial position of the Netherlands.

3. Although this Government needs large emergency reserve stocks of rubber and tin, it will be impossible to secure them unless other governments are prepared to work out some arrangement for supplying such stocks in connection with the acquisition of reserves of materials which this Government is prepared to supply. Although legislation providing \$100,000,000 for the purchase of strategic materials has been under consideration in Congress, there is no prospect of securing this year more than \$10,000,000, and even the appropriation of this amount is still uncertain. Should this sum be made available, small purchases of tin might be made although other strategic materials are also in demand. There is no prospect whatever that any part of this sum could be used for the purchase of rubber, since even the full \$100,000,000 program would not have covered the acquisition of rubber.

Having reemphasized these points, you may then express the willingness of this Government to explore ways of working out the proposed transactions which will be acceptable to both governments. You may feel free to engage in such exploratory conversations, reporting fully before you indicate any possibility of acceptance by this Government.

It may be that the Netherlands Government would be much more responsive to our suggestion if publicity could be avoided. If in your opinion this is a matter of primary concern, the Department may wish to consider a new approach to the problem. If, on the other hand, there proves to be no disposition to consider an outright exchange arrangement under any conditions, you may wish to encourage the Netherlands Government to suggest ways by which the same objectives could be obtained without the appearance of a barter arrangement.

The Department assumes that if you find it effective you will enter into discussion of some of the background aspects of the present situation bearing upon the wisdom of stock accumulation by the Netherlands as well as by us. Certainly the possession of stocks would serve the Netherlands Government as well as it would ours to avoid burdens and risks of shipping. Neglect of opportunities offered now would lead to criticism later if unusual difficulties arose.

HULL

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811.24 Raw Materials/121 : Telegram

*The Minister in the Netherlands (Gordon) to the Secretary of State*

THE HAGUE, May 9, 1939—4 p. m.

[Received 9:15 p. m.]

64. Department's 38, May 5, 6 p. m. I have seen the Prime Minister and the Foreign Minister and put before them the points which the Department directed me to stress as well as taking up various background aspects including points touched upon in the conversation reported in the Department's instruction No. 236 of April 25.<sup>9</sup>

I saw the Foreign Minister first, leaving with him a note covering the points enumerated in the Department's telegram and taking up the others orally. Subsequently I saw the Prime Minister and I shall report the conversations in the order in which they took place.

The first comment the Foreign Minister made in reply to the exposition of our views was that unfortunately the Netherlands did not want or need our wheat and cotton; this point had been carefully considered before giving us their reply of April 29 and all the interested Ministers had agreed; the Minister of Economic Affairs had assured them that there was a reserve stock of wheat in the Netherlands for human consumption which would last for one year and they had never considered it necessary to form reserve emergency stocks of cotton. He felt that this was a fundamental objection. In reply I stated that the figures which we had compiled in the Legation from

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<sup>9</sup>Not printed. This instruction transmitted a memorandum of the conversation summarized in telegram No. 30, April 25, 7 p. m., p. 657.

Government sources as to reserve wheat stocks did not agree with the estimate of the Minister of Economic Affairs (see second paragraph of Section 2 of my 59, April 29, 4 p. m.<sup>9a</sup>). The Foreign Minister replied that both estimates might be correct; he freely admitted that in saying they had a year's reserve stock available it meant that the human consumption wheat in bread and other forms would of course be greatly decreased in case of war.

Putting aside this objection for the moment I further pressed upon him our view that as our proposal was based upon the fundamental condition of keeping these reserve stocks off the market and in no way could be deemed to constitute an ordinary commercial transaction it should be free from the criticism and difficulties feared by the Netherlands Government. To this the Foreign Minister replied that the Netherlands Government could not see it that way that sooner or later these stocks would have to be liquidated—and wheat stocks presumably much sooner than stocks of tin or rubber—and that when the moment for liquidation came these stocks would be bound to have an effect upon the market; that although the possibility of war of course must be taken into account, if as they still hope the danger of war should within a measurable time pass away the Netherlands would not wish to keep reserve stocks of wheat and cotton on hand indefinitely. I pointed out that the question of how long the reserve stocks were to be kept on hand and of whether reserve stocks of wheat and cotton might be liquidated at a different time than stocks of rubber and tin was one of the points which could profitably be studied and negotiated.

The Foreign Minister then said that in any event whatever form the proposed transaction might take his Government, as he had told me before, felt convinced that other countries, and particularly Germany, would demand that the Netherlands conclude a similar transaction with them and would declare their readiness to take rubber and tin on just the same terms as the Netherlands would be furnishing them to us. In this connection he said that although he did not wish to put it in writing he might point out that whereas the Netherlands could rely on the United States and England scrupulously fulfilling any undertaking to keep reserve stocks of rubber and tin off the market they could not have the same confidence in these other countries—in other words Germany—abiding by the commitments they might make in this respect.

He again referred to the fact that although an agreement had not been signed the Dutch had decided to propose to Turkey an arrangement whereby the former supplies ships and docks in return for taking a large quantity of Turkish wheat which it will be at liberty to reship

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<sup>9a</sup> *Ante*, p. 660, paragraph beginning "The reply on this phase . . .".

to other countries—the reasoning here is that the Dutch are taking the Turkish wheat not because they want it but only in order to enable them to sell ships and docks so why should they take more wheat from us which they do not want when the only *quid pro quo* is to be able to dispose of rubber and tin which they can sell anywhere at any time.

As regards the possibility of the Dutch suggesting some way of attaining the desired objective without the appearance of a barter arrangement the Minister's view was that whatever might be devised in this connection would still lead to the same unwelcome demands on the part of third countries. Further as regards the possibility of the proposed transaction being made more palatable to the Netherlands if publicity could be avoided the Foreign Minister said that the matter had now reached such a stage after Chamberlain's declaration in the House of Commons last Thursday<sup>10</sup> that he did not see how such avoidance could be attained.

The Foreign Minister did show some interest in the suggestion outlined in the last paragraph of the enclosure to the Department's instruction No. 236<sup>11</sup> and seemed to think that this fitted in with the suggestion in the Dutch *aide-mémoire* concerning sending experts to the United States.

The Prime Minister, I am glad to say, saw more possibilities of working out the proposition than did the Foreign Minister. He began by saying that time and again the Dutch had refused barter arrangements which the Germans had pressed upon them and that if they should find out that the Dutch had concluded a barter arrangement of this nature with the United States "the Germans have very long toes".

He also observed that of course the Netherlands could not hold stocks of wheat as long as we could keep stocks of tin. I replied that this was one of the practical points which would be subject to study and negotiation. He further stated that manufacturers in the United States had not kept their own stocks of rubber up to anywhere near normal. I replied that while this might have been so since the slump of 1937 this in no way meant that there would be any possibility of manufacturers bringing their own stocks up to normal from these emergency stocks as to which I again emphasized we would give the most binding commitments to keep them off the market.

However, in proposing a cash sale to us of rubber and tin he saw a possibility with the gold thus acquired of the Dutch buying some

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<sup>10</sup> See telegram No. 607, May 4, 2 p. m., from the Ambassador in the United Kingdom, p. 239.

<sup>11</sup> The paragraph in question recorded a suggestion by Mr. Hart that the arrangement might be handled through the tin and rubber committees and when it was in final form be put into treaties between the various governments (811.24 Raw Materials/91).



wheat—as for cotton he could not speak. I replied that I was delighted to hear him say this about the wheat inasmuch as I had been told that the Netherlands did not need or want our wheat to form reserve stocks. The Prime Minister said that he would not go so far as that since the matter was still under investigation (the Department will note the discrepancy between this statement and the opening comment of the Foreign Minister); he repeated that he knew nothing about technical requirements concerning cotton and so would not express an opinion with regard to it. In any event he said that an approach along these lines seemed to offer the best if not the only method of reaching the solution we desired without its being open to the objection set forth above. The suggestion in the last paragraph of the enclosure to the Department's instruction No. 236 seemed to him a modality of such approach which should be explored.

In concluding our conversation the Prime Minister said he would reconvene his select Cabinet committee to give the matter further consideration and I told him that I should be glad at any time to talk to the members thereof either singly or jointly concerning the possibilities of approaching our proposal in a way which would offer less difficulty to the Netherlands Government and which would at the same time attain the same objectives.

In my telegram under reference as well as in my number 63 of May 4, 1 p. m.,<sup>11a</sup> I stressed the importance of seeing if we could discover some additional inducement to put before the Dutch over and above a bare offer to give them cotton and wheat as to which—even taking the Prime Minister's words at their most optimistic value—they are not over enthusiastic, even if this inducement be in an entirely unrelated field. Even the subject matter of the first full paragraph on page 3 of the enclosure to the Department's instruction No. 236<sup>12</sup> came up in conversation with the Foreign Office he at once said that guns were a commodity which the Dutch would be very glad to have from us and referred to the lack of results of the Van Dulm mission<sup>13</sup> earlier this year. I said that the main reason therefor was that our armaments manufacturers were so full up with orders that they could not guarantee deliveries desired by the Dutch. The Foreign Minister said he understood this and that they were now trying to place orders in England but he thought that his Government would be much inter-

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<sup>11a</sup> Not printed.

<sup>12</sup> It was stated that Mr. Hart seemed to be interested in ascertaining whether American commodities other than cotton and wheat might be available under similar arrangements (811.24 Raw Materials/91).

<sup>13</sup> Netherland naval mission to the United States in February 1939, interested in purchasing airplanes, motor torpedo boats, mines, and sounding equipment.

ested if any possibilities could be discovered in this connection as far as we are concerned.

GORDON

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811.24 Raw Materials/132 : Telegram

*The Minister in the Netherlands (Gordon) to the Secretary of State*

THE HAGUE, May 13, 1939—1 p. m.

[Received May 13—10:42 a. m.]

67. My 64, May 9, 4 p. m. From further conversations with officials on the background aspects of our proposal, including one with the Foreign Minister today, the following is apparent.

The Dutch still take the position that we are offering them something they do not want (I am informed, however, that the Ministry of Economic Affairs—which is also the Ministry of Agriculture—is still working on figures to sustain the Minister's estimate of reserve stocks of wheat which I had contested). However, the Dutch Government seems really desirous of not giving a flat no for an answer and it wishes thoroughly to explore possible alternative ways of attaining substantially the objectives desired by us. My present impression is that eventual Dutch suggestions of alternative ways will include an indication of their preference for other commodities than cotton and wheat as well as a renewal of the proposal to send one of their tin committee experts to the United States (see my 59, April 29, 4 p. m.). This exploration of possibilities will of course take time and the Foreign Minister said today that probably there would be no answer within at least a fortnight, and it seems apparent that if we would press for a quicker reply we would increase the risk of obtaining a merely negative answer.

I had hoped to leave here at about this time for a 2 or 3 weeks trip as indicated in my despatch No. 730 of May 4.<sup>14</sup> It seems to me that a stage has been reached in connection with our exchange proposal where it is not essential for me personally to remain here in order to advance matters and I should therefore like to make a trip of the nature indicated unless the Department perceives objection thereto. I should accordingly appreciate it if the Department would send me a telegraphic indication of its views in the premises.<sup>15</sup>

GORDON

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<sup>14</sup> Not printed.

<sup>15</sup> In telegram No. 42, May 16, 5 p. m., the Department replied that it saw no objection to his absence from The Hague for the next 2 or 3 weeks.

811.24 Raw Materials/161 : Telegram

*The Chargé in the Netherlands (Benton) to the Secretary of State*

THE HAGUE, June 5, 1939—10 a. m.

[Received June 5—9 a. m.]

84. Legation's 64, May 9, 4 p. m. The following is the translation of a note dated June 3 embodying the reply of the Netherlands Government which the Foreign Minister has just sent to me.

"With reference to His Excellency Mr. Gordon's note number 251, of May 8 last (see paragraph 2, Legation's telegram under reference), concerning the proposal of the Government of the United States to study the possibilities of an exchange of raw materials, I have the honor to inform you that the Government has not failed to submit the contents of the note to a thorough study.

It is with regret that I have to inform you that this study has not resulted in the elimination of the objections formulated in the *aide-mémoire* handed by me to Mr. Gordon on April 29 last (see the Legation's telegram No. 58, April 29, 2 p. m.). The Netherlands Government is not in a position to deviate from the point of view set forth in the said *aide-mémoire*. Moreover, an investigation of the reserves of wheat and cotton accumulated in the Netherlands shows that these reserves in no wise justify supplementary stocking of the products in question, the reserve of wheat being considered sufficient to provide for the needs of the population in war time, while the quantity of cotton available does not for the present call for the necessity of securing a surplus of any importance. In regretting, therefore, in view of the foregoing, not being in a position to consent to a transaction such as has been proposed by the Government of the United States, the Netherlands Government reiterates that it is ready, on the basis previously indicated, to collaborate with the Government of the United States in its endeavors to acquire stocks of rubber and tin."

BENTON

## POLAND

### EVACUATION OF THE AMERICAN EMBASSY STAFF FROM POLAND AND MAINTENANCE OF DIPLOMATIC CONTACT WITH THE POLISH GOVERNMENT; RETENTION OF THE AMERICAN CONSULATE GEN- ERAL IN WARSAW

125.0060C/16 : Telegram

*The Ambassador in Poland (Biddle) to the Secretary of State*

WARSAW, August 21, 1939—10 a. m.

[Received August 21—7:50 a. m.]

189. As I have attempted to point out in recent cables the already grave political situation here tends to become more threatening daily.<sup>1</sup> While recent developments have not been such as to indicate immediate military action against Poland nevertheless it should be remembered that the situation remains continually at the mercy of incidents, political or military, and that the final decision will depend largely upon the whim of one man. These facts together with the awkward geographical situation of this country in the case of war force me to conclude that I should be in a position should an emergency arise to permit families of officers and employees and such women employees as may desire to do so to leave Poland for a place of safety. Those remaining may be evacuated as circumstances and transportation facilities indicate. My chief concern now is for the children of officers at this post and it is planned that these should leave Warsaw within the next 2 or 3 days. It is contemplated that they shall depart for Scandinavian ports—preferably Stockholm or Copenhagen since it is possible to reach these ports at the present time by ship from Gdynia. In accordance with the Department's instructions on this subject<sup>2</sup> therefore permission for the payment of travel expenses and per diem allowances to these individuals is earnestly requested.

BIDDLE

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<sup>1</sup> For correspondence concerning increasing German pressure on Poland, April 15–August 21, 1939, see vol. I, pp. 168 ff.

<sup>2</sup> Circular instruction of March 21, 1939, vol. I, p. 574.

125.0060/16 : Telegram

*The Acting Secretary of State to the Ambassador in Poland (Biddle)*

WASHINGTON, August 21, 1939—6 p. m.

39. Your 189, August 21, 10 a. m. You are hereby authorized in your discretion to order dependents of American employees to a place of safety not more far distant than Norway, Sweden or Denmark, charging expenses to Authorization No. 16-1940. Telegraph names persons evacuated and destination in order that Department may estimate cost. See paragraph 13 of circular instruction of March 21, 1939.<sup>2a</sup>

The Department is of the opinion that you should not send out families of Government employees without at the same time warning non-official American citizens of the possible difficulties in leaving Poland should they delay their departure too long. It is desired that for the present any action along this line be taken with a minimum of publicity.

WELLES

124.60C/86 : Telegram

*The Ambassador in Poland (Biddle) to the Secretary of State*

WARSAW, August 25, 1939—2 p. m.

[Received 4:03 p. m.]

203. Please acknowledge immediately receipt of this message.

I understand in confidence from authoritative sources that the Government here plans in case hostilities break out or are imminent to evacuate partially Warsaw and that Diplomatic Corps will be directed to accompany the President<sup>3</sup> and Foreign Minister<sup>4</sup> to some as yet undisclosed destination further from the zone of potential combat where arrangements have been completed to house the several missions.

It is my intention in such circumstances to:

(1) Close and seal the Chancery premises unless it appears feasible to place them in the custody of the Consul General.<sup>5</sup>

(2) Destroy as other important missions have already done or intend to do the confidential files and archives.

(3) Proceed accompanied by my staff with codes and field office equipment to the temporary capital.

Since it is likely that evacuation will be ordered on short notice—stated to be around one hour with all physical arrangements therefor already completed by the authorities—it will be impossible to request

<sup>2a</sup> Vol. I, p. 578.

<sup>3</sup> Ignace Moscicki.

<sup>4</sup> Jozef Beck.

<sup>5</sup> John K. Davis.

and obtain instructions from the Department after an emergency begins and I consequently request authority without delay to use my discretion along the above lines with regard to the evacuation and subsequent functioning of the mission. I shall naturally keep the Department completely and promptly informed of all measures taken under such authority.

In view of the planned consolidation shortly of the office of the Commercial Attaché with the Consulate General it would appear desirable if the above circumstances arise to liquidate that office which would find it impossible to function profitably during hostilities with a view to its reestablishment in the Consulate General after the emergency has passed. Department's opinion requested with respect to following alternatives: (1) should Commercial Attaché and staff accompany mission to temporary capital if Polish authorities agree and quarters can be obtained; (2) should Commercial Attaché and staff join Consulate General; (3) should any American personnel of that office whose services are deemed unnecessary during emergency be transferred temporarily outside of Poland.

A separate telegram will be forwarded shortly with respect to operation of Consulate General during emergency.

BIDDLE

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125.9816/277 : Telegram

*The Ambassador in Poland (Biddle) to the Secretary of State*

WARSAW, August 25, 1939—7 p. m.  
[Received August 26—3:10 a. m.]

208. Referring to last paragraph my Number 203 of August 25, 2 p. m., the following plan has been submitted at my request by Consul General Davis:

The situation as regards the Consulate General is peculiar in that the greater part of its work consists of visa and passport services to the Poles and Polish Americans respectively; also in that there are only two or three local branches of American firms and only a very small number of Americans of non-Polish stock in Poland.

The plan for the operation of the Consulate General in case of emergencies arising is to remove to the buildings in Constantza,<sup>6</sup> authorization for the rental of which has been requested, whenever it appears that lives would be seriously endangered in Warsaw.

However as long as it is probable that Warsaw is reasonably safe and movement between here and Constantza is the same, an endeavor will be made to keep some officers in both places. It also may develop that it will be preferable for the Consulate General to move tempo-

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<sup>6</sup> Rumanian Black Sea port.

rarily to the Embassy Chancery which is in a safer location with grounds and a shelter.

Owing to the enormous size of the visa files and of many other files it would be impossible to remove these. Due to this fact and since in the event of war egress from Poland by emigrants would become physically impossible visa work would probably virtually cease. Most other services will probably also almost cease owing to the virtual cessation of requests for them. The most important work which would then remain at all possible would be with whereabouts, welfare and protection services.

The greater part of the Polish American citizens have local family connections and probably will wish to remain in this country even during a war. It is utterly impossible to forecast the number of such Americans who later may ask for assistance in leaving the country if conditions become bad and it is probable that those who may ask this assistance will delay doing so until conditions arise making physical egress virtually impossible.

In order to avoid any untoward happenings, it is requested that if and when in the opinion of myself and the [opinion?] of the Consulate General we no longer can render any real service and when situations arise in which we consider officers' lives to be seriously endangered by remaining that we be authorized to remove at once from Constantza to whatever point appears safest. Unless this authorization is given in advance there is danger that out of a [sense of?] duty officers may remain until it is too late. This request is made in view of the probability that the Embassy will accompany the Government to some other point in Poland and the possibility that effective communication with the Embassy may become interrupted. Among the possible dangers envisaged are those which might arise from indiscriminate air bombings and/or the outbreak of disorders following defeats or unpopular concessions the Government may be forced to make.

BIDDLE

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124.60C/86 : Telegram

*The Secretary of State to the Minister in Sweden (Sterling)*<sup>1</sup>

WASHINGTON, August 25, 1939—8 p. m.

26. Please repeat the following message to Warsaw as Department's No. 43, August 25, 8 p. m.

"Your 203, August 25, 2 p. m. In the event of developments as outlined in your telegram, it is felt that the Consul General should re-

<sup>1</sup> The same telegram was sent August 25, 8 p. m., to the Minister in Latvia, as No. 47.

main in Warsaw in charge of the chancery. In the event that Warsaw becomes object of attack the authorization already given you with regard to allowances for quarters outside of Warsaw should be sufficient. While we do not expect officers to run undue risk we feel that the chancery should remain in charge of the Consul General.

You are authorized to destroy confidential archives and files. In proceeding with your staff you will, of course, wish to limit your equipment to minimum requirements.

The Commercial Attaché and his staff should remain with the Consulate subject to your decision with respect to the necessity of that personnel remaining in Poland.

Any American personnel not deemed necessary during the emergency should be transferred to some nearby post outside of Poland. It is our feeling that the Commercial Attaché might be included in this group unless you feel that he and his staff can be of useful assistance in remaining on in Warsaw."

HULL

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125.9816/277: Telegram

*The Secretary of State to the Ambassador in Poland (Biddle)*

WASHINGTON, August 30, 1939—7 p. m.

48. Your 208, August 25, 7 p. m.

1. Plans described have the Department's general approval.

2. With reference to the last paragraph the Department deems it important that if possible in the event of the occupation of Warsaw the hostile forces should find on their arrival the American Consulate General open and functioning either in its own quarters or in the Embassy, or both, in charge of a responsible officer. Such continuing character of the office may avoid any question of "reopening" or "establishing" a consular office in territory under German control.

3. While this is the objective the Department certainly does not wish to subject any personnel to undue risks and necessarily leaves to your discretion or in the event that communications are cut to that of the senior officer at Warsaw or Constantza the decision as to whether or to what extent it should be achieved.

4. The selection of officers and personnel to remain in Warsaw or Constantza and selection of point to which those not remaining should be removed is also left to the discretion of the senior officer on the spot who will to the extent possible keep you and the Department informed.

HULL



124.60C/89 : Telegram

*The Ambassador in Poland (Biddle) to the Secretary of State*

WARSAW, September 5, 1939—10 a. m.

[Received September 5—7:42 a. m.]

260. 1. In view of (a) increased violence of aerial attacks over Warsaw and (b) turn for worse on northern front whereby German troops have made considerable advance towards Warsaw during past 24 hours,<sup>8</sup> the Polish Government decided early this morning to initiate gradual evacuation of Government offices and foreign diplomatic missions from Warsaw, latter to Naleczow situated 23 kilometers west of Lublin. This adjacent to locality whereto Foreign Minister and staff propose shortly to move.

2. Accordingly, this evening will start evacuating by stages taking confidential codes.

3. Will advise you later of address as to where we can reestablish communications.

4. Military Attaché and Harrison<sup>9</sup> remaining in Warsaw at Chancery until final evacuation is ordered of which you will be notified.

BIDDLE

125.981/57 : Telegram

*The Consul General at Warsaw (Davis) to the Secretary of State*<sup>10</sup>

WARSAW, September 11, 1939.

[Received September 16—10:07 a. m.]

4. No reply received to Consulate General's telegrams of past week. Although Warsaw bombarded no casualties as yet among officers and 80 persons who have taken refuge in Embassy including 50 women and children. Consulate General remaining in Embassy whose protective facilities are poor but no better refuge available or reachable. Please inform Kirk.<sup>11</sup> Also inform missions where officers' wives residing that husbands are well.

DAVIS

<sup>8</sup> For correspondence concerning the invasion of Poland by Germany, see vol. I, pp. 402 ff.

<sup>9</sup> Landreth M. Harrison, Second Secretary of Embassy in Poland.

<sup>10</sup> The text of this telegram was sent by the Department on September 16 to the Ambassador in Germany (No. 522), to the Minister in Rumania (No. 122), and to the Minister in Norway (No. 38) with instructions to repeat to the Minister in Denmark.

<sup>11</sup> Alexander C. Kirk, American Chargé in Germany.

124.60C/92: Telegram

*The Minister in Switzerland (Harrison) to the Secretary of State*

BERN, September 15, 1939.

[Received September 15—1:35 p. m.]

107. My 106, September 13, 5 p. m.<sup>12</sup> I have received following telegram from Biddle from Krzemieniec<sup>13</sup> dated September 11, 11 a. m.

“Embassy has been evacuated with Government from Warsaw. Cable address now American Embassy Poland. Embassy unable at present time to communicate with Consulate General which remains in Warsaw.”

HARRISON

124.60C/94: Telegram

*The Minister in Rumania (Gunther) to the Secretary of State*

[Extract]

BUCHAREST, September 16, 1939—9 a. m.

[Received September 19—12:10 a. m.]

201. Following from Biddle.

“6, September 15, 11 p. m.

1. Considering it more suitable under circumstances Beck decided remove his headquarters to Stavekuty<sup>14</sup> and requested mission chiefs to maintain contact with him there. At the same time Beck specially urged me to set up means of continuous communication with my Government. Accordingly pursuant my today's request our Minister in Bucharest (a) is sending Misses McQuatters and Saunders to Cerneverti [*Cernavti*]<sup>15</sup> where (subject to your approval) I consider essential establishing a relay communications bureau at Black Eagle Hotel and (b) is retaining also subject to your approval Misses Hillery and Pinard to assist relaying messages between Bucharest and Department.”

GUNTHER

<sup>12</sup> Not printed.<sup>13</sup> In southeastern Poland.<sup>14</sup> Presumably staff headquarters temporarily at Kut, in southeastern Poland, near Rumanian frontier (Bukovina).<sup>15</sup> In northern Rumania, near Polish frontier.

740.0011 European War, 1939/394 : Telegram

*The Minister in Rumania (Gunther) to the Secretary of State*

BUCHAREST, September 17, 1939—9 a. m.

[Received September 18—7:25 p. m.]

206. Following from Biddle.

"8, September 16, 6 p. m.

1. Polish Government is leaving Poland by airplane via Rumania for a town in France not yet designated following precedent established by Belgian Government during World War and it is hoped and expected that all missions accredited to Polish Government will remain so accredited and will join it in the nearest future.

2. I am now at Cernauti with entire staff since all missions were requested by Polish authorities to leave Kutny and Zaleszczyky.<sup>16</sup>

3. Rumanian Government will today make *démarche* requesting missions accredited to Polish Government to leave Rumania as soon as possible. The Embassy is therefore leaving Cernauti for Bucharest where it will await Department's instructions as to its further movements. In view of attitude of Rumanian Government I respectfully urge that such instructions be expedited. Biddle."

GUNTHER

125.981/58 : Telegram

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

BERLIN, September 17, 1939—11 a. m.

[Received September 17—10:06 a. m.]

1281. Department's 522, 16th.<sup>17</sup> I am asking Foreign Office and War Office if any information is available as to welfare and present whereabouts of Davis and staff.

KIRK

125.981/59 : Telegram

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

BERLIN, September 17, 1939—8 p. m.

[Received September 17—6 p. m.]

1290. My 1281, September 17, 11 a. m. Foreign Office officials state that they have no information out of Warsaw but that the German military authorities had stated that they were prepared to accord

<sup>16</sup> Polish frontier town northeast of Kutny.

<sup>17</sup> See footnote 10, p. 674.

protection to foreign diplomatic and consular personnel entering German lines.

KIRK

124.60C/97 : Telegram

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

PARIS, September 18, 1939—11 a. m.  
[Received September 18—9:07 a. m.]

Following from Bucharest.

September 17, 5 p. m. For the Ambassador and also please repeat following message rush to Department:

"I have just talked with Biddle by telephone. At the request of both the Polish and Rumanian Governments, in view of Russian advance towards Rumanian border, he leaves with his whole staff for Bucharest tonight on their way to France on first available train where Polish Government will establish itself. Gunther."

BULLITT

124.60C/101a : Telegram

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

WASHINGTON, September 18, 1939—2 p. m.

973. Your 2026, September 18, noon.<sup>18</sup> I agree with you that if and when the Polish Government announces that it is going to establish itself in France and that this course has been approved by France, Biddle could appropriately follow the Polish Government. Meanwhile he should remain in Bucharest. As, in the event of his going to France, it will not be necessary for him to have a large staff we shall order at least one of his secretaries, probably Elbrick, to remain in Rumania, where we wish to increase the personnel of our Legation.

Whether or not we shall retain an Ambassador for long near a Government established on third territory is a matter for later decision. Biddle should in no event commit himself to the permanence of this arrangement.

Please repeat to Bucharest for Biddle.

HULL

<sup>18</sup> Not printed; in this telegram Bullitt reported a telephone conversation with Biddle at Bucharest who reported that the Polish Government planned to move to France. Biddle felt that he also should go to France, and Bullitt seconded this recommendation (740.00116 European War 1939/62).

124.60C/102 : Telegram

*The Minister in Rumania (Gunther) to the Secretary of State*

BUCHAREST, September 20, 1939—1 p. m.

[Received 6 p. m.]

231. Following from Biddle.

"17. Referring to your cable 973, September 18, 2 p. m. to Bullitt and relayed to me here.

1. At Cernauti and previous to his internment,<sup>19</sup> Beck had tried to convey personally to all mission chiefs accredited to Polish Government substance of the following confidential despatches. However, Rumanian Minister for Foreign Affairs<sup>20</sup> requested Beck to refrain from diplomatic receptions in the residence of the Polish administration in that they might be construed as political action. Moreover permission was politely refused Beck's proposal to confer with mission chiefs at their respective hotels. Hence the following communiqué in effect was verbally and strictly confidentially conveyed to mission chiefs by members of Beck's staff:

2. The Polish President and Government were obliged to [leave?] their country because of military actions and especially because of the latest Russian moves. The President and Government had temporarily taken up residence in a neutral and friendly country but this stay would be strictly temporary. The President and the Government intended going to France to a hitherto undesignated town which would have extraterritoriality.

There a new government will be formed according to the constitutional rights of Poland and will be entirely legal. (French Ambassador imparts his Government will approve this course.)

Moreover Beck in name of the President declared that the President and his Government considered that the mission chiefs accredited to President Moscicki and the present Government would be automatically accredited to the new Government here by their respective governments. Until the Polish Government is established in its new residence in France communication with it would be effected through the Polish embassies and legations in foreign countries.

3. Moreover during a chance meeting and in response to British Ambassador's expression of willingness to remain in Rumania, Beck stated he would prefer that Ambassador leave Rumania and join new Government when established in France.

4. As of yesterday even Polish Ambassador to Rumania Razzinski can henceforth contact Polish President only with special permission from Rumanian Government in each case. Moreover Polish Government has been forbidden the right to send or receive coded messages.

5. Since under the most severe pressure and threats from Germany the Rumanian Government is unable to admit that Polish Government as such is in transit in Rumania I can perform no useful function here.

<sup>19</sup> For additional correspondence concerning the internment in Rumania of the Polish Government, see pp. 689 ff.

<sup>20</sup> Grigore Gafencu.

Moreover a delay in my departure in order to accompany or follow the Polish Government to France might prove awkward and even dangerous for them and for the Rumanian Government.

6. In view of the foregoing and in line with the possibility pointed out in paragraph 4 of telegram 226 of September 19, 9 p. m.<sup>21</sup> and since Rumanian Government is pressing that all mission chiefs accredited to Polish Government leave Rumania I deem it advisable to proceed to Paris at the earliest moment. Hence have reservations on outward express for morning of September 22 and if you perceive no objection I shall leave accompanied by my family and, if this is satisfactory, members of my staff (in view of political developments in this part of Europe and of refugee situation here transportation facilities are rapidly becoming more difficult). In this connection I should appreciate it if the Department would specify what members of my staff, clerks, as well as officers (including the two women clerks now temporarily assigned to Bucharest) are to accompany me.

The British and French Ambassadors both leaving here on 21 and 22.<sup>[21]</sup>

GUNTHER

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701.60C11/382

*Memorandum of Conversation, by the Adviser on Political Relations (Dunn)*

[WASHINGTON,] September 20, 1939.

The Polish Ambassador came in this afternoon . . .

The Ambassador then said that he would, in great confidence, be glad to have any information I might be able to give him with regard to his status and that of the Embassy here in Washington, in view of the departure of his Government from Polish soil and the imminent completion of the occupation of Poland by the German and Soviet troops.

I told the Ambassador that we had given no thought whatever to any question regarding the status of himself or his Embassy. I said that we had received word from Mr. Biddle that the Polish Government officials were proceeding to France with the consent of the French Government, and that Colonel Beck had requested the diplomats to accompany him to France and to stay with him there at least for a short time. I told him that we had given Mr. Biddle authorization to proceed to France and rejoin the Polish Government officials wherever they might elect to reside, and that after he had done so, Mr. Biddle would no doubt wish to come on home for the purpose of making a full report of the developments and situation to the Government here and also for the purpose of obtaining some little rest for him-

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<sup>21</sup> *Post*, p. 689.

self and his family. I told the Ambassador that there was certainly no occasion for him to give any consideration whatever to any question regarding the status of his Embassy here at least for some weeks, or until Mr. Biddle had returned and an opportunity had been given to examine the situation. I said that of course he knew our attitude toward situations of this kind, and that we would wish so to adjust any action we took in a manner which would express the most sympathetic feeling of this Government and this country toward the Polish state. I said that I would inform the Secretary of his inquiry and of my reply, and if anything arose in the future in connection with this matter, I would take the liberty of speaking to him again on the subject.

JAMES CLEMENT DUNN

125.981/62: Telegram

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

BERLIN, September 22, 1939—8 p. m.  
[Received September 23—7:15 a. m.]

1383. My 1369, September 22, 1 p. m.<sup>22</sup> I have just spoken by telephone with Consul General Davis who has arrived in Königsberg accompanied by the members of his staff, enumerated in my telegram under reference. In spite of the terrific ordeal through which they have passed they are in excellent health and after talking with Davis I feel that any expression of admiration for the magnificent courage, tenacity and resourcefulness which they have displayed during the past weeks would be feeble and inadequate. Their heroism is unquestioned and I wish to add my own to the tributes to their courage which all will accord them.

I asked Davis to inform me of any wishes or plans which he had in mind. He said that his first preoccupation was in regard to the disposition which the Department might have in mind of the officers and clerks who had stood by and rendered such signal service. He understands that there is a plan to transport to Stettin within a day or two the foreign representatives formerly in Warsaw but beyond that he has no definite news. He states that he left Vice Consul Chylinski in the Chancery building at Warsaw in charge of the Consulate General and that before leaving he gave to a representative of the Foreign Office a notification to the German authorities that the Consulate General was being kept open. Davis and Haering<sup>23</sup> are ready and willing to return to Warsaw as soon as the fighting there is over if the Department so wishes and in the meantime, are willing

<sup>22</sup> Not printed.

<sup>23</sup> George J. Haering, American Consul at Warsaw.

to wait in Germany until that time arrives. The two American clerks, Fadowska and Simmons as well as two Polish female clerks whom Davis says deserve highest consideration for their loyal services are with him now and would be willing to accompany him back to Warsaw. The other officers however will not need to return to Warsaw and accordingly will await instructions from the Department as to their destination.

I shall inquire of the German authorities as soon as possible the details of the arrangements which may be made for the transference of the foreign representatives from Koenigsberg and shall immediately notify the Department. In the meanwhile I venture to suggest that the Department authorize Davis and Haering to proceed to those neutral countries where their wives are believed to be residing in order that they may have a period of recuperation pending such decision as the Department may make as to their further movements. Authorizations might be issued to the other officers likewise to proceed to neutral countries pending other assignments or to await sailing for the United States on leave. These suggestions are merely tentative but it would seem advisable that the officers should proceed to neutral countries as soon as possible.

Davis states that approximately 50 American citizens evacuated from Warsaw are now in Koenigsberg. They, as well as the consular officers, are being given credit for their living expenses by the German authorities but eventually some measures must be taken for their relief and repatriation. I shall report to the Department as soon as definite information is received as to the city in Germany where they may be concentrated following their departure from Koenigsberg. I shall communicate with Davis tomorrow by telephone and shall appreciate such instruction as the Department may care to issue on the basis of the incomplete information which I have been able to supply above.

125.981/64 : Telegram

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

BERLIN, September 23, 1939—noon

[Received 9:18 p. m.]

1390. For the Department's additional information: The suggestion of Consul General Davis that he and Haering return eventually to Warsaw as stated in my telegram of last night was based on a wish to make such arrangements as might be decided upon regarding the Government premises and property there as well as to take steps to safeguard the effects of the officers who have left.

KIRK



125981767 : Telegram

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

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1425. My 1414, September 15 [25], 10 a. m.<sup>24</sup> Consul General Davis and staff arrived in Berlin this afternoon.

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123 Biddle, Anthony J. D./178 : Telegram

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

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1088. For Biddle. The President and I feel that for the present at least it would be preferable for you to remain in France, lest a feeling should arise that we have lost interest in or lost contact with Poland. With the present situation as unclarified as it is I think it would be best for you to decline interviews, press statements, et cetera, and in general to avoid any sort of commitment vis-à-vis newly appointed or selected Polish officials until you and I have had a chance to exchange telegrams on the subject. Please report on plans of other neutral governments for continuing relationship with Polish Government.

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12460C/110 : Telegram

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

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2282. For the President and the Secretary from Biddle. Have just been received in my first official audience by Polish Minister for Foreign Affairs Zaleski who expressed his profound gratitude to you for having left me accredited to the Polish Government. Since my arrival in Poland Zaleski as President of [Polish-] American Chamber of Commerce and I have enjoyed close friendly relations. I now have every reason to believe that our relations will continue to be of the most friendly and frank character. [Biddle.]

PARIS, October 2, 1939—6 p. m.  
[Received October 2—3 : 20 p. m.]

BULLITT

<sup>24</sup> Not printed.

125.981/78

*The Consul General at Warsaw (Davis), Temporarily at Oslo, to the  
Secretary of State*

No. 1 (Oslo)

OSLO, October 3, 1939.  
[Received November 6.]

SIR: I have the honor to report below the more salient facts concerning the remaining in Warsaw of the personnel of the Consulate General.

The Department in a telegraphic instruction to the Embassy<sup>25</sup> authorized the moving of the officers of the Consulate General to such place or places which might appear to be the safest. It, however, expressed a desire that, if such a course were feasible without placing officers in too great danger, some officer should remain in the official premises so that, in the event of German occupation of Warsaw, the Consulate General would be found functioning, thus avoiding the problem of reopening the office.

On September 5th the Ambassador and all of his staff save the Military Attaché, Second Secretary Harrison and a few of the Polish staff, hurriedly departed for a point near Lublin. He left considerable baggage behind, hoping to send back for it by truck. The next afternoon, September 6th, he sent instructions to the Military Attaché and Mr. Harrison to join him at once. Subsequent to these departures no messages of any kind were received from the Ambassador and his staff. Owing to the hurried nature of the Embassy's departure, the chancery was left in a state of great confusion with office equipment and baggage piled up in various places. This was inevitable, but it made doubly difficult the task of organization and handling the large number of frightened and semi-hysterical refugees—American, British and French—which at once commenced arriving.

Subsequent to the departure of the Embassy there had not only been no communication with the Ambassador but none with the Department, although constant effort was made to send out messages. In fact, there was no communication of any kind with points outside of Warsaw, either abroad or in Poland. There had been a welter of so-called information, much of it conflicting. The only facts which were clear were that the roads leading from Warsaw had all been heavily bombed and swept by machine-gun fire from airplanes, that they were congested with Polish troops and fear-maddened civilians hopelessly seeking some place of safety, and consequently that any attempt to move the officers and the American refugees over them would be so dangerous as to be inadvisable and so difficult as to be all

<sup>25</sup> Telegram No. 48, August 30, 7 p. m., p. 673.

but impossible. Owing to the rapid movements of mechanized German columns and to the lack of reliable information as to what points had been occupied or were being attacked, it was impossible to know that, even if reached, any point would be even as safe as Warsaw. Although from the nature of the Polish road systems and the superior mechanized equipment and air force possessed by the Germans, it was foreseen that movements in Poland during a war would be much more difficult than in countries such as England or France, there were two factors which much aggravated the situation that could not be anticipated. The first of these was the failure of Poland's allies to exert any material pressure in the Western Front, thus exposing Poland to the full force of the German land and air attacks; the second was the unrestricted German attacks—by bombing and machine-gunning from airplanes—upon all roads and most towns and villages.

As a result of this situation, which developed at the same time the Embassy personnel departed, the Consulate General was deprived of any latitude of choice and had to remain in Warsaw with all of its personnel. The authorization to exercise its judgment as to the departure of officers thus proved entirely valueless. In the light of what has occurred, it is evident that the only manner in which the personnel of this office could have avoided the serious and constant dangers to which they were exposed, would have been for them to have been ordered to withdraw as soon as the war commenced, or with the Ambassador.

Although it appeared impossible to avail ourselves of the Department's authorization to move to places of greater safety, it is impossible to state whether or not this would have been done even had it appeared safe to undertake it. At one point it was suggested that an attempt be made to proceed by motor cars to some town or city further from the heavier fighting and one or two officers advocated making the attempt. However, after carefully canvassing the situation with the officers in whose judgment I had the most confidence, I decided that it would be wisest to remain. The grounds of this decision were (1) the lack of sufficient means of transportation for taking along all of our American refugees; (2) the strong probability that we could find neither adequate shelter or food supplies; (3) the known dangers of moving on any roads; and (4) the desire to have the Consulate General operating at the time of the German occupation of the city. In making this decision I stated that any officers who wished to leave were at liberty to do so, but that in my opinion their chances of surviving would be greater were they to remain in the chancery.

The following points may perhaps prove of interest to the Department in this general connection:

(1) On September 6, 1939, a representative of the Foreign Office called up all missions and stated that diplomatic personnel should

leave Warsaw, since protection could no longer be afforded them by the Polish Government.

(2) Upon being requested to furnish means of transportation for diplomatic officials, this Foreign Office official stated that no such means were then available to the Polish Government.

(3) Upon being asked by one of the Baltic chiefs of mission whether Warsaw would be fortified and used as a point of resistance, the Foreign Office representative stated that this would not be the case. This fact was stated verbally in a meeting of the Diplomatic Corps in the Norwegian Minister's Office.

Respectfully yours,

JOHN K. DAVIS

125.981/70 : Telegram

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

BERLIN, October 9, 1939—noon.

[Received October 9—10:35 a. m.]

1634. Department's 605 [665], October 7, 4 p. m.<sup>26</sup> As German authorities may shortly complete arrangements for return to Warsaw of foreign representatives formerly established there I recommend that Haering and Birkeland<sup>27</sup> be authorized to proceed there as soon as such arrangements have been made. It has been so far impossible for the Embassy to communicate directly with Chylinski and the presence of Haering and Birkeland in Warsaw should facilitate this matter as well as expedite the protection of American property and assistance to American citizens in Warsaw. Reply urgent.

125.981/74 : Telegram

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

BERLIN, October 18, 1939—6 p. m.

[Received 8:05 p. m.]

1750. My 1701, October 12, 6 p. m.<sup>28</sup> Haering and Birkeland arrived at Warsaw on the morning of October 15 on board special train provided by the German Foreign Office for about 70 representatives of foreign nations. The majority of these representatives returned to

<sup>26</sup> Not printed.

<sup>27</sup> Carl Birkeland, American Vice Consul at Warsaw.

<sup>28</sup> Department's telegram No. 695, October 11, 7 p. m., to the Ambassador in Germany, stated that Haering and Birkeland should proceed to Warsaw.

Berlin on the same train arriving today and Haering, who together with Birkeland remained in Warsaw, sends me the following report for transmission to the Department.

"The train was routed indirectly via Scheidemuehl, Bromberg, Lowicz and required much advance preparation being the first non-military train to Warsaw. Regular communication with Warsaw is not expected for several weeks.

Warsaw badly damaged as a whole. German sources indicate that of 17,000 buildings in the city about 14,000 are damaged and two military attachés in present party estimate that at least 50 percent of all buildings are severely damaged or have been destroyed. Considerable progress has been made in restoring water and lighting services in some parts of city but all excepting few dwellings are windowless and interiors subject to weather damage.

Chylinski in good health and has done fine job. Deserves commendation. Reports that German authorities have shown great courtesy and cooperation.

List of Americans remaining in Warsaw on attached list (list will be sent by pouch).

Arrangements being made to transfer archives and records from severely damaged Consulate General building to Chancery as Consulate General building may be affected by frost and deterioration to the extent of collapsing. Will operate from Chancery.

Ambassador's residence totally destroyed, likewise French Embassy, both having apparently been burned by incendiary bombs. British Embassy only slightly damaged.

Apartments of Chylinski and Birkeland badly damaged. That of Morton in good shape. Apartments of other officers have some slight shrapnel damage and leakage, while effects are exposed account [of] almost universal windowless condition. Therefore urgently recommend that blanket authority be given promptly to ship effects of all officers to neutral destination as soon as shipping facilities and packing available in order that any transport obtainable at Warsaw may be promptly taken up. Otherwise officers' belongings will continue to deteriorate rapidly. Evidence of pilferage in some apartments allegedly by Polish soldiery but also possibly by civilians.

All officers are requested to furnish instructions regarding payment of servants and rents if they have not already done so. Most servants present. Taft's furniture intact."

Repeat to Paris for information Biddle and to Oslo for Consul General Davis.

William R. Morton, American Vice Consul at Warsaw.

\* Orray Taft, Jr., former American Vice Consul at Warsaw.

Germany stated that Haering and Birkeland should proceed to Warsaw. Department's telegram No. 602, October 11, 1939, to the Ambassador at Warsaw. Not printed. \* Carl Birkeland, American Vice Consul at Warsaw.



It is believed desirable for the time being to handle telegrams to and from the Department through the Paris Embassy which will relay them. I am taking with me to Angers only the Gray Code.

BIDDLE

125.981: Telegram

*The Charge in Belgium (Wilson) to the Secretary of State*

[Extracts]

BRUSSELS, December 2, 1939—noon.

[Received 3:40 p. m.]

268. From Berlin:

2166. November 29, 10 a. m. Your No. 827, November 3, 9 p. m.

The following report on political conditions in occupied Poland is submitted by Harrison following his return from Warsaw and will be expanded by despatch.

The reopening of the American Consulate General in Warsaw was universally received as a most welcome and encouraging manifestation [of the old sympathy] of the American people for Poland. People in all walks of life frankly stated that when the Americans came back it meant to them that Poland was not entirely forgotten by the outside world. The housing in the Chancery of the former Embassy of an adequate Consulate staffed with understanding officers is a most useful gesture if the policy pursued in the future towards Poland is to be one of sympathy and encouragement."

[Kirk.]  
WILSON

125.981: Telegram

*The Charge in Germany (Kirk) to the Secretary of State*

BERLIN, December 31, 1939—2 p. m.

[Received 2:04 p. m.]

2495. Following is translation of *note verbale* from Foreign Office addressed to the diplomatic missions in Berlin dated December 22, 1939 received today:

"The Foreign Office has the honor to call the attention of the diplomatic missions in Berlin to the fact that in view of the altered legal position in the areas of the former Polish Republic the exequatur issued by the former Polish Government to the foreign consuls in the former Polish areas now under German administration is no longer valid. The government of the Reich is accordingly unable to recognize these former consuls in the official capacities which they have hitherto held.

Since a reoccupation of the consular posts or the reestablishment of consulates in the areas mentioned for technical reasons does not appear practical to the government of the Reich. Until further notice, the Foreign Office would suggest that the diplomatic missions in Berlin should themselves undertake the protection of the interests of their citizens in the areas of the former Republic of Poland now under German administration.

The Foreign Office would be grateful to the diplomatic missions in Berlin for a confirmation of the receipt of this *note verbale* and a notification as to the measures taken in accordance with this."

KIRK

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**INFORMAL REPRESENTATIONS BY THE UNITED STATES TO THE RUMANIAN GOVERNMENT TO SECURE THE RELEASE OF EX-PRESIDENT MOSCICKI OF POLAND**

740.0011 European War, 1939/441: Telegram

*The Minister in Rumania (Gunther) to the Secretary of State*

BUCHAREST, September 19, 1939—9 p. m.

[Received September 20—9:02 a. m.]

226. Following from Biddle:<sup>37</sup>

"16. 1. Rumanian Minister of Foreign Affairs<sup>38</sup> informed Polish Ambassador here this morning that Berlin had warned Bucharest to the effect that Berlin would not countenance Bucharest's (a) permitting officials of the Polish Government to function or (b) permitting officials or Polish refugees of military age to leave Rumania.

2. Accordingly under German pressure Rumanian Government has interned President Moscicki and other Polish Government officials and Marshal Smigly-Rydz.<sup>39</sup>

3. While Marshal's internment is covered by Hague Convention of 1907<sup>40</sup> I am aware of no precedent for the internment of the Government of a belligerent country if that Government seeks transit through a neutral country. If therefore my assumption is correct in this regard Rumania's internment of Polish Government officials would represent a violation of international law.

4. If under these circumstances the Polish Government reaches an impasse in effecting its safe conduct through Rumania it is conceivable that it may appoint a provisional government in France, resign, proceed to France as private citizens and there resume its official status by reappointment by the provisional government."

GUNTHER

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<sup>37</sup> Anthony J. Drexel Biddle, Jr., American Ambassador in Poland, then in Rumania.

<sup>38</sup> Grigore Gafencu.

<sup>39</sup> Inspector-General of the Polish Army.

<sup>40</sup> Signed October 18, 1907, *Foreign Relations*, 1907, pt. 2, p. 1181.



740.0011 European War, 1939/446: Telegram

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

PARIS, September 20, 1939—4 p. m.  
[Received September 20—2:38 p. m.]

2074. In connection with Ambassador Biddle's telegram to you of September 19, 9 p. m. from Bucharest and my No. 2070, September 19, 8 p. m.,<sup>44</sup> I have the following to report:

The Rumanian Government has stated to the French Government, according to Leger,<sup>45</sup> that the German Government threatened the Rumanian Government that 30 German divisions would enter Rumania immediately if the officials of the Polish Government now in Rumania should be permitted to leave Rumania.

The French Government has been informed that the Rumanian Government has interned these officials. Both the French and British Governments have made vigorous protests through their Ministers in Bucharest.

The French Government considers the action of the Rumanian Government in submitting to this German threat, in view of the fact that Rumania is or was Poland's ally, a monstrous example of cowardice and indecency. As Daladier<sup>46</sup> said to me today, "it diminishes the stature of the entire human race".

The French Government will continue to attempt to obtain the release of the Polish officials now in Rumania and will be grateful for any action that the Government of the United States may take in this regard.

I suggested to the President on the telephone that it might be possible to unite all the neutral Governments in a joint protest to the Rumanian Government against the breach of international law involved.

I should be grateful for exact information as to any action that our Government may have taken or may take.

BULLITT

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740.0011 European War, 1939/441: Telegram

*The Secretary of State to the Minister in Rumania (Gunther)*

WASHINGTON, September 20, 1939—8 p. m.

137. Refer to Biddle's 226, September 19, 9 p. m. Please take occasion orally and informally to inquire of the Rumanian Government

<sup>44</sup> Latter not printed.

<sup>45</sup> R. A. Alexis Leger, Secretary-General of the French Ministry for Foreign Affairs.

<sup>46</sup> Edouard Daladier, French Prime Minister.

what its attitude is toward reported German demand that it refuse to allow civil officials of Polish Government to leave the country, and whether reports of their internment are accurate.

HULL

740.0011 European War, 1939/509 : Telegram

*The Minister in Rumania (Gunther) to the Secretary of State*

BUCHAREST, September 23, 1939—6 p. m.

[Received 7:53 p. m.]

256. Your 137, September 20, 8 p. m. was received here yesterday only and by me only today due to cable pressure and delay.

1. In the first instance the Polish Government inquired of Rumanian Ambassador to Poland whether it might be given asylum in Rumania. The reply was in the affirmative provided they came here individually as private persons divested of governmental faculties.

2. President Moscicki had no sooner arrived than he sent a stirring appeal by telegraph to the Polish Embassy in Paris for publication calling upon all Poles to stand by their Government which would establish itself in an Allied country (this by inference might have been taken to mean Rumania).<sup>47</sup> You have probably had this in the western press or from the Paris Embassy. I have seen a photostatic copy of this message and the official French translation. This obvious breach of hospitality has embarrassed the Rumanian Government which is striving to maintain neutrality.

3. No decision has yet been taken as to what to do with the ex-Polish Government. The late Prime Minister<sup>48</sup> was just studying the problem when he was killed. Beck<sup>49</sup> at least it seems wants to go to France. Whether permission can be given remains to be seen and I have not yet heard if the French Government approves. Of one thing we can be sure: they will not be surrendered to the Germans, foolish rumors to the contrary notwithstanding.

4. It is not admitted here that there have been as yet any formal German representations in the premises. The President and Smigly-Rydz have been accommodated at country estates far distant one from the other. The rest of the Government including Beck are to all intents and purposes interned in an inferior hotel up country in a valley shut in by formidable mountains.

<sup>47</sup> Proclamation signed by President Moscicki, September 17, 1939, at the Polish frontier town of Kosow, across border from Rumania.

<sup>48</sup> A. Calinescu, assassinated September 21, 1939.

<sup>49</sup> Jozef Beck, Polish Minister for Foreign Affairs.

5. I know of no precedent in international law. It would seem that the case of the Negus during the "war of sanctions" most closely parallels it.<sup>50</sup>

Repeated by telegraph to Paris.

GUNTHER

740.0011 European War, 1939/565 : Telegram

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

PARIS, September 26, 1939—7 p. m.

[Received 7:02 p. m.]

2187. For the President and the Secretary from Biddle. Gunther's 259 to the Department of State September 25, 3 p. m.,<sup>51</sup> raises certain questions on which Ambassador Bullitt and I feel I should comment immediately.

One of Gunther's messages makes it obvious that in order to justify its internment of the Polish President and the Polish Government, the Rumanian Government has taken as pretext President Moscicki's having telegraphed from a point in Poland subsequent to the President's arrival in Rumania his declaration to the effect that the Polish Government would continue fighting in an Allied country. In connection with this allegation the following, according to Moscicki's counselor Lepkowski (whom I believe), are the facts:

President in the presence of Prime Minister,<sup>52</sup> the Marshal, and Beck approved aforementioned declaration (which President's Counselor, Lepkowski, had prepared) at 4 p. m., in Kutuy<sup>53</sup> September 17. Declaration was thereupon radioed to Polish Ambassador Lukasiewicz in Paris by Beck's mobile short wave station in Kutuy at 6 p. m., September 17 with instructions that Lukasiewicz broadcast it from Paris to all Polish peoples. Based upon these instructions Lukasiewicz subsequently broadcast President's declaration on September 19.

Meanwhile, President's counselor Lepkowski, pursuant to request of Polish journalist in Cernauti<sup>54</sup> at about 3 a. m. September 18, gave latter copy of text of President's declaration which correspondent might conceivably have forwarded abroad in a press telegram.

The following is important to bear in mind, however, (a) the President had left Kutuy between 6 and 8 p. m. evening of September 17

<sup>50</sup> Haile Selassie I, Emperor of Ethiopia, and Court members departed from Ethiopia, May 1936, during Ethiopian-Italian conflict. For correspondence, see *Foreign Relations*, 1936, vol. III, pp. 34 ff.

<sup>51</sup> Not printed.

<sup>52</sup> Felician Skladkowski.

<sup>53</sup> On Polish side of the Polish-Rumanian border.

<sup>54</sup> In Rumania.

after radioing Lukasiewicz from Kutu his declaration and instructions, and (b) Lepkowski merely gave to the aforementioned Polish press correspondent in Cernauti a record of action formerly taken on Polish territory and based solely upon which Lukasiewicz subsequently broadcast it. Moreover, in early morning of September 18 Polish Government was not yet interned.

2. With reference to second paragraph of Gunther's aforementioned cable wherein he states impression that once a new Polish Government were created, say in France, the majority of Polish Governmental officials not of military age being no longer officials would be permitted to leave. Beck is about 45½ years of age and if Rumania's are similar to Poland's mobilization orders then officers up to the age of 50 are callable. Hence this might conceivably prove pretext for detaining Beck in internment.

3. According to Lepkowski, Rumanian Ambassador Grigory on the Polish side of the Kutu bridgehead between 6 and 8 p. m. September 17, in the presence of Rumanian Embassy Secretary Rossetti and General Schallay, Chief of President Moscicki's military household, assured President Moscicki and Lepkowski that Rumanian Government proposed to Polish Government two possible solutions: (a) either residence in Rumania without functioning politically, or (b) safe transit through Rumania to neutral country. Rumanian Ambassador admitted he understood President had chosen proposal (b) and stated he would lead Governmental caravan to Cernauti with view to early application of proposal (b).

4. While it was learned during course of following day, September 18, that Germans had forbidden carrying out either proposal under threat of aggression, Rumanian Ambassador Grigory assured President Bucharest would straighten matter out with Berlin in a few days. [Biddle.]

BULLITT

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740.0011 European War, 1939/636a : Telegram

*The Secretary of State to the Minister in Rumania (Gunther)*

WASHINGTON, September 28, 1939—6 p. m.

156. You are authorized in your discretion to approach the appropriate Rumanian official and tell him in a purely personal way that American public opinion is watching anxiously the treatment meted out by the Rumanian Government to President Moscicki and other members of the Polish Government in their hour of defeat.

Please telegraph, after the most discreet soundings, whether in your best judgment a personal message from the President to King Carol

to the effect that should President Moscicki seek refuge in the United States he would be welcomed in accordance with traditional American policy toward political refugees, would be helpful to King Carol and the Rumanian Government and would prove effective.

HULL

740.0011 European War, 1939/637 : Telegram

*The Minister in Rumania (Gunther) to the Secretary of State*

BUCHAREST, September 29, 1939—6 p. m.

[Received September 30—2:02 p. m.]

283. Your 146 [156], September 26 [28], 6 p. m., my telegram No. 256, September 23, 6 p. m. and 268, September 26, 8 p. m.<sup>55</sup> Thinking that it would meet with your approval, I have already made clear on various occasions the purport of the first paragraph of your telegram.

As much as I would like to see our President make the humanitarian gesture outlined I cannot see that it would serve a useful purpose now for the following reasons:

(1) President Moscicki is in the throes of deciding upon a successor. The Polish Ambassador has just taken the 8 hours journey again to join the President and is perhaps his soundest advisor. The legal papers necessary I know have been already smuggled into France and in the event of decision need only be opened for the formalities. I gather that part of the delay has concerned Paderewski<sup>56</sup> who is in no physical condition alas to take a decision or play a responsible role. In addition to the possibilities mentioned already I learn that the Voivode of Posnania Raczkiewicz is out of Poland and available.

(2) There is no question of this Government's permitting the President to leave Rumania until divested of his functions. This country is threatened both from without and until recently and perhaps still from within. Even a bona fide escape of President Moscicki would undoubtedly be seized upon by Germany or Russia or both as an excuse and good reason for occupation of the country, hence the precaution surrounding the President. Rumania is in no position geographically, politically or militarily to permit any principal member of the Polish Government while in office to leave its confines.

(3) Any such threat on the part of our President would, I fear, at the present juncture only muddy the waters and would be charged with a lack of comprehension of the true situation and moreover would not necessarily strengthen King Carol's hand who is striving, I am satisfied, to deal with this problem fairly, intelligently and

<sup>55</sup>Latter not printed.

<sup>56</sup>Ignace Paderewski; he declined the Polish Presidency as successor to Moscicki because of ill health, September 30, 1939.

in a humanitarian manner. The Embassy assures me that the King is doing everything to contribute to the President's comfort and welfare and that there is no complaint whatsoever as to his treatment. President Moscicki's wish it appears is to retire not to United States but to Switzerland. I have not repeated any of the above to Paris for the information of Ambassadors Bullitt and Biddle.

GUNTHER

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860C.001 Moscicki, Ignacy/27 : Telegram

*The Minister in Rumania (Gunther) to the Secretary of State*

BUCHAREST, October 1, 1939—5 p. m.

[Received 5:33 p. m.]

290. My 286, September 30, 12 p. m.<sup>57</sup> and previous. Michel Moscicki, son of ex-President and Polish Minister at Brussels has just called on me at the Chancery. He is on his way to see his father at Bicz. He states that it is now proposed to move the latter to Sinaia.

He intimated that in case of difficulties in the way of going to Switzerland his father had been considering taking refuge in America, but had not yet heard whether he would be welcome. I assured him that he would be and spoke to him along the lines of paragraph 2 of your 156 of September 28, 6 p. m.

To the query this morning of the Polish Ambassador as to whether the ex-President and his government might now leave Rumania, Minister for Foreign Affairs Gafencu replied affirmatively if to a neutral country but requested that a few days be allowed to lapse first.

Shall keep you informed of developments.

Above repeated to Paris.

GUNTHER

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860C.001 Moscicki, Ignacy/28 : Telegram

*The Minister in Rumania (Gunther) to the Secretary of State*

BUCHAREST, October 4, 1939—8 p. m.

[Received 9:45 p. m.]

306. My 290, October 1, 5 p. m. Mr. Michel Moscicki has again called and states that he found his father in very good shape. He said that the Rumanian Prime Minister<sup>58</sup> had especially requested that no

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<sup>57</sup> Not printed; it reported that the successor chosen by President Moscicki was General Raczkiewicz, former Voivode (Provincial Governor) of Pomerania and the President of the Polish Senate (860C.001 Moscicki, Ignacy/344).

<sup>58</sup> General Argetolanu.

mention be made of the ex-President's idea of possibly going eventually to the United States. He confirmed my understanding that he would go first to Switzerland and said that all arrangements had now been made. As you may know ex-President Moscicki acquired Swiss nationality when there as a young man and has never renounced it.

Above not repeated to Paris.

GUNTHER

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761.71/151a : Telegram

*The Secretary of State to the Minister in Rumania (Gunther)*

WASHINGTON, October 13, 1939—6 p. m.

186. Authoritative Polish military personage recently in Rumania states in Paris that Rumania is now filled with OGPU and Gestapo agents. He recently observed large concentration of Soviet troops in Polish territory on northern Rumania frontiers. He is convinced that a Soviet entry into Rumania will follow the present Finnish crisis.

The Polish Ambassador in Paris believes that a Soviet attack on Rumania or the entry of Russian troops into the country with the consent of the Rumanian Government would result in murder of members of the former Polish Government by either the OGPU or the Gestapo.

Is Moscicki still in Rumania?

Please comment on the foregoing.

HULL

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761.71/152 : Telegram

*The Minister in Rumania (Gunther) to the Secretary of State*

[Extract]

BUCHAREST, October 17, 1939—midnight.

[Received October 18—12: 10 a. m.]

338. Your 186, October 13, 5 [6] p. m.

4. Of course it is quite possible in Rumania that any personage may suffer from political assassination with or without outside disturbance. However, President Moscicki is being well guarded. Confidentially it is now proposed to move him to a town in the southwest an hour from the Danube and on the main railway line to Yugoslavia. He is well as are all the members of the former Polish Government except Roman<sup>59</sup> and Beck. The latter is in poor shape both mentally and

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<sup>59</sup> Antoni Roman, former Polish Minister for Industry and Commerce.

physically and with Roman is now receiving medical assistance at Brazov.

I am glad to have your telegram as I may find an opportunity to use it in an informal way in conversations with the appropriate officials. When ex-President Moscicki's son was here he told me that he and his father hoped that the *démarche* of which he had heard in Paris which might result in even an intervention by our President would not take place. However the Polish Ambassador here has now asked me to urge upon the Rumanian Government the early release of the ex-President. I gather that he has also approached my British colleague in the same sense. I am not sure yet whether this is desirable but shall feel out the ground. I know that there has been very strong German pressure and quite possibly now some counter pressure would be welcome. I feel that the Rumanian Government has acted wisely in allowing some time to elapse and I gather that their present action in moving the President and all members of the Polish Government slowly to points near the southwest frontier indicates preparation for safe and immediate evacuation as soon as the pertinent decision is reached. I have been following the matter very closely and shall continue to do so.

GUNTHER

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860C.001 Moscicki, Ignacy/34 : Telegram

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

PARIS, October 18, 1939—4 p. m.

[Received October 18—2:13 p. m.]

2509. In talking with Coulondre<sup>60</sup> today I gathered the impression that French efforts to obtain the release of President Moscicki, Beck and other members of the former Polish Government from Rumania were being carried out in a half-hearted manner.

I understand that the British Government is equally lukewarm in its efforts.

Both the British and French Governments seem to be lapsing to the position that since Moscicki, Beck and the others no longer have any official position, their fate is unimportant.

I feel personally that there is an issue of international decency involved which is not in the least unimportant and one that our Government should uphold in this case as in other similar cases which will arise during the present conflict.

BULLITT

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<sup>60</sup> Robert Coulondre, Director of the Cabinet of the French Ministry for Foreign Affairs.



860C.001 Moscicki, Ignacy/39

*President Roosevelt to the Secretary of State*

WASHINGTON, October 19, 1939.

Now that a definite Polish Government has been set up in France and former President Moscicki is no longer President, I recur to the historic United States friendship for Poland and the historic fact that we have always welcomed refugees from defeated democracies.

I wonder, therefore, whether it would not be a fine thing to do if we were to tell the Roumanian Government that the United States would be glad to receive former President Moscicki if he cares to visit this country; that we have held no communication with him and that this message is being sent without his knowledge.

He is an old man, in poor health, and I think the moral effect of such action on our part would be good throughout the world.

We might even make it easier for the Roumanian Government to release him if we send it in the form of an invitation to the former President to visit us.

F[RANKLIN] D. R[OOSEVELT]

860C.001 Moscicki, Ignacy/36: Telegram

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

PARIS, October 21, 1939—1 p. m.

[Received October 21—12:46 p. m.]

12. From Biddle for the President and the Secretary.

1. Polish Foreign Minister Zaleski last night handed me following *note verbale*:

“The former President of the Polish Republic Ignacy Moscicki is still at Bicaze in Rumania where he is virtually interned and prevented by the Rumanian Government from leaving for Switzerland where he intends to reside.

In view of the fact that such arbitrary action on the part of the Rumanian Government is not in conformity with international law and customary procedure the Ministry of Foreign Affairs would be grateful to the United States Ambassador to Poland if he would see his way to obtain the intervention of his Government with a view to enabling Professor Moscicki and his family to leave Rumania.”

2. At the same time Zaleski stated (a) the Swiss Government is prepared to accord Moscicki asylum and has already granted him a visa (reference Bullitt's No. 2187, September 26, 7 p. m., paragraphs 2 and 3) and (b) that several days ago when the Polish Ambassador in Bucharest pointed out to Foreign Minister Gafencu that Moscicki

was now a private citizen and urged that he be granted safe conduct out of Rumania Gafencu replied in effect he would have to consult the German Government. [Biddle.]

BULLITT

860C.001 Moscicki, Ignacy/41 : Telegram

*The Secretary of State to the Minister in Rumania (Gunther)*<sup>a1</sup>

WASHINGTON, October 25, 1939—noon.

208. Your 338, October 17, midnight. We have given serious consideration to your telegrams regarding ex-President Moscicki and have come to the conclusion that it might now be useful for you to ask for an audience of the King for the purpose of showing that President Roosevelt would welcome the visit of Moscicki to the United States. The Department is well aware of the delicate problems involved and it is thought that a personal conversation with King Carol would be more effective than any other method of approach.

In your conversation with the King you may present the following message from the President:

"Your Majesty: It has occurred to me that, despite Your Majesty's generosity in providing the former President of Poland with a place of refuge, he might wish to remove himself further from the vicinity of the disastrous events that have overtaken him and his country. In as much as with the resignation of the Presidency, M. Moscicki returned to his private status, and because of his age he cannot be considered as eligible for military service, I feel free to approach you in the matter of inviting him to proceed to the United States.

I am asking Mr. Gunther to show you a copy of the invitation and I will be deeply appreciative if Your Majesty will permit Mr. Gunther to present the invitation in person to M. Moscicki.

In concluding this message I wish to convey to Your Majesty my personal wishes for your well-being and for the continued prosperity of the Rumanian people in these troublous days. Franklin D. Roosevelt."

The invitation to M. Moscicki follows:

"My dear M. Moscicki: Mindful of the fact that you have not as yet selected a residence after the recent overrunning of your country, I venture to suggest that you give consideration to establishing yourself in the United States. This country and its people have on previous occasions given sympathetic hospitality to personages who by force of circumstance have been obliged to seek temporary refuge abroad. In making this suggestion and in extending an invitation to you for a sojourn in the United States I may add that it is my sincere hope that you will accept. Franklin D. Roosevelt."

<sup>a1</sup> The draft of this telegram was submitted by the Secretary of State to President Roosevelt and approved October 23.

If M. Moscicki accepts this suggestion, he, his family, and his immediate suite should be given diplomatic visas under Note 13, Diplomatic Serial No. 2906. In the event that a request should be made for visas for a suite of more than minimum size you should discreetly convey the impression that it is desired to limit the size of the ex-President's party, among other reasons for fear that the Rumanian Government might be placed in an embarrassing position because of various factors governing the situation.

HULL

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860C.001 Moscicki, Ignacy/37 : Telegram

*The Minister in Rumania (Gunther) to the Secretary of State*

BUCHAREST, October 25, 1939—4 p. m.

[Received 6:27 p. m.]

355. My telegram No. 338, October 17, midnight and previous. I understand that the Polish Government in Paris is about to convey its hope that the President will now intervene on behalf of ex-President Moscicki. I discussed this general question with the Polish Ambassador here, Count R. Raczynski, last night and he concurs with me that the time is not yet ripe for such a move. As yet ex-President Moscicki has not been moved from the north of the country to Craiova in the southwest. I would not like to see our President make such a gesture without every chance of success and the time may yet come. I am continuing to follow this matter very closely.

Recently I had a lurid description of the ire of the German Under Secretary for Foreign Affairs which exploded upon Crutzescu, the Rumanian Minister at Berlin, because of the official action of President Moscicki in resigning and designating his successor while in "supposedly neutral" Rumania. It appears that the Under Secretary went so far as to maintain that the Rumanian Government was a party to what he termed "this most unneutral act".

GUNTHER

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860C.001 Moscicki, Ignacy/38 : Telegram

*The Minister in Rumania (Gunther) to the Secretary of State*

BUCHAREST, October 26, 1939—1 p. m.

[Received October 27—2:20 a. m.]

358. My 355, October 25, 4 p. m. Last night I had an opportunity informally to sound out the Under Secretary for Foreign Affairs Cretziano on this question. He was very emphatic that Rumania could not afford to give an excuse to either or both Germany and

Russia to invade or otherwise make things more uncomfortable for Rumania such as would be afforded by the release now of ex-President Moscicki. He stressed the anger of the German Government over Moscicki's action in resigning and designating his successor while in Rumania and told me of violent attacks in that connection in the German press upon Mr. Gafencu, the Rumanian Minister for Foreign Affairs. He is now informed that it is the intention to move ex-President Moscicki in the next day or two to Craiova. Speaking to him of rumors that ex-President Moscicki might be assassinated by Gestapo or OGPU agents he smiled and said but why should they want "one less President of Poland". He added that the ex-President was being well guarded not only by their agents but by the Poles themselves and expressed the view that it would not be easy to assassinate him.

I have never heard either from his son nor from the Polish Ambassador here that ex-President Moscicki has any desire to go now to the United States but he does want to go to Switzerland for a variety of reasons. For one thing the ex-President, apart from Polish, speaks no language but German and is reluctant to use that in Rumania.

Your telegram number 208, October 25, noon, just received, would seem to have crossed my 355, October 25, 4 p. m. In the event that, in view of this telegram and my 355, October 25, 4 p. m., you have decided that the President's message should be delivered, I can see no harm provided that you do not mind a negative or evasive reply. Also I can foresee the possibility that the King might ask me whether, should ex-President Moscicki be liberated and result in punitive action by Germany and/or Russia, you would be prepared to do at least as much as you have done for Finland. May I respectfully request further instructions.

GUNTHER

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860C.001 Moscicki, Ignacy/42

*President Roosevelt to the Secretary of State*

WASHINGTON, October 28, 1939.

On the proposed telegram to Bucharest about President Moscicki, I do not see any reason for letting the matter drop. I think our Minister can properly present it to King Carol as a verbal message from the President of the United States to the King, without anything in writing and without an "*aide-mémoire*". This can be done without any publicity whatsoever but, frankly, I want for my own conscience to have made some further move in behalf of the poor old ex-President of Poland.

F[RANKLIN] D. R[OSEVELT]

860C.001 Moscicki, Ignacy/42: Telegram

*The Secretary of State to the Minister in Rumania (Gunther)*

WASHINGTON, October 28, 1939—8 p. m.

212. Your 358, October 26, 1 p. m. The President is of the opinion that you could properly present the message to King Carol as a verbal message from the President of the United States to the King, without anything in writing and without an *aide-mémoire*. This should be done without any publicity whatsoever.

HULL

860C.001 Moscicki, Ignacy/45: Telegram

*The Minister in Rumania (Gunther) to the Secretary of State*

BUCHAREST, October 30, 1939—3 p. m.

[Received 11:55 p. m.]

366. Your telegram No. 214, October 21 [29], 1 p. m.<sup>62</sup> I am accordingly proceeding with instructions set forth in your telegram No. 212, October 28, 8 p. m.; it generally takes a few days to obtain an audience.

I concur that no publicity is most important. Were there really any plans afoot to assassinate ex-President Moscicki (please see your telegram No. 186, October 13, 6 p. m.) efforts might well be redoubled were it to become known that we were officially instrumental in effecting his release for the express purpose of getting him to the United States. In my telegram 306, October 4, 6 [8] p. m., I mentioned the late Prime Minister Calinescu had especially requested that no mention be made of the possibility that ex-President Moscicki might go eventually to the United States.

In the last paragraph my telegram 338, October 17, midnight, I reported that ex-President Moscicki's son when here, after seeing his father, expressed the hope of both his father and himself that the efforts on foot of the Polish Government in France to bring about the intervention of our President through Ambassador Bullitt would not be successful. I told him at the time that I would probably be consulted and that I would bear in mind his wishes. Ex-President Moscicki's son is Polish Minister at Brussels and is, I understand, in fairly close touch with his father. It would be enlightening to know whether there had been any change in this attitude. Davies<sup>63</sup> could probably quite easily ascertain this. I do not gather from your 212,

<sup>62</sup> Not printed.<sup>63</sup> Joseph E. Davies, American Ambassador in Belgium.

October 28, 8 p. m. that I am to approach ex-President Moscicki personally unless a favorable decision is reached by the King. The Polish Ambassador told me last night that ex-President Moscicki should be in Craiova in the southwest of Rumania and that were I to go later personally to Craiova to see the ex-President it would be almost a certainty that it would get out somehow and thus the ex-President might be exposed to infinite danger.

Since my 268, September 26, 8 p. m.<sup>64</sup> I have not communicated to Paris any of my telegrams on this subject.

GUNTHER

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800C.001 Moscicki, Ignacy/46 : Telegram

*The Minister in Rumania (Gunter) to the Secretary of State*

BUCHAREST, November 1, 1939—3 p. m.  
[Received November 2—1:55 a. m.]

370. My 366, October 30, 3 p. m., and previous. I complied with your instructions and the King could not have been nicer about it. He said that he knew that you realized the difficulties which were certainly not less, due to the irritated state of the Germans, since the conclusion of the Franco-British-Turkish pact.<sup>65</sup> The King said that he personally would like nothing better than to see ex-President Moscicki at liberty to do [as he] wished but observed that it was his understanding that the latter desired above all to go to Switzerland and added that the Swiss Government alas had not been particularly helpful in representations to the German Government in the matter. He felt that once in Switzerland it would be much easier to deal with the project of his going eventually to the United States and made the candid suggestion that our Red Cross intervene with the German Red Cross to relieve pressure in the way of his getting to Switzerland. I mentioned the possible danger to the ex-President should it become bruited about that he might be going to the United States and he replied that precisely for that reason he thought it would be best to get him first to Switzerland. He referred to the new abode chosen for the ex-President at Craiova so I take it that there is now no doubt but that he will shortly be there, from which town on the main line of the Simplon Orient Express and within an hour from the Danube it would be a much easier matter to slip him over the frontier. It has always been intended that the ex-President should travel direct by

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<sup>64</sup> Not printed.

<sup>65</sup> Treaty of mutual assistance, signed October 19, 1939; League of Nations Treaty Series, vol. cc, p. 167.

motor from Bicz to Craiova over the mountains thus avoiding Bucharest. Above all agreement is desired that he nor any member of his suite should come to Bucharest. The King concluded by saying that he would do his best in the matter.

In the course of the conversation we both offered the fact that circumstances were again interfering with our hunting season and concluded that chiefs of state should always be chosen from among sportsmen. Your reason [*sic*] mentioned that our President was a great sportsman, a fine sailor, swimmer and deep sea fisherman. He added that Hitler could hardly be described as a sportsman in any sense of the word.

GUNTHER

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860C.001 Moscicki, Ignacy/47: Telegram

*The Minister in Rumania (Gunther) to the Secretary of State*

BUCHAREST, November 8, 1939—10 a. m.

[Received 11:40 a. m.]

379. My telegram 370, November 1, 3 p. m. The Rumanian Government has proposed to the German Government the submission of the case of ex-President Moscicki to the Hague Tribunal of 1907. No official reply has been received yet but I learn now that according to advices received from the Rumanian Minister at Berlin who has sounded the Government it is not disposed to consent as it does not wish to establish a precedent which might later be invoked by some other neutral state.

The high official of the Foreign Office who told me the above confided to me that fears were entertained here that due to the impasse on the western front Hitler might deem it psychologically necessary for German morale to score another easy victory by invading Rumania and that it had been intimated to the Rumanian Government, in a moment of irritation due to the evasion of vigilance by a number of Polish airmen that if this were done it would probably be with Russian cooperation. As Hitler has given away so many cards to the Russians elsewhere this [informant?] felt that Bessarabia and even the mouths of the Danube might be ceded. He added that he was confiding this to me only to show me that his Government had to continue to be especially cautious about ex-President Moscicki. The official in question who is a true Hungaraphobe feels that Hungary would gladly give passage to German troops in exchange for Transylvania and pay off Russia with the sub-Carpathian-Ukraine.

GUNTHER

860C.001 Moscicki, Ignacy/48 : Telegram

*The Minister in Rumania (Gunther) to the Secretary of State*

BUCHAREST, December 1, 1939—4 p. m.

[Received 8:24 p. m.]

414. My telegram No. 370, November 1, 3 p. m., and previous. I have kept in touch constantly with this situation in which there has been no outstanding new development. In a recent conversation on the subject with Undersecretary for Foreign Affairs Cretzianu he gave me the impression that the Rumanian authorities were more anxious than ever to find a way to effect ex-President Moscicki's departure. German pressure is still quiet on this point. They may know that the present Polish President is an ill man. When it eventually becomes known to the Germans just how many interned Poles both military and civilians of military age have succeeded in one way or another (possibly with allied assistance) in getting out of this country I fear there will be quite a storm.

With reference to the little or no assistance given to date by the Swiss Government in the matter, the Swiss Minister here tells me that he has now had a letter from President Motta saying that he will himself speak to the German Minister about the matter.

The Polish Ambassador just back from an extended visit to France tells me that President Raczkwicz pressed him to continue his efforts to effect ex-President Moscicki's release. He confided to me that President Raczkwicz is a pretty ill man.

I have used the argument when speaking to the Rumanian authorities that it would seem that now is the time to let ex-President Moscicki go as the nearer we get to spring the more forceful German pressure will become and the greater the danger that the liberation of the ex-President will be seized upon as a pretext for armed intervention. I have reminded the authorities, with whom I ever discuss the matter, of the report received regarding Gestapo and/or OGPU plans to assassinate the ex-President and emphasized that when it comes time to liberate him it had best be done as secretly and expeditiously as possible.

GUNTHER

860C.001 Moscicki, Ignacy/51 : Telegram

*The Minister in Rumania (Gunther) to the Secretary of State*

BUCHAREST, December 25, 1939—4 p. m.

[Received 7:50 p. m.]

443. My 435, December 16 [15], 6 p. m.<sup>66</sup> and previous. The Minister for Foreign Affairs has just informed me orally that ex-President

<sup>66</sup> Not printed.



Moscicki has been released and is leaving for Switzerland today. The Minister expressed the hope that since we have been so interested in bringing about this event the reaction in the American press will counterbalance the expected adverse criticism of the German and Russian press.

In accordance with Minister Gafencu's request, I am informing my British and French colleagues of the ex-President's departure. Gafencu said that he would communicate the fact to the Rumanian press either tonight or [tomorrow?].

GUNTHER

## PORTUGAL

### PRELIMINARY DISCUSSIONS RESPECTING A TRADE AGREEMENT BETWEEN THE UNITED STATES AND PORTUGAL<sup>1</sup>

611.5331/182

*The Acting Secretary of State to the Minister in Portugal (Pell)*

No. 65

WASHINGTON, January 9, 1939.

SIR: With reference to conversations which have been in progress regarding a proposed trade agreement between the United States and Portugal, there is enclosed a copy of a memorandum which was handed to the Portuguese Minister in the United States on December 20, 1938, together with copies of memoranda of conversations with the Minister on that date.<sup>2</sup> There is also enclosed, for your strictly confidential information and for staff use only, a copy of a memorandum of December 3, 1938<sup>3</sup> which was prepared for the use of the interdepartmental trade-agreements organization.

You are requested to submit your comments regarding the proposed agreement, with particular reference to any requests for more favorable treatment of Portuguese imports from the United States which, in your opinion, should be made because of special circumstances of which the Department may be unaware. In preparing your comments it is suggested that you collaborate with the Consul General in order that the Department may have the benefit of the experience and judgment of all of its officers in Lisbon. You should also report any comments which Portuguese officials may make to you regarding the proposed agreement.

It is assumed that you are familiar with the public notice of intention to negotiate a trade agreement which is required by law to be given in the United States before definitive negotiations may be undertaken with any country. As the purpose of the required public notice is to provide an opportunity for interested persons to present information and views, the conversations which take place before this notice is given are necessarily tentative. Such conversations are engaged in solely for the purpose of reaching an understanding regard-

<sup>1</sup> Continued from *Foreign Relations*, 1938, vol. II, pp. 659-671.

<sup>2</sup> *Ibid.*, pp. 666 and 670; other memorandum of conversation dated December 20 not printed.

<sup>3</sup> Not found in Department files.

ing the basis for definitive negotiations. In order to avoid any difficulty in reaching such an understanding with the Portuguese Government, it is important that no information regarding the proposed agreement be released to the public in either the United States or Portugal before the required public notice of intention to negotiate a trade agreement with that country has been given in the United States. In the event that you discuss the proposed agreement with the Portuguese authorities, you should stress this point.

Very truly yours,

For the Acting Secretary of State:  
FRANCIS B. SAYRE

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611.5331/185

*Memorandum of Conversation, by Mr. John C. Ross of the Division of Trade Agreements*

[WASHINGTON,] January 27, 1939.

Dr. Bianchi<sup>4</sup> called this morning to inquire whether the Department might be prepared to give him at an early date the promised list of products of which the United States has been an important source of Portuguese imports. He thought that if we could give him this list within a few days we might then take a little longer in preparing the draft of general provisions for a proposed trade agreement with Portugal.

I told Dr. Bianchi that the list of products was ready and was being checked with the Department of Commerce and that I saw no reason why we could not give it to him by the middle of next week. With reference to the draft general provisions, I suggested that his government's consideration of those provisions would probably be facilitated if we attached a brief comment explaining the nature of each article. The Minister agreed that this would be desirable and that it would probably save time in the end.

The Minister said that an official of his government who has been travelling in Latin America in connection with commercial negotiations with various countries in that area is expected to leave for home rather soon. The Minister hoped that it would be possible for this official to stop in Washington and discuss trade-agreement matters with officers of the Department. I said that we would be very happy to see this gentleman if Dr. Bianchi wished to bring him in.

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<sup>4</sup> João Antonio de Bianchi, Portuguese Minister.

611.5331/190

*Memorandum of Conversation, by Mr. John C. Ross of the Division of  
Trade Agreements*

[WASHINGTON,] February 17, 1939.

Participants: Dr. João Antonio de Bianchi, Minister of Portugal;  
Mr. Hawkins, Division of Trade Agreements;  
Mr. Ross.

Dr. Bianchi called by appointment at 11 o'clock this morning for the purpose of meeting Mr. Hawkins and of receiving a list of products of which the United States has been an important supplier of Portuguese imports.

After the usual amenities had been exchanged Dr. Bianchi repeated what he had said on earlier occasions to the effect that his government is primarily interested in concessions on fortified wines, sardines and Madeira embroideries. The possibility of tariff reclassifications for Port and Madeira wines, boneless and skinless sardines and the higher priced Madeira embroideries were then discussed in a general way.

In this connection Mr. Hawkins referred to our requirements of public notice and hearings and emphasized that this government could give no commitment whatever regarding any aspect of the proposed negotiations until after these requirements had been met. He went on to say that the public hearings are of real importance in determining what might be done in a trade agreement. Meanwhile, in order to avoid any misunderstanding on the part of the public in either country regarding the exploratory conversations designed to find a basis for an agreement, discretion regarding those conversations was of course essential.

The Minister replied that he understood these matters and was sure that his government also understood them.

Dr. Bianchi went on to say that his government was very much disappointed that the Department could not send someone to Lisbon to discuss the proposed agreement. Mr. Hawkins pointed out that it was very difficult to see what might be done about this matter at the present time. He stated further that we would, of course, be quite willing to reconsider the matter at a later date if this should seem appropriate.

Mr. Hawkins then handed to Dr. Bianchi the list of products<sup>5</sup> of which the United States has been an important source of Portuguese import. After reading the list the Minister remarked that his government did not have the power in general to reduce Portuguese

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<sup>5</sup> Not printed.

customs duties, but could only reduce the 20 percent customs surtax (20 percent of the duty paid, not of the value of the goods). In some cases duties could be reduced on reclassification of particular items.

It was pointed out to the Minister that we had referred to this matter in the memorandum handed to him by Mr. Sayre on December 20, 1938.<sup>5a</sup> Dr. Bianchi was shown a copy of the memorandum, on page 9 of which the following statement is made:

"It would be expected that the Portuguese Government would be prepared to consider, in connection with trade-agreement negotiations, not only reductions of its customs surtax but also reductions as well as bindings of its customs duties and other charges on the importation of products of which the United States is in general the principal or an important supplier of Portuguese imports."

The disparity between our power to consider 50 percent duty reductions and the apparent restrictions on the Portuguese Government to consider reductions of the 20 percent surtax alone was then pointed out. This difficulty appeared to be rather serious and very careful consideration would have to be given to working out a solution of the problem. Dr. Bianchi agreed that he would ask his government to comment fully on this aspect of the proposed negotiations and added that he would, meanwhile, send us informally a brief analysis of his understanding of the situation.

It was agreed further that the Minister would ask his government to comment on our memorandum of December 20, and on our tentative list of products without waiting for our draft of general provisions with explanatory comments on the various articles. Meanwhile, we would continue preparing this draft as rapidly as possible.

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611.5331/185

*The Department of State to the Portuguese Legation*

MEMORANDUM

There is attached a list of products<sup>6</sup> of which the United States has been the principal supplier of imports into Portugal, according to the official Portuguese trade statistics published in the *Estatística Comercial*. A few items have been included of which the United States is not a major supplier for the entire classification, but for which it appears probable that upon further examination the United States would be found to be the principal supplier of certain products which could be readily separated from the remainder of the classification.

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<sup>5a</sup> *Foreign Relations*, 1938, vol. II, p. 666.

<sup>6</sup> Not printed.

This list serves in a general way to indicate the nature of the products of particular interest to the United States in Portuguese import trade. It is to be anticipated that, in the event trade-agreement negotiations should be undertaken, further study of the trade, including the representations received from private interests pursuant to the customary public announcement of intention to negotiate, would lead to the inclusion of some additional items and to the possible omission of some of the listed items, in the formulation of a definitive list of products on which the United States would propose to request concessions from Portugal.

It is not possible to formulate a definitive list of products on which concessions would be requested in such negotiations until after public notice of intention to negotiate a trade agreement is issued and opportunity is afforded to interested persons to submit information and views in regard to the proposed agreement.

WASHINGTON, February 17, 1939.

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611.5331/190

*The Secretary of State to the Minister in Portugal (Pell)*

No. 78

WASHINGTON, March 24, 1939.

SIR: Reference is made to the Department's instruction no. 65 of January 9, 1939 transmitting certain memoranda relative to preliminary trade-agreement negotiations between the United States and Portugal and requesting that the Legation submit any comments which it might wish to make regarding the proposed agreement. There is enclosed herewith a copy of a memorandum which was handed to the Portuguese Minister on February 17, 1939, transmitting a list of products of which the United States has been the principal source of Portuguese imports. There are also enclosed copies of memoranda of conversations with the Minister on January 27, February 13,<sup>1</sup> and February 17, 1939 in regard to trade-agreement matters.

Draft general provisions, together with comments explaining the nature of each article, will be given to the Portuguese Minister in the near future. However, it is understood that in the meantime the Minister has asked his Government to comment on the memorandum of December 20 and on the list of products of which this country has been the principal supplier.

Prior to the discussion of February 17, the Minister had on various occasions expressed the belief that his Government would encounter no difficulty in regard to any of the bases for trade-agreement nego-

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<sup>1</sup>Memorandum of February 13 not printed.

tiations which were discussed in the memorandum handed to him on December 20, 1938. It will be noted, however, that on February 17 the Minister stated that his Government did not have the power in general to reduce customs duties but could only reduce the customs surtax of 20 percent on these duties. Thus, in general, the maximum duty reduction which the Portuguese Government would be able to grant to this country in a trade agreement would be equivalent to only 16 $\frac{2}{3}$  percent of the total charge (duty plus surtax), whereas the United States Government is empowered to grant a 50 percent reduction in the duty on Portuguese products. It was pointed out to the Minister that any such inability to grant substantial duty concessions would appear to constitute a rather serious difficulty. In this connection, you are requested to inform the Department of any instances of reductions in the basic duty, whether effected by means of reclassification or otherwise, which have been granted by the Portuguese Government in any recent commercial agreement with another country.<sup>8</sup>

Very truly yours,

For the Secretary of State:  
FRANCIS B. SAYRE

611.5331/191b

*The Department of State to the Portuguese Legation*

MEMORANDUM

There is attached a draft of general provisions for inclusion in a possible trade agreement between the United States and Portugal, together with a commentary on this draft.<sup>9</sup>

Should the Government of Portugal express its readiness to negotiate a trade agreement on the basis of the attached draft, and to give consideration, during the course of the negotiations, to such requests as the Government of the United States may make for material reductions in the total import charges imposed by Portugal on articles of which the United States is an important supplier of Portuguese imports, this Government would be prepared to give immediate consideration to the possibility of issuing a public notice of intention to negotiate. A preliminary list of articles of which the United States is an important supplier to Portugal was handed to the Minister of Portugal on February 17, 1939.

Such a public notice would be accompanied by a list of articles of which Portugal is an important supplier of imports into the United States. A preliminary list of such articles is included in the memo-

<sup>8</sup> Despatch No. 726, May 9, not printed.

<sup>9</sup> Neither printed. The general provisions were similar to those included in the existing trade agreements of the United States, with the exception of the special trade agreement with Cuba.

randum handed to the Minister of Portugal on December 20, 1938. This Government would be prepared to consider any request which the Government of Portugal might make for a reduction (not exceeding 50 percent) in the customs duty on any dutiable article included on the list which would accompany the public notice, or for the continued free entry of any article on the list which is now subject to free entry.

WASHINGTON, June 9, 1939.

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611.5331/191a

*The Secretary of State to the Minister in Portugal (Pell)*

No. 94

WASHINGTON, June 20, 1939.

SIR: With reference to previous correspondence concerning preliminary trade-agreement negotiations between the United States and Portugal, there are enclosed herewith a copy of draft general provisions for inclusion in such a trade agreement, a copy of the Department's comments thereon, and a brief covering memorandum.<sup>10</sup> These documents were handed to the Portuguese Minister on June 9, 1939.

If there is anything in the general provisions or in the comments which is not entirely clear, the Legation is requested to ask the Department for an explanation in order that the Legation may be able to answer any questions which the Portuguese Government may ask.

Very truly yours,

For the Secretary of State:

FRANCIS B. SAYRE

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611.5331/193

*The Minister in Portugal (Pell) to the Secretary of State*

No. 835

LISBON, August 8, 1939.

[Received August 22.]

SIR: I have the honor to refer to the Department's instruction No. 94 of June 20, 1939, concerning preliminary trade agreement negotiations between the United States and Portugal, and to state that the subject matter therein has had the careful consideration of the Legation. When I called on Dr. Luiz Teixeira Sampayo, Director General of Political Affairs in the Ministry of Foreign Affairs, on August 4, 1939, preparatory to going on leave, the trade agreement negotiations were brought up by me. Dr. Sampayo was noncommittal, stating the matter was up to the Director of Economic Affairs, and gave no indication of what would be done by Portugal though I offered to do anything I could in this connection while home on leave. The general

<sup>10</sup> See *supra*.



problem will not be overlooked. The Department is aware of the suggestion of the Portuguese Minister at Washington, Dr. Bianchi, that a high official of the Department come to Lisbon for direct negotiations. I should hesitate to endorse such a move, unless definitely pressed by the Portuguese Government, and assurance given that such a gesture would lead to positive results. Perhaps, if nothing develops in the natural course of events during the next few months, I can, after consultation with the Department during my leave, put myself in a better position to press this matter, if that is desired, on my return to Portugal in early October.

There are certain questions that do arise in my own mind: (1) Will the Department agree, having exempted Puerto Rico (see Article 6, Section 1),<sup>11</sup> also to exempt the Portuguese colonies, excepting the Azores and Madeira, which islands are generally considered part of continental Portugal? Owing to special tariff concessions granted in the colonies to Portuguese exports, and in Portugal on imports from the colonies, the question will inevitably be raised. (2) Does not Article 17, Section 1,<sup>11</sup> grant special privileges under cover of a small customs union? This may be necessary because of Canada, but it is assumed that the Department will not overlook the possibility of more agreements with Spain, once that country settles down. (3) Would the *status quo ante* be revived if this agreement were denounced and afterward expire, that is, would the provisions of the notes exchanged on June 28, 1910,<sup>12</sup> cancelled by this agreement, regarding the treatment to be accorded to the merchandise of either country again become effective?

The Department's instruction under acknowledgment has been shown to the Consulate General, which makes no comment at this time.

Respectfully yours,

HERBERT C. PELL

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[In April 1940 the Portuguese Government indicated renewed interest in negotiating a trade agreement with the United States, and in June Mr. Paul T. Culbertson, Assistant Chief of the European Division, went to Portugal as a member of a diplomatic mission for the Portuguese Centennial celebrations with instructions also to undertake exploratory discussions regarding a trade agreement. He reported that further discussions would be futile due to the unwillingness of Count de Tovar, Head of the Economic Section of the Portuguese Foreign Office, to make concessions, especially after the entry of Italy into the war and the defeat of France. Trade-agreement discussions were therefore discontinued.]

<sup>11</sup> Reference is to draft of general provisions, not printed.

<sup>12</sup> Commercial arrangement between the United States and Portugal, *Foreign Relations*, 1910, p. 828.

SPAIN  
SPANISH CIVIL WAR

I. International Political Aspects<sup>1</sup>

852.00/8817

*The Ambassador in Spain (Bowers), Then in France, to the Secretary  
of State*

No. 1649

ST. JEAN DE LUZ, January 7, 1939.  
[Received January 18.]

SIR: I have the honor to submit some observations on the present attitude of the Rebel Government of Burgos toward the United States.

In the first days of the war it will be recalled that every effort was made to create the impression in the United States that the military rising was not against the Republic or Democratic institutions, and that General Franco in his interview given the United Press for distribution in the two Americas specifically said as much. I had no faith in his statement at the time.

Until a few months ago my contacts here with Franco supporters, and on a few occasions, known to the Department, with Franco officials, I got the impression that the insurgents were very eager to maintain friendly relations with us. This was shown in (1) the case of the death sentence of Dahl the aviator,<sup>2</sup> (2) in the case of the unprecedentedly quick release of the *Nantucket Chief* and the pardon of its captain,<sup>3</sup> and (3) in the request that I act as intermediary in the exchange of prisoners,<sup>4</sup> and the granting to us the first exchange of military prisoners during the war.<sup>5</sup> I was given to understand in so many words until recent months that the rebels realize that at the end of the war they will be in need of loans for rehabilitation purposes, and that they look hopefully to us.

But during the last three months there has been a radical change in the attitude of the rebels toward the United States. It is significant that this change came with the reactions in the United States toward the rape of the Czechs. The rebel press which is wholly a controlled press enthusiastically followed the Hitler Government and the German

<sup>1</sup> Continued from *Foreign Relations, 1938*, vol. I, pp. 149-261.

<sup>2</sup> See *ibid.*, 1937, vol. I, pp. 528-555 *passim*.

<sup>3</sup> See *ibid.*, 1938, vol. I, pp. 264-272 *passim*.

<sup>4</sup> See telegram No. 487, May 19, 1938, from the Ambassador in Spain, *ibid.*, p. 285.

<sup>5</sup> See telegram No. 510, August 8, 1938, from the Ambassador in Spain, *ibid.*, p. 316.

press on this and began making hostile comments on the United States. To me this seemed more in harmony with logic of the situation than the protestations of friendship, since more and more Franco has become a dependant of Germany and Italy, and more and more an enthusiastic supporter of the Rome-Berlin Axis. The Fascist element has notoriously become the dominant element in rebel Spain, supported and encouraged by the German and Italian Ambassadors in Burgos. It must be kept in mind that Franco has been recognized by Germany, Italy and Japan; that the fascist technique, the use of the red herring of "communism", has been used by Franco in Spain as it was used in Austria, Czechoslovakia, and China, and that the Spanish fight is a vital part of the plan for the Fascist World Revolution.

The extravagant attacks on our program at Lima,<sup>6</sup> with the personal abuse of the President, of Mr. Hull, and of Americans in general, with special reference to "American womanhood", went beyond the bounds of common decency. These were published conspicuously with glaring headlines of a hostile character. They urged the South American Republics to oppose Mr. Hull's program and went into ecstasies over the attitude of Argentina which has, in reality if not in theory, been militantly pro-fascist in Spain, whatever it may be in the Argentine.

This seemed to me inevitable, and I have frequently reported to the Department my opinion that the result of the war in Spain would have important repercussions in South and Central America affecting our policy on the continent to our South. However, I was astonished at the vehemence and indecency of the tone of these attacks.

Following close upon the jubilant tone of the rebel press over what it describes as the failure of Mr. Hull's plans, come the attacks, in an equally offensive tone, on the President's Address to Congress.<sup>7</sup>

This all vindicates my conviction, long held and expressed, that the foreign policy of Franco is dictated by Germany and Italy, and in the event of a Franco victory this domination certainly will continue and we shall find ourselves with another problem nation in Europe.

In striking, and natural contrast with this, is the attitude of the press in Government territory which has consistently praised our own policy, and has shared our views regarding Munich, the Czechs, the persecution of the Jews, and which warmly supported Hull's policy at Lima, and President Roosevelt's speech to Congress.

To sum up, it seems utterly impossible by any rule of reason to escape the fact that the Franco regime is hostile to the United States, its leaders and its principles and policies.

Respectfully yours,

CLAUDE G. BOWERS

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<sup>6</sup> For correspondence concerning the Eighth International Conference of American States held at Lima, December 9-27, 1938, see *Foreign Relations*, 1938, vol. v, pp. 1 ff.

<sup>7</sup> *Congressional Record*, vol. 84, pt. 1, p. 74.

852.00/8806

*The Spanish Ambassador (De los Rios) to the Secretary of State*

[Translation]

No. 142/16

WASHINGTON, January 9, 1939.

MR. SECRETARY: I have the honor of asking Your Excellency to communicate the following message to the President of the United States, addressed to him by the Prime Minister of the Spanish Republic:

"Mr. President: Permit me to express my wholehearted accord with the contents of your splendid speech. The Spanish people and their government fully endorse it. It is for the principles expressed therein, and for no others, that we have fought for two years and a half. The foes of democracy and of liberty have tried to deceive the world regarding the significance of our struggle. To this end they have resorted to crafty provocation within Spain and to the spread of false propaganda among men of good will. Their machinations and calumnies have been effective; but our tenacity and resistance are furnishing the time needed to thwart their purpose.

Feeling the necessity of speeding up events, our enemies are bending every effort to bring about our defeat immediately. At the same time that they carry out terrific offenses at the front, they strive to terrorize our rearguard. Our cities, which have little or no defense, are devastated every day; our civilian population is murdered by German and Italian airplane squadrons manned by pilots from those two nations. Our fronts are attacked by Italian divisions, by corps of German technicians and by troops of African mercenaries, with an abundance of war material the like of which had never been seen in any war.

Our people make superhuman efforts; but if our men have to go on without weapons, our cities and forts without cannon and our people without food, there can be but one outcome. However strong their spirit, a hungry people cannot halt the advance of totalitarianism. Our enemy counts on every factor; on weariness and exhaustion. Blockaded by its enemies, with whom neutral and friendly countries cooperate, Spain cannot struggle indefinitely against the economic and military power of Germany and Italy.

Let the withdrawal of German and Italian aggressors be enforced; let us receive economic and material means for our defense and we will be able to determine the outcome of the war ourselves.

We have given good proof of our convictions by withdrawing our foreign volunteers.

Mr. President, the outcome of the struggle in Spain will decide what Europe and South America will be; therefore, it will determine the course of the world that is to be. History will be severe toward those statesmen who have shut their eyes to evidence and toward those whose indecision in this critical hour leads them to risk the principles of tolerance, harmony, liberty and high morale justly attributed to democracy in Your Excellency's speech. Every minute lost in adopting adequate measures is a river of blood and sorrow; but it is also one more trench lost by the cause of liberty and justice. I am cer-

tain of our victory; but should Fate and the impassivity of others prevent it, we shall resist until we are annihilated. Should we perish, we would have at least fulfilled our duty, as a national collectivity, toward our historic mission and, as individuals, toward the dictates of our conscience.

Mr. President, your words, imbued with religious and human emotion, give us spirit and courage.

In Spain's name, and in my own name, I thank you. (signed) Juan Negrin."

Accept [etc.]

FERNANDO DE LOS RIOS

852.00/8777: Telegram

*The Counselor of Embassy in Spain (Thurston) to the Secretary of State*

BARCELONA, January 12, 1939—4 p. m.

[Received January 13—10:15 a. m.]

1163.

1. Military. The rebel lines now run roughly as follows: From Tremp to a point slightly to the east of Artesa de Segre, thence south through Bellpuig to a point near Montblanch (which may have fallen today) and finally west to the Ebro parallel and quite near to the Reus-Falset-Gandesa Highway. I understand that the Government forces in the lower Ebro sector are now falling back on Tarragona and that this city probably will be lost.

The Minister of State<sup>8</sup> informed me this morning that the morale of the army is excellent but that it is for the moment virtually overwhelmed by the rebel superiority (almost ten to one) in artillery, planes, and machine guns—denoting unsuspectedly large shipments to Franco from Germany and Italy during the last 2 months. He stated that the Government expects to receive further supplies from Russia and elsewhere (provided their passage through France is permitted) and he stressed the hope that has been aroused by the possibility of a change in our neutrality policy which will enable it to acquire military equipment in the United States.

Senor del Vayo stated that while the military situation is undeniably grave neither he nor Negrin regards it as disastrous. They expect to save Barcelona and ultimately to win the war. In answer to my inquiry as to their plans if the rebels should succeed in breaking through to Barcelona, he replied that the war would continue. In reply to the same question a few days ago Negrin stated to the British Minister that the government would remove to the southern area. The British Minister<sup>9</sup> incidentally informed me that in that event he would follow the government.

<sup>8</sup>Julio Alvarez del Vayo.

<sup>9</sup>R. C. S. Stevenson.

2. Political. I was informed this morning by Zugazagoitia<sup>10</sup> (who will soon be appointed Ambassador to Mexico) that a rearrangement of the Cabinet would be a controversy between Negrin and the Minister of Government<sup>11</sup> over the attempted imprisonment of the writer Eduardo Zamacois prevented by Negrin. Efforts are being made to avoid the resignation of Gomez but if they fail he probably will be replaced by Mendez, the present Sub-Secretary.

3. International. While no illusions now are entertained, mild encouragement is derived from the recent visit of a group of members of the French Parliament and evidence of a growing sympathy with the government cause in England and the United States.

Alvarez del Vayo will leave for Geneva Saturday to attend the meeting of the League Council.

THURSTON

852.00/8806

*The Secretary of State to the Spanish Ambassador (De los Rios)*

WASHINGTON, January 14, 1939.

EXCELLENCY: I have the honor to acknowledge the receipt of Your Excellency's Note No. 142/16 of January 9, 1939, communicating a message addressed to the President by the Prime Minister of Spain, and to request that Your Excellency be so good as to convey in reply the following message from the President to Dr. Negrin:

"I have received the message which you addressed to me through the Spanish Ambassador at Washington, and I thank you for the kind references to my remarks before the Congress of the United States on the fourth of this month.

"I have read the contents of your message with profound interest, and I may add, with full comprehension of the bitter anguish which the Spanish people are being compelled to endure.

"I am sure that I speak for the American people when I express to you the sincere hope that the blessings of peace and the spirit of good will and common understanding may soon be restored to the Spanish people."

Accept [etc.]

CORDELL HULL

124.521/170: Telegram

*The Counselor of Embassy in Spain (Thurston) to the Secretary of State*

BARCELONA, January 15, 1939—11 p. m.

[Received January 16—9:45 a. m.]

1166. The rebel advance into Cataluna appears to be progressing relentlessly on all fronts, and if rebel claims are to be credited they

<sup>10</sup> Julio Zugazagoitia, Sub-Secretary for National Defense.

<sup>11</sup> Paulino Gomez Saiz.

have completed the initial stages of an enveloping movement which may result in the fall of Cervera—thus opening the direct road from Lerida to Barcelona. It is also claimed today but not confirmed that Tarragona has fallen.

The Government is making desperate efforts to meet the situation, and is attempting to establish new fortified lines and to assemble new reserves. Reports are in circulation regarding the receipt of fresh war material and the imminence of another Government offensive of diversion in the southern area. It is probable however that despite these measures the rebel offensive cannot be dominated in time to save Barcelona, and that (excluding the possibility of collapse) the Government must soon elect between capitulation and flight.

I respectfully recommend therefore that early consideration be given to policy with respect to the Barcelona Embassy and Consulate General regarding which my opinion is as follows.

(a) Under no circumstances short of personal danger should we run the risk of losing this important Consulate (as in the case of Bilbao) by closing it. I have been assured by Alvarez del Vayo that if the Government must succumb it will do so "with dignity," but should disorders occur or war operations envelope the city the consular personnel could go aboard naval vessel until conditions improved.

In connection with the foregoing the Department may wish to authorize the Consulate General to warn the resident Americans that they remain here at their own risk and that no assurance can be given that an American naval vessel will be available to evacuate them in the emergency. Transportation to France is still available by highway, train and air. This would not of course preclude the evacuation of Americans (especially those of the bank, telephone company and correspondents whose work has held them here) if necessary.

(b) Should the Department regard the conquest of Cataluna as establishing Franco's paramountcy and desire to enter into *de facto* relationship with his regime the retention of this office would be indicated; should it desire to maintain its Embassy near the Government of Spain so long as that Government exists it would be feasible for me to proceed to the new residence of the Government on a naval vessel and I am of course ready to do so. I have informed you of the statement of the British Minister as to his intentions in this respect and I shall report as soon as possible the attitude of the representatives here.

THURSTON

124.521/170: Telegram

*The Secretary of State to the Counselor of Embassy in Spain  
(Thurston)*

WASHINGTON, January 16, 1939—7 p. m.

506. Your 1116 [1166], January 15, 11 p. m. We have given careful consideration to your telegram and to the problems which may have to be faced in the near future at Barcelona.

(1) Our first concern is the personal safety of the members of our staff. As we have repeatedly stated, we do not desire that our officers expose themselves to danger if it can possibly be avoided. We must necessarily leave much to your discretion, but from this distance it seems to us that it would be hazardous for you and the consular staff to return to Barcelona under present conditions. You should also bear in mind that it is considerably safer to send one of our naval vessels to Caldetas than to Barcelona.

(2) Whenever in your judgment circumstances justify such action the Consulate General should urge American residents to leave while means of transportation to France are still available.

(3) We recognize the desirability of keeping the Consulate General open if it can be done without personal danger to the staff. If Barcelona should be occupied by General Franco consideration will be given to returning Flood<sup>12</sup> and the consular staff to that City on an American naval vessel.

(4) If the Spanish Government should remove to some other place in Spain we shall in all probability desire you to follow if it is safe and practicable. Before doing so, however, you should inform us of your plans. Embassy clerks Gilbert and Krieger would accompany you.

(5) With reference to your 1167, January 16, 10 a. m.,<sup>13</sup> the Navy Department approves the despatch of a vessel upon your request, and has so informed Admiral Lackey.

Keep us informed of all developments, including action taken by your principal colleagues.

Copy has been sent to Ambassador Bowers for his information.

HULL

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<sup>12</sup> Douglas Flood, Vice Consul at Barcelona.

<sup>13</sup> Not printed; it suggested that Admiral Lackey be authorized to dispatch a naval vessel to Caldetas should the Counselor of Embassy so request (852.00/8789).



852.00/8876

*The Ambassador in Spain (Bowers), Then in France, to the Secretary of State*

No. 1657

ST. JEAN DE LUZ, January 16, 1939.

[Received January 27.]

SIR: In view of the bitter fighting now in progress, with the rebel offensive in Catalonia, and the Loyalist offensive in Estremadura, I have the honor to submit some observations on the political significance of these military operations. These conclusions are based on my own judgment reenforced by the common conclusion of colleagues and some supporters of General Franco from across the border with whom I have contacts.

It has now been many weeks since Mr. Chamberlain entered into his engagement to visit Mussolini in Rome.<sup>14</sup> As you know there has been grave apprehensions concerning such a meeting, especially in France, but also in England, as denoted by the sharp questioning in the Commons and by the tone of the press. To this, I add private information from within the Foreign Office, which is increasingly nervous over Mr. Chamberlain's passion for visiting the caves of the Forty Thieves.

It has been commonly believed here, and feared in France, and among the Loyalists in Spain, that the Rome meeting might resolve itself into another Munich, and that it was the purpose of Mr. Chamberlain to grant belligerent rights to Franco in the belief that through the effective starving of the loyalist civilians, the fascist forces would achieve the victory now more than two years and four months over due according to the original calculations.

It is the common belief here that this concession at the expense of the Spanish democracy was to be made easier by achieving a crushing victory before Mr. Chamberlain reached Rome.

To this end, Franco has been accumulating more war material than has ever been assembled at one time in the entire history of Spain. This has been brought in in streams from Italy and Germany, particularly from Germany, for weeks. This is common knowledge. It will be recalled that when Mr. Hudson of the Overseas Trade Division of the British Government was asked in the Commons to explain why there were five German to one British ship entering Franco harbors, he explained quite frankly that this did not imply an advantage in normal trade since "these German ships are carrying war material to Franco." Included in the war material are many additional planes. And, while it is denied by Rome, there is absolutely no doubt that

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<sup>14</sup> See telegram No. 17, January 16, 1 p. m., from the Ambassador in Italy, vol. I, p. 2.

additional Italian soldiers have been brought in for this offensive in Catalonia which was to bring the Spanish Government to its knees before Chamberlain reached Rome. Four divisions of Italian troops were given conspicuous places in the offensive.

The plan to inflict a crushing defeat before Chamberlain reached Rome miscarried for two reasons.

First, the stubborn resistance of the loyalist army, which, considering its disadvantage in heavy artillery and planes, which Non-Intervention forbids it to buy for defence, has been most remarkable.

Second, the launching of the loyalist offensive in the South which, before Chamberlain reached Rome had taken more than 300 square miles of territory from the rebels, had surrounded the famous lead mines, and had come within a very few miles of cutting Franco's communications between the North and South. This compelled Franco to bring many more Moors over from Morocco, to scour his entire southern section for troops that had been diminished through transfers to the Catalonian front, and finally to send many of the planes and some of the soldiers concentrated for the Catalonian offensive.

Thus when Mr. Chamberlain reached Rome the plan had failed. He was deprived of any excuse for agreeing to belligerent rights.

Two other factors entered to prevent any pro-Franco agreement with Mussolini.

The first was the stupid blunder of Mussolini in making his demand for Tunis, Corsica and Nice. This thoroughly aroused the French and unified the factions as they have not been unified for some years. It awakened the French to the meaning to them of a Franco victory and the domination of Spain by Berlin and Rome. It led to the very sharp refusal of the French Government to permit Chamberlain to act as mediator with Italy. It called forth the warning that France would not think of granting belligerent rights. And it sent Daladier<sup>25</sup> forth on his African journey to make speeches which, for the first time, from a European Democracy, challenged the pretensions of the totalitarian States.

There was another factor which is believed here to have been important—the militant speech of Roosevelt and the general acclaim among the English people.

I have learned from inside the Foreign Office in London that Mr. Chamberlain's statement in approval of the general tone of the Roosevelt speech was not a spontaneous act on his part; that he was urged by the Foreign Office to give out such a statement; and that the statement was prepared, not by Mr. Chamberlain himself, but by functionaries in the Foreign Office. Thus when the Rome conference began all plans had gone awry.

Respectfully yours,

CLAUDE G. BOWERS

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<sup>25</sup> Edouard Daladier, French Prime Minister and Minister of Defense.

124.521/171 : Telegram

*The Counselor of Embassy in Spain (Thurston) to the Secretary of State*

BARCELONA, January 18, 1939—10 a. m.

[Received 3:34 p. m.]

1173. Your 506, January 16, 7 p. m. I fear that my 1166, January 15, 11 p. m., and 1167, January 16, 10 a. m.,<sup>16</sup> must have reached you in a garbled condition, as I did not suggest that the Embassy and Consulate General should return to Barcelona under present conditions or that a naval vessel should attempt to call there. I specified Caldetas.

My tentative plans are as follows: I have been promised advanced information should the Government decide to leave Barcelona, and if I receive that warning or otherwise anticipate such a development I shall arrange to take the Embassy staff, codes, files, and essential equipment to France pending clarification of the situation. At the same time, I shall call for (and await the arrival of) a naval vessel on which the consular staff and Americans in general may be removed if necessary. Should events take place with such rapidity that the foregoing plan would not be feasible I shall remain here as long as seems prudent and thereafter with the staff and equipment cited go aboard a naval vessel. Have you any instructions?

THURSTON

852.00/8820 : Telegram

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

PARIS, January 19, 1939—2 p. m.

[Received 3:15 p. m.]

112. There is no doubt that responsible quarters here are deeply concerned over the danger to France which may develop from the Spanish situation. Bonnet<sup>17</sup> said as much to me last night. He stated at the same time that France has assurances from Britain that if after Franco's victory the Italians attempt to maintain control of strategic points in Spain the British will help the French to "dislodge" them.

Bonnet said that he will speak in the foreign affairs debate in the Chamber tomorrow, that the Government will maintain the policy of nonintervention and that he is confident it will be supported by the "customary" safeguards. (Others tell me that the Radical Socialist

<sup>16</sup> Latter not printed.<sup>17</sup> Georges Bonnet, French Minister for Foreign Affairs.

Party is fairly well divided on this point and that while it is likely that most of the party will support the Government this will only be the result of strict stipulations imposed by party leaders.)

Bonnet said that he wanted to inform me in strict confidence that while the Government was maintaining the façade of nonintervention it was in fact permitting war material to cross the frontier. It was he said in part due to this assistance that the Loyalists have been able to defend themselves as well as they have done. (Undoubtedly arms have been trickling over the border recently; I doubt very much, however, whether substantial shipments of war material such as airplanes and artillery have been allowed to cross into Spain since last June when Bonnet is believed to have clamped the control down tightly.)

In conversation with General Gamelin, Chief of Staff, he made no effort to conceal his concern over the situation. He said that the fate of France might be at stake very shortly and that any weakness or indecision would be fatal.

I also had a brief talk with Daladier and asked him if the growing uneasiness in the Chamber might not oblige the Government to modify its stand towards nonintervention. He said no, that it was too late now to change policy and that the time to have made a change was 2 years ago. (A left-handed criticism of Blum who is now attacking the Government for failure to take the action which he himself when head of the Government refused to take).

WILSON

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852.00/8828 : Telegram

*The Ambassador in Italy (Phillips) to the Secretary of State*

ROME, January 20, 1939—11 a. m.

[Received January 20—9: 14 a. m.]

20. I am informed by the British Ambassador in strictest confidence that he was summoned on Saturday by Ciano<sup>18</sup> and informed that the Italian Government was holding 60 battalions of troops in readiness to send to Spain if France should take any steps to intervene on behalf of Negrin Government. The Ambassador immediately communicated this information to his Government which forwarded it without comment to Paris before the recent meeting of the Council of Ministers. In addition to the anti-French press campaign reported in my 19, January 17, 7 p. m.,<sup>19</sup> this was obviously intended by the Italians to bring further pressure on the French.

According to the best information available in Rome the decision of the French Council not to intervene has apparently eliminated any

<sup>18</sup> Italian Minister for Foreign Affairs.

<sup>19</sup> Not printed.

immediate danger since it does not appear that the Italians will take action to support Franco unless other powers intervene on the other side.

PHILLIPS

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124.521/171 : Telegram

*The Secretary of State to the Counselor of Embassy in Spain  
(Thurston)*

WASHINGTON, January 20, 1939—4 p. m.

512. Your 1173, January 18, 10 a. m. Our reference to return of staff to Barcelona and use of naval vessel was based upon implications of section (a) of your 1166.

Subject to unforeseen developments we shall expect you to follow Spanish Government if it removes to some other place in Spain, provided you feel at that time that such action is safe and practicable. In the meantime we do not feel that it would be advisable to remove Embassy staff to France. If critical situation develops before actual departure of Spanish Government from Barcelona we should expect you to transfer Embassy and Consulate staffs together with codes, files, and essential equipment on board an American naval vessel which Admiral Lackey is authorized to order to Caldetas whenever you so request. We feel that with respect to codes and files this procedure would be preferable in any event from the point of view of safety.

As stated in our 506, January 16, 7 p. m., consideration will be given to returning consular staff to Barcelona on naval vessel if the city is occupied by Franco forces. We are informed that entire naval squadron is at Villefranche and would be available if more than one vessel should be needed.

HULL

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852.00/8838 : Telegram

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

PARIS, January 21, 1939—1 p. m.

[Received 1:20 p. m.]

126. It will be recalled that during the height of the crisis in September<sup>20</sup> it was generally understood that the French General Staff had perfected plans for the immediate occupation of the Spanish zone in Morocco in the event of hostilities. Rumors of similar plans in connection with present events in Spain and the general belief that

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<sup>20</sup> For correspondence regarding the German-Czechoslovak crisis, see *Foreign Relations, 1938*, vol. I, pp. 483 ff.

in case of a Franco victory Mussolini will not withdraw his forces from Spain and the Balearic Islands at least until he has driven a hard bargain with France have been circulating here for the past few days. The fact that these rumors have been set in motion by the press section of the Foreign Office first by word several days ago to a few selected foreign correspondents including the London *Times* man and again yesterday afternoon at a press conference with the Anglo-American correspondents seems significant. In our opinion this is a maneuver on the part of Bonnet to reply in kind to Mussolini's intimation in *Informazione Diplomatica* of January 15 that strong French support of Republican Spain would bring about the substantial increase of Italian forces in Spain. Last night's announcement that General Gamelin and Vice Admiral Darlan had postponed their scheduled departure on visit of inspection to North Africa until probably the end of next week also seems of some interest in connection with the Spanish situation and the debate on foreign policy in the Chamber in which the Left parties continue to attack nonintervention. The debate was adjourned last night until next Tuesday.

WILSON

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124.521/174: Telegram

*The Counselor of Embassy in Spain (Thurston) to the Secretary of State*

[BARCELONA?], January 23, 1939—10 p. m.

[Received January 23—9:05 p. m.]

1183. The rebel advance on Barcelona continues and apparently is encountering but feeble resistance. The lines are believed by Colonel Cheadle<sup>21</sup> to run near Montserrat and Martorell—thus virtually impinging on the Government's last defences along the Llobregat River. Whether this natural line and the fortifications and entrenchments being erected along it will serve to check the advance is problematical. Most observers are of the opinion that they will not and that the fall of Barcelona is but a matter of days if not hours.

Alvarez del Vayo is still absent and the Diplomatic Corps has received no formal advices regarding developments or the Government's plans. Negrin has informed the French Ambassador however that the Government will when compelled to leave Barcelona first go to Gerona and he recommended that the Ambassador take quarters nearby. The Ambassador will leave by sea for France when the Government abandons Barcelona as will the British Minister although both will I understand seek to reestablish contact with the Govern-

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<sup>21</sup> Military Attaché in Spain.

ment. The Norwegian and Swedish Chargé d'Affaires (the latter's Legation was damaged slightly last night by a bombardment of the outskirts of Caldetas) will leave for France in the morning by automobile.

I am in communication with Admiral Lackey who will arrive off Caldetas tomorrow forenoon with the USS *Omaha* and a destroyer. The Consulate General will evacuate about 30 American citizens. I shall remain ashore and in contact with the Government as long as possible and will report as usual.

THURSTON

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852.00/8851: Telegram

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

PARIS, January 24, 1939—1 p. m.

[Received 3:45 p. m.]

138. The Spanish Minister of Foreign Affairs Alvarez del Vayo, whom I have known before, came to see me this morning. He said that he had been out of touch with representatives of the American Government for some days and that he would like to have my Government informed of the attitude of the Spanish Government.

He said that the situation was critical but that the Spanish Government intended to hold fast in Barcelona. The Government was confident that it could do so and that it would come through this crisis as it had done on similar occasions in the past when the outside world had given up the Loyalist cause as lost.

He said that the superiority in matériel on Franco's side was of course almost overwhelming. Throughout November and December, in preparation for the offensive, Franco had received heavy and continued reinforcements of war material from Germany and Italy in the form of airplanes, tanks and machine guns. The Spanish Government had brought this situation to the attention of the French and British Governments. The Spanish Government was receiving absolutely nothing in the way of war material from France. A little, however, was still being received from Russia and this was the only outside assistance being accorded the Government side.

Alvarez said that the Spanish Government could have held up Franco's advance longer if they had been willing to risk two or three army corps at Montblanch. Instead of this, however, they had decided to fall back on Barcelona to convert the city into a fortified area and to hold out there. He said that they have 200,000 trained troops in Barcelona and adequate munitions for such artillery and machine guns as they possess. Barcelona, he said, will be another Madrid.

He said that his principal worry is the refugee problem in Barcelona. There are over a million refugees there now. It is essential to evacuate 150,000 children without delay. He saw Bonnet yesterday and requested that the French Government allow these children to come into France, the Spanish Government being responsible for their maintenance. He believes that the French Government will agree that at least part of these children may enter France, finding it advisable for domestic political reasons to try to cover itself in this fashion for its failure to give any assistance to the Spanish Government.

Alvarez spoke with gratitude of the assistance of the American Government and the American Red Cross in providing flour for the starving refugees in Spain.<sup>22</sup> He said that on broad humanitarian grounds he deeply hoped that our Government would give any encouragement it appropriately could to efforts to get these 150,000 children admitted into France or other countries.

The Minister said that even if Negrin and he should prove to be wrong regarding their ability to hold out in Barcelona,—and he emphasized again that he was absolutely convinced that they would in fact hold out—then the Government would carry on the fight in central Spain for months and years if necessary. He said that the Estremadura and Levante armies are in good condition and capable of resisting indefinitely.

He said that the members of the Government were remaining in Barcelona. He and his wife return there tonight. The personnel of the Ministries however was being distributed in various places between Gerona and Figueras since it was impossible for them to carry on their work in Barcelona because of the constant air bombardments.

At the close of our conversation he reiterated his desire that the Government of the United States should be informed that it was the firm intention of the Spanish Government to hold out in Barcelona and that they were convinced that they would be successful in doing so.

WILSON

852.00/8847: Telegram

*The Counselor of Embassy in Spain (Thurston) to the  
Secretary of State*

BARCELONA, January 24, 1939—5 p. m.

[Received January 24—3:20 p. m.]

1186. My 1185, January 24, 4 p. m.<sup>23</sup> The British Minister has just read to me by telephone the following message from Negrin to the

<sup>22</sup> See *Foreign Relations*, 1938, vol. 1, pp. 364 ff.; also *post*, pp. 786 ff.

<sup>23</sup> Not printed.



Sub-Secretary of State and delivered to the latter for distribution to the Diplomatic Corps:

"The Government has been transferred to the Province of Gerona and has removed all its services there. Representatives of each Ministry are remaining in Barcelona, the Ministry of State is charged with the organization of administrative functions. I ask the Diplomatic Corps to go to the Province of Gerona and I wish that the Ministry of State should give this notification to the Diplomatic Corps assuring them that despite all difficulties the Government will maintain a tenacious resistance and that the present distress will be followed by an indefinite prolongation of the war. Please instruct Senor del Vayo to remain at Figueras."

The French Ambassador and British Minister are submitting the foregoing to their Governments and for the time being will remain at Caldetas, where French and British naval vessels are stationed. I shall see them again tomorrow and inform you of their instructions on the situation.

THURSTON

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124.521/175 : Telegram

*The Counselor of Embassy in Spain (Thurston) to the Secretary of State*

BARCELONA, January 25, 1939—9 a. m.

[Received 11:41 a. m.]

1192. Matthews, of the *New York Times*, who left Barcelona early this morning, says the Llobregat line has collapsed and that the rebels are now in close proximity to the city. The covering defenses cannot possibly hold out through the day but this is not certain. I have talked by telephone with the Consulate General which says no disorder there although front cannon fire heard through night. I have sent Americans to the beach and they are in process of embarkation on the *Badger*. I shall next place Embassy and Consulate General files aboard the *Omaha*. As final hour seems near at hand I may go aboard the *Omaha* during the day with Colonel Cheadle, Palery, Gironda, Krieger, and Malone, and Caldwell and Denys of the telephone company. I shall thereafter delay departure pending an attempt to learn final plans of British and French representatives. When no further useful purpose can be served by remaining here I shall go to Marseille and disembark.<sup>24</sup> If Government succeeds in setting itself up in the north I can, when its whereabouts is ascertained, go to it over the frontier.

But by [*sic*] de Mar and coast road now under active bombardment.

THURSTON

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<sup>24</sup> In telegram of January 25, 8 p. m., the Counselor of Embassy reported that he had embarked on the *Omaha* and would arrive at Marseille the next morning (124.521/176).

124.521/179

*Memorandum of Conversation, by the Chief of the Division of  
European Affairs (Moffat)*

[WASHINGTON,] January 26, 1939.

Mr. Thurston telephoned me this noon from Marseille. He said that although his instructions were to follow the Government, he found that there was no accommodation in or near Figueras, and accordingly proposed to go to Perpignan,<sup>25</sup> on the French side of the border, crossing over as soon as he could to make an appointment to call on Del Vayo and keep contact in that way. I replied that this seemed entirely logical, and that I could think of no better way in which we could convey the impression that there had been no loss of touch between the Government and our representation following the former's departure from Barcelona.

I inquired what the British and French representatives were doing. Mr. Thurston replied that the British Minister was reaching Marseille tomorrow, but that the French Ambassador had already gone to a place the name of which, owing to our poor connection, I did not seize.

He told me that he had left the American Flag flying over the Consulate in Barcelona, and had instructed Flood, when the Franco authorities took over, to announce himself and to request protection of the offices. I said this seemed all right.

I also told Thurston that everybody here felt he had done an exceedingly good piece of work; that he had kept his head and managed the evacuation, both as to timing and otherwise, with real skill.

He said that he had one other thing to tell me, namely, that, despite press reports of a sensational nature, he did not believe that the Franco authorities had specifically endeavored to bomb the Americans while attempting to board the U. S. S. *Omaha*. In any event, he had given out no statement whatsoever.

PIERREPONT MOFFAT

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852.00/8951

*The Spanish Ambassador (De los Rios) to the Secretary of State*

[Translation]

No. 142/18

WASHINGTON, January 26, 1939.

MR. SECRETARY: In the gravest hour of the struggle for the independence of Spain, invaded by Italy and Germany, I have the honor to state to Your Excellency, in the name of my Government, that the

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<sup>25</sup> He arrived at Perpignan the evening of January 27.

war, whatever may be the vicissitudes of the struggle, will continue without faltering until the foreigners are expelled from Spain. It is therefore not too late to modify the legal situation whereby Spain is deprived of a right of sovereignty, that of purchasing arms; rather, on the contrary, it is urgent, and if it were done its effects, both military and political, would be immediate. As the enemies, with their powerful means of propaganda, attempt to appear as if they had already achieved definitive victory, and do so for the purpose of paralyzing noble impulses of democratic countries which might lead the latter to revoke the historic injustice which has been committed on the Spanish Republic, the Spanish Government states that it is exclusively the lack of war matériel, which according to indisputable principles of international law, it ought to be able to acquire in countries with which it maintains normal relations, that renders difficult the struggle with the rebels and with the invading foreign armies provided with the most modern matériel in unlimited quantities.

My Government, therefore, has the moral duty of believing, in view of the most noble words spoken before the Congress on the fourth day of this month by the Illustrious President of the United States and the unequivocal manifestations of the public opinion of this country, that the Government of which Your Excellency forms a part will act with the greatest promptness possible and will raise the embargo on arms which weighs on the Government of the Spanish Republic, to the end that the coalition of aggressive forces which is acting against Spain with unheard-of violence may not *de facto* be strengthened and indirectly assisted by the country which has declared solemnly, by the Supreme Magistrate of the United States, that it adopts as the norm of its international course of action the just differentiation between aggressors and those against whom aggression is directed.

I avail myself [etc.]

FERNANDO DE LOS RIOS

852.00/8865 : Telegram

*The Ambassador in Italy (Phillips) to the Secretary of State*

ROME, January 26, 1939—4 p. m.

[Received January 26—1 p. m.]

25. My 20, January 20, 11 a. m. On January 24 under instructions Perth<sup>28</sup> protested to Ciano against any precipitate action contemplated by the 60 battalions of troops in question explaining at the same time the possibility that Italian information with regard to the French intervention in Spain might be inaccurate. He asked whether

<sup>28</sup> British Ambassador in Italy.

in the event that the Italians received reports of French intervention they would first consult with the British and afford the latter opportunity to do whatever might seem desirable in the circumstances. The Italian Government has given these assurances.

Yesterday and again under instructions Perth called at the Foreign Office to express the hope of the British Government that upon the occupation of Catalonia Franco would exercise leniency and avoid retaliatory measures. Ciano agreed thoroughly with the British hope and gave assurances that he would do everything he could with this end in view. Perth informed me that his Government had been requested by the Barcelona Government to use its influence in this respect upon Franco and that the Government while doing so had felt the desirability of inducing the Italian Government to take similar action.

It is impossible at this moment to foresee the situation which will develop after the occupation of Catalonia and the end of the war in its international aspect. It is probable that Mussolini himself has not determined his own program which will depend considerably upon the general European atmosphere and upon the attitude of Germany. That he will make demands upon France is certain but in precisely what form and with what definite objectives is still guesswork.

PHILLIPS

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124.521/178: Telegram

*The Ambassador in Spain (Bowers), Then in France, to the Secretary of State*

ST. JEAN DE LUZ, January 30, 1939—6 p. m.

[Received 6:55 p. m.]

571. Your telegram No. B-476, January 26, 6 p. m. last sentence.<sup>27</sup>

1. Del Vayo called me from Perpignan 4 days ago to say war would continue against the foreign aggression. My fixed conviction is that so long as the constitutional Government in possession of the national capital and seven provinces and with an army of 700,000 men continues to function and to fight we should maintain our Americanist position which is based on our traditional policy and refuse to be blackmailed into any form of recognition of the Fascist government.

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<sup>27</sup> Not printed; the last sentence stated that the Secretary of State would welcome any recommendations the Ambassador might have as to the most effective way to maintain representation in the future in the light of recent developments (124.521/177).

Thurston's reference in his telegram of January 28, 10 a. m.<sup>28</sup> to the advice of the Chargé d'Affaires of a certain nation to his Government was foreshadowed 18 months ago in my reports. We cannot afford to rush to the recognition of a crime never so flagrant as now with the machine gunning of women and children refugees by Italian and German aviators.

I therefore respectfully urge that we do not deviate one hair's breadth from our present position and that pending further developments we do all possible to continue contact with the legal Government.

I shall go to Perpignan this week to see Thurston and others.

2. New Czechoslovak Chargé d'Affaires accredited to Franco under pressure from Hitler last Friday but for 5 months commercial agent in Burgos looks for serious factional disturbances should Franco win. Understands in Burgos that Chamberlain-Mussolini conference decided on Juan for King in hope of reconciling nobility and church to extreme Fascist system. Chamberlain's plea for Alfonso rejected by Mussolini.

He says that the Czechoslovak factories are now working day and night making war material for Hitler.

BOWERS

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852.00/8893 : Telegram

*The Counselor of Embassy in Spain (Thurston), Then in France, to the Secretary of State*

PERPIGNAN, January 30, 1939—9 p. m.

[Received January 31—2:15 p. m.]

1199. At the request of Del Vayo conveyed through the Spanish Consul here I visited Figueras this afternoon accompanied by Colonel Cheadle. An escort met us at the border for the purpose of opening passage through the refugees and motor traffic.

At Figueras Senor del Vayo informed me that he desired to request the United States Government to lend its support in behalf of two measures, namely:

(1) to bring about greatest speed on the part of the French in admitting refugees. He said that the flow of refugees to the frontier has been checked and that if these now awaiting clearance could be removed this problem would be solved;

(2) to obtain international action perhaps through the League of Nations to safeguard the art treasures of the Prado which are now stored in the great fort at Figueras.

I stated to the Minister for Foreign Affairs that I would at once report the foregoing to you and to the French Embassy here (a simi-

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<sup>28</sup> Not printed.

lar invitation to visit Figueras was extended to the French Ambassador and the British Minister but neither is here at the moment) and that I was glad to know that the populations of towns were no longer being evacuated from them. The Atlajunquera is greatly reduced and the road is now fairly clear within a few hundred yards of the line.

As to the Prado treasures the problem is one of preventing them from being destroyed by bombs and as the Government is installed within the same fort it is likely that methodical bombing will begin at any moment. The solution would seem to be for the Government to remove either itself or the Prado treasures from the fort and at once.

Negrin joined the conference and he and Del Vayo seem even yet to be unaware of the magnitude of the disaster that has overtaken them. Both spoke of saving the situation and affirmed that it is not hopeless. I felt it to be my personal duty to remark that outside opinion holds that in so far [as] Catalonia is concerned they are virtually lost. Del Vayo stated that if the "new lines" do not hold the Government will remove to the southern area. It does not seem likely that a transfer to that area on any large scale is now possible.

THURSTON

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852.00/8911 : Telegram

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

PARIS, February 3, 1939—7 p. m.

[Received February 3—5 p. m.]

204. Rochat<sup>29</sup> who visited me in my bedroom today, since I am still down with grippe, said that Leon Berard's<sup>30</sup> mission to Franco's headquarters would have two objects. The first to make definite arrangements about the return to Spain of the 60,000 refugees who are already on French territory, the additional refugees who are arriving daily and the 2 or 300,000 armed men who are expected to cross the frontier within the next week.

The second object of Berard's trip would be to arrange the form of French representation at Franco's headquarters. The French Government could not send an Ambassador to Franco because it positively would not withdraw its Ambassador accredited to the Negrin Government and could not have two Spanish Ambassadors in Paris. On the other hand it had become a prime necessity to have some sort of representation at Franco's headquarters such as the British had had for the past year and the Belgians had recently established.

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<sup>29</sup> Assistant Director of Political and Commercial Affairs in the French Foreign Office.

<sup>30</sup> French Senator.

Berard had been ordered to propose that the French representative should be the head of a commercial mission like the British and Belgian representatives. It is feared that Franco under Italian pressure would refuse this proposal and would insist on having a full-fledged Ambassador. The French Government hoped that some compromise might be worked out as Franco soon would be in control of the whole Spanish frontier of France and it was absolutely essential to have some sort of diplomatic relations with him.

Rochat said that the opinions of French observers differed as to the length of time the Valencia-Madrid section of Spain might continue to resist. Some competent observers believed that the Valencia-Madrid section could and would hold out for 2 or 3 months. Others believed that morale would collapse as soon as Franco should have the whole of Catalonia in his hands.

Rochat said that every one in the Quai d'Orsay felt that the reports of the President's attitude toward the present situation in Europe would deter the Italians and the Germans from making war in the immediate future.

BULLITT

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852.00/8916 : Telegram

*The Counselor of Embassy in Spain (Thurston), Then in France, to the Secretary of State*

PERPIGNAN, February 4, 1939—noon.

[Received February 4—11:23 a. m.]

1205. The Belgian Chargé d'Affaires who is unusually well informed has just advised me that the British Minister was requested by Negrin night before last to endeavor to arrange terms of capitulation on behalf of the Spanish Government with General Franco. The bases upon which the Government desires to rest its surrender appear to be the following points made in Negrin's message to the Cortes on February 1st:

- (a) that Spanish independence and territorial integrity be guaranteed;
- (b) that the Spanish people be guaranteed the right to choose their destiny; and
- (c) a guarantee that there shall be no persecution.

THURSTON

852.00/8920 : Telegram

*The Counselor of Embassy in Spain (Thurston), Then in France, to the Secretary of State*

PERPIGNAN, February 5, 1939—8 p. m.

[Received February 6—8:22 a. m.]

1206. Best information available indicates that complete collapse has occurred in Catalan area, and that rebel forces probably are now in Figueras. President Azana was seen here this morning and is reported to be in Paris. Negrin is said to have reached Madrid area.

It also is reported that all restrictions have been removed at border and that Loyalist forces will be permitted to enter France throughout the night for internment. 85,000 refugees are understood to have entered France already and arrival of remnants of army will probably raise this figure to about 125,000.

Alvarez del Vayo is expected to come to Perpignan tonight and I shall endeavor to see him.

THURSTON

852.00/8923 : Telegram

*The Counselor of Embassy in Spain (Thurston), Then in France, to the Secretary of State*

PERPIGNAN, February 6, 1939—noon.

[Received February 6—11:25 a. m.]

1208. The British Minister has just informed me that (as a development from the approach by Negrin mentioned in my 1205, February 4, noon, and later supplemented by Azana who stated to Stevenson that he would resign if terms were not sought) he and the French Ambassador have been instructed to advise Del Vayo this afternoon that the British and French Governments are inquiring of the Franco regime whether in the event the Spanish Government lays down its arms it would be prepared to give the three guarantees roughly outlined in the telegram cited.

I remarked that Franco probably would reject clause (b) if not all, to which he replied that the fundamental point of the proffer of capitulation is all that matters and since it has been made, the working out of terms will be a mere formality.

THURSTON



852.00/8922 : Telegram

*The Ambassador in Spain (Bowers), Then in France, to the Secretary of State*

ST. JEAN DE LUZ, February 6, 1939—1 p. m.

[Received February 6—10:30 a. m.]

574. Thurston's telegram February 4, noon. The alleged request by Negrin merely submits to Franco directly the precise terms for peace frequently announced by Negrin and in the very words used in his Cortes speech of last Wednesday night. These terms manifestly improbable of Franco's acceptance and the Cortes and Government, agreeing as they have to the terms, unanimously voted for no surrender without this acceptance. My impression is if Thurston's informant is correct that Negrin's purpose is to force a formal official rejection of the terms for the sake of the record or their acceptance.

BOWERS

852.00/8926 : Telegram

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

[Extract]

PARIS, February 7, 1939—4 p. m.

[Received February 7—3:33 p. m.]

229. Bonnet said to me today that he believed that even though Negrin might wish to continue, General Miaja<sup>21</sup> would come to terms with Franco in the near future. He had reason to believe that Miaja was already in contact with Franco. Furthermore he believed that Miaja had informed Negrin that he would arrest him and imprison him if he should come to Madrid.

Bonnet added that he had received a message from former King Alfonso of Spain in which Alfonso had said that one of his sons would be put on the throne as soon as Franco was victorious and that France should not oppose this restoration since France should remember how friendly he had been throughout the Great War. Bonnet said that the son in question was Jaime.

Bonnet said that Berard had, of course, not been able to arrange to have France represented in Burgos by a commercial representative. It was too late to make any such arrangement. He had talked with Berard on the telephone and had gathered through a discreet conversation that Berard's mission had been relatively successful.

BULLITT

<sup>21</sup> In command of the Republican forces in Central and Southern Spain.

852.00/8975

*The Ambassador in Spain (Bowers), Then in France, to the Secretary of State*

No. 1667

ST. JEAN DE LUZ, February 7, 1939.

[Received February 18.]

SIR: I have the honor to report on my conversation, an hour in length, with Alvarez Del Vayo, Minister of State, in the Spanish Consulate at Perpignan on the evening of Thursday, February 2.

The Minister began by frankly setting forth the military situation in Catalonia and the reasons for it. He said that during the fighting on the Ebro the Loyalist army was over-matched in planes, tanks and artillery by at least four to one, but that it had been able to make a splendid fight and hold up the fascists for some weeks. He said the Government knew that from the first of November on German and Italian war material was pouring in to Franco but that it had greatly underestimated the amount. He said it was not an exaggeration to say that in the fighting against Barcelona the Loyalists had one machine gun to a hundred on the other side, one tank to sixty on the other side, one plane to twenty on the other side. This was due entirely to the enforcement of non-intervention against the legal government and the absolute freedom accorded the rebels to bring in Italian and German war material by the shiploads. As a result of the attitude of the great Democracies the Government had been forced to get contraband material and he said that one thousand machine guns and 60,000 rifles had been bought and were on the way but that they could not arrive in time to be of any service in Catalonia. He told me of his appeal to the French Government for permission to buy just a little artillery and of the "cold" rejection of the plea. He ascribed the French attitude to the pro-fascist attitude of Bonnet. In this connection, he referred to Jules Henry, the present French Ambassador, as a mere tool of Bonnet, hand-picked by the latter because of his own anti-democratic slant. He said that in normal times, when the Spanish Government was more of a free agent, and less under the necessity of not offending Paris, the Government would have refused to accept Henry because of his well-known hostility to the Spanish Government.

I asked him if it were true that on that day in the morning Henry had informed the Government at Figueras that the French Government advised a complete surrender. He appeared a bit stunned for a moment, but admitted it to be true. He added that the advice was instantly rejected.

I asked him the present intentions of the Government. He said that it was thought possible to maintain discipline in the Catalonian

army for a few days but he made it clear that the Government had no expectation that any part of Catalonia could be held for any length of time because of the impossibility of getting war material. The purpose was for the Government to go to the central zone, to Madrid or Valencia, and continue the fight. He said that General Miaja has an army of 500,000 men who are better soldiers than those in Catalonia and that the machine guns, tanks and rifles would be available for them.

## II.

In compliance with instructions I inquired regarding the pictures from the Prado that were in the old fort at Figueras where the Government had its headquarters. At the time these paintings were taken there it was probably the safest place in Spain. But he said the Government had been greatly concerned over the possible fate of these canvases and that on the morning of the day I saw him arrangements had been made for the paintings to be turned over to the art section of the League of Nations to be sent to Geneva for the period of the war.

## III.

He asked me to convey to Washington the request of the Spanish Government that the American Government, separately or in conjunction with other nations, exert such influence as may be possible to prevent wholesale massacre in Barcelona. He said that reports had reached the Government that about five thousand people had then been shot, mowed down by machine guns as in Badajoz. The press correspondents were not permitted to send out anything on the proceedings in Barcelona. The correspondent of the *London Mail*, who managed to get into the city, told me that on trying to enter a certain section of the city he was stopped by a bayonet at his breast and told he could not enter that section. Later he tried to enter another section with the same result. He assumed that the "purge" was going on. Press correspondents told me that no one will know just what is happening in Barcelona until later on when witnesses trickle out from time to time.

Respectfully yours,

CLAUDE G. BOWERS

852.00/8934 : Telegram

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

PARIS, February 8, 1939—7 p. m.

[Received February 8—6:30 p. m.]

244. I discussed the Spanish situation with Bonnet this afternoon. He read to me Jules Henry's telegram recounting his conversation with Negrin last night.

Jules Henry stated that Negrin had said to him for the first time last night that he knew the Republican cause in Spain was lost. He was ready to make peace immediately with Franco on the following terms: (1) that Spain should be independent; (2) that the Spanish people should have the right to decide the form of government they prefer; (3) that there should be no reprisals.

Negrin said to Henry that if Franco should accept these conditions he would be prepared to surrender immediately. If Franco should reject these conditions he would take an airplane to Valencia and attempt to hold out against Franco's attacks as long as possible. He added that Franco was preparing a major attack on the central part of the southern front and he did not know whether sufficient material could be brought together to parry this attack; but in any event if Franco should refuse these terms the only course would be for him to fight to the bitter end, however terrible might be the suffering of the Spanish people.

Bonnet said that the British were transmitting these terms of Negrin's to Franco today. He added that he thought Franco would reject them and propose unconditional surrender.

Bonnet also showed me a telegram from the French Consul in Valencia recounting a conversation he had today with General Miaja. The Consul stated that the General appeared to be exhausted and to have some difficulty in bringing out his words. The General had said that never had any man been left in such a situation as he was left in. He had received no orders of any kind from his Government for many days. He would continue to hold out to the bitter end. No sooner had Miaja said this, however, than he asked the Consul to give him a visa on his diplomatic passport good for entrance into France or Algiers. This visa was given to him.

Bonnet also showed me a telegram from a representative of the French Government in Barcelona. It stated that General Franco had stopped the northward march of all Italian troops at Gerona and had ordered them sent southward so that no Italian soldier should appear on the French frontier.

Senator Leon Berard returned from Franco's headquarters today. He had two long conversations with General Jordana<sup>22</sup> but did not see Franco. He will return to see Franco in 3 or 4 days. From his conversations with Jordana and other contacts, Senator Berard derived the impression that Franco genuinely desired to get the Italians and Germans out of Spain as soon as possible. General Jordana insisted to him that there were only 16,000 Italian soldiers now in Spain and 2,000 Germans. It was the intention of the Franco Government either to buy the Italian and German aircraft now in Spain or to send them home.

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<sup>22</sup> Vice President and Minister for Foreign Affairs in Franco's Cabinet

Bonnet said that the French Government was now convinced that General Franco would favor the reestablishment of a monarchy in Spain with ex-King Alfonso's son Jaime on the throne. It would be the policy of the French Government to support the establishment of Jaime as King of Spain.

Van Zeeland<sup>33</sup> a few days ago quoted to me Salazar, the Portuguese dictator, as saying that "as soon as Franco had won his war against the Republican Government the real civil war in Spain would begin". Salazar was of the opinion that the Phalangists who were controlled largely by the Germans would set out to destroy the Requetes and the Carlists. Salazar expressed the opinion that Franco would be unable to retain his hold on the Phalangists and might be eliminated personally by the Phalangists who were determined to behave with great savagery if necessary in order to establish a Fascist state in Spain.

I asked Bonnet if he had had similar reports and he stated that the French Government was fully aware of this danger. If however the Germans and Italians should attempt to eliminate Franco and the Requetes and the Carlists then the French and British Governments could not remain passive.

In this connection I asked whether the French Government was going to permit the Italian Government to take over the Island of Minorca. Bonnet said that the British Government had agreed to prevent the Italians from taking over the Island of Minorca.

Bonnet said that Franco was not interested in obtaining the *de facto* recognition of the French Government. He wanted help. Franco had not however insisted on the immediate sending of an Ambassador. Bonnet added that the question of a title for the French representative at Burgos in his opinion [would?] be a great stumbling block to the establishment of diplomatic relations. The French must have a representative in Burgos at once to whom he could telephone.

Bonnet said that General Jordana had stated to Berard that even though Negrin and Miaja should attempt to resist to the utmost and even though morale in the Valencia-Madrid area should remain intact, Franco's forces now would be so overwhelmingly strong that resistance could not be prolonged for more than one month at the outside.

In spite of protests from the Extreme Left in France public opinion here has reconciled itself to a Franco victory and I believe that there will be no serious political resistance to the establishment of diplomatic relations with Franco.

BULLITT

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<sup>33</sup> Former Prime Minister of Belgium.

852.00/8950 : Telegram

*The Counselor of Embassy in Spain (Thurston), Then in France, to  
the Secretary of State*

PERPIGNAN, February 11, 1939—3 p. m.

[Received February 13—7:50 a. m.]

1216.

1. Military. The Nationalists are now in occupation of all peninsular Spain except the southern area and all Spanish possessions. Should the Government make the tragic decision to continue the war it is virtually certain that the Nationalists would in a relatively brief period conquer the southern area as well—for despite the Government's manpower there, the handicaps under which it would labor are fatal. It would be without direct access to France and without the great Catalan industrial plants and it would be exposed to a probably effective sea and air blockade. At the same time it is to be assumed that the Nationalists would utilize their almost absolute control of the air with an intensity of devastation which would be appalling. I find, however, a general feeling here that the efforts presumed to be in course by the British and French Governments may contribute to an early settlement of some kind.

2. Political. Authoritative information regarding the whereabouts of the various members of the Spanish Government is not obtainable. I understand, however, that President Azana and Minister Giral<sup>24</sup> are in Paris. I also understand that Azana has virtually divorced himself from the situation and that he would not return to the southern area should it be decided to prosecute the war. Mariano Gomez, President of the Supreme Court, and Martinez Barrio, President of the Cortes, are here as is the Chief of Staff. Other members of the Cabinet are at Toulouse. I assume that we would require the presence in the southern area of more than the Prime Minister and Minister of State before following the Government back there.

THURSTON

124.52/241 : Telegram

*The Counselor of Embassy in Spain (Thurston), Then in France, to  
the Secretary of State*

PERPIGNAN, February 13, 1939—11 a. m.

[Received 4:06 p. m.]

1217. Perpignan has no further significance vis-à-vis the Spanish Government and I believe no useful purpose would be served by my remaining here. The few subordinate Loyalist officials abandoned in

<sup>24</sup> José Giral, Minister without Portfolio.

Perpignan appear to be without instructions or information and do not, in my opinion, constitute a formal channel of contact between the Government and the Diplomatic Corps. The Government insofar as I am aware did not advise the Diplomatic Corps which had followed it here of its return to Spain or offer any suggestion as to the course to be followed by the Corps.

I respectfully recommend in view of the foregoing that I be authorized in my discretion to transfer this office to Saint Jean de Luz. We have found and begun documentation or examination of the American and alien volunteers now in concentration camps in this district but completion of this work could and perhaps should be left to our consular officials at Marseille.

I shall appreciate your early instructions.<sup>35</sup>

THURSTON

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852.01/446 : Telegram

*The Chargé in the United Kingdom (Johnson) to the Secretary of State*

LONDON, February 14, 1939—9 p. m.  
[Received February 14—6:45 p. m.]

224. The Government here is now giving close attention to the question of recognition of General Franco. The Under Secretary of State for Foreign Affairs, whom I saw this afternoon, said that although no final decision has yet been reached, their present view is that recognition: (1) should be given quickly, and (2) should not be contingent upon conditions of performance on the part of General Franco. According to all their information there is little doubt that Franco is rapidly approaching the point of effective control of the whole country. It is on this question of fact that the act of recognition would be based and that act is something apart from any question of Franco's subsequent policies. No useful purpose would be served in delaying this recognition. Moreover, the Under Secretary is of the opinion that his Government would be in a position to exert greater influence over General Franco and his future policy after recognition had been unequivocally granted and an accredited British representative sent to him than if such recognition were delayed in the hope of fulfillment of certain prior and desirable conditions. In the light of these views,

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<sup>35</sup> By telegram No. 532, February 14, 6 p. m., the Department approved his recommendations.

the Under Secretary said, it is expected that the Cabinet at its meeting tomorrow will examine the whole situation and probably will either authorize the immediate recognition of General Franco or will authorize the Prime Minister and the Foreign Secretary to effect that recognition, without further reference, at such moment as they may consider most suitable.

According to the Under Secretary, there is, however, a complication. About a week ago Messrs. Negrin and Del Vayo in French territory, communicated to Mr. Stevenson, the British representative formerly at Barcelona, a statement of certain conditions on which the Government would capitulate to General Franco. These conditions were that (1) all foreign troops should be immediately evacuated from Spain, (2) a popular government should be set up acceptable to the country, and (3) there should be no reprisals. These propositions have been discussed here by the Foreign Office with the Spanish Ambassador, Mr. Azcarate. The latter, although apparently without instructions in the matter, has explained that his Government does not mean by a popular government that they necessarily demand a plebiscite but that the Government should be broadly based and acceptable to the majority of Spaniards. With reference to point 3 it has been pointed out to Ambassador Azcarate that the Spanish Government could hardly expect General Franco not to take some action against individuals which might be included in the term "reprisals". Azcarate explained that they would not expect that individuals who had committed criminal infractions of the penal code should go unpunished, but what they demand is a commitment that there will be no purely political reprisals on former opponents of General Franco. These propositions were sent day before yesterday at the request of the Spanish Government to the British representative at Burgos with a view to obtaining informally the reaction of Franco. A reply has not yet been received. The Spanish Ambassador here has moreover made the request that the British use their good offices towards inducing General Franco to negotiate a settlement with the present Government authorities rather than demand a complete and unconditional surrender. The Under Secretary of State says that this puts them in somewhat of a dilemma as they do not yet visualize what may be done usefully in this connection. He does not know what decision the Prime Minister and the Foreign Secretary may reach on this point. The Spanish Ambassador's request may however slightly delay British action on recognition. I gather that British policy in these matters is being closely concerted with the French Government.

JOHNSON



852.01/493

*Extract From a Memorandum of a Press Conference,  
February 17, 1939*

Mr. Welles<sup>38</sup> said he thought it was desirable for him to refer to an article published today in the *Washington Herald* with regard to the attitude of this Government on the question of the recognition of the Franco Government in Spain, an article which he said was undoubtedly inadvertently inaccurate. He went on to say that in response to inquiries from representatives of certain other American Republics as to the position of this Government, it was stated that we have been following a policy which we have pursued since the outbreak of the civil war in Spain; that we believe it is primarily a European question and one of more intimate concern to the nations geographically in greater proximity to Spain than the United States and for this reason there was no occasion for any precipitous decision on our part and no decision on the matter had as yet been arrived at by this Government.

A correspondent asked whether any effort had been made to arrive at a sort of common Pan-American stand with regard to Spain. The Under Secretary said that some governments had suggested that the question of recognition might be considered a continental one. This seemed to him somewhat difficult in view of the circumstances which already existed insofar as some of the governments had already accorded recognition to the Government of Franco some time ago and some had done so more recently. Consequently he said this Government felt that it was not a continental question but a matter for each American republic to determine as it saw fit.

Asked what governments were informed of this Government's attitude, the Under Secretary said that enquiries had been made of us by the Governments of Argentina, Brazil, Uruguay and Colombia and that the Government of Peru had informed us of the decision to recognize Franco before it formally announced that action. Asked whether approaches made by most of the countries mentioned had been to propose joint Pan-American action or whether the majority of them simply enquired what our plan was, the Under Secretary said these were rather difficult questions to answer, some of the governments having informed us of their point of view and others having requested ours. With regard to the specific question as to whether they considered it a matter of continental solidarity, some gave us their point of view and others asked for ours.

Asked whether this Government was taking note of the fact that the Franco Government had concluded a cultural pact with Germany, the Under Secretary said that note had been taken of it in the fact

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<sup>38</sup> Sumner Welles, Under Secretary of State.

that the Department had received the information of such a pact. Asked whether there had been official notification, Mr. Welles answered in the negative and said he merely had seen it in the press.

A correspondent enquired whether he was correct in the assumption that in the opinion of this Government the doctrine of non-recognition was not involved in the Spanish situation. The Under Secretary replied that if it were agreeable to the correspondent he would defer his reply for further consideration.

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852.00/8971 : Telegram

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

PARIS, February 17, 1939—4 p. m.

[Received February 17—3:20 p. m.]

309. We have inquired of the Counsellor of the Spanish Embassy what truth there was to the story carried in today's press that peace negotiations are being carried on here between President Azana and Franco representatives through the British Ambassador to France. He replied that no negotiations nor conversations of the sort were in progress. He asserted that Azana was not empowered to represent the Government in such matters and said that as he is in France in his private capacity although residing at the Embassy he has neither received nor visited French or other officials (including Phipps<sup>37</sup>) except that he receives Jules Henry. The position of the Government with respect to peace is still, our informant claims, four square with the well-known three points enunciated in Negrin's speech to the Cortes.

The Counsellor said that the Government of Madrid has decided that the President of the Republic must be in Spain and that Del Vayo who is here is making a last effort to persuade him to return; there is, however, little chance that Azana will agree and he will probably soon resign. The President of the Cortes, Martinez Barrio who, though now in Paris, would be willing to go to Spain, would automatically succeed to the Presidency upon Azana's resignation. (Despite the foregoing the fact that Azana has been receiving Jules Henry and that Del Vayo has prolonged his stay in Paris lead many people to believe that conversations regarding the termination of the civil war are in fact taking place and that Azana is a factor in these conversations.)

Our informant stated that one of the purposes in Del Vayo's coming here was to arrange for the emigration to Latin America of 60,000 families, estimated at 200,000 persons, of the 300,000 refugees in

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<sup>37</sup> British Ambassador in France.

France. Mexico has made a formal offer to take 30,000 families and it is hoped to place others in Colombia, Cuba and Chile. Of the 100,000 refugees remaining in France after such disposal the Spanish Government believes that the majority could be ultimately repatriated.

BULLITT

852.01/474

*The British Embassy to the Department of State*

AIDE-MÉMOIRE

His Majesty's Government in the United Kingdom are considering the question of granting full recognition to General Franco and are in close consultation with the French Government on the subject. The French Government favour this step in principle but wish first to obtain certain assurances from General Franco. They have sent Monsieur Bérard back to Burgos for further discussions in this respect.

2. Meanwhile His Majesty's Government in the United Kingdom have received from the Spanish Government a communication declaring their willingness to cease hostilities on certain conditions. The British Agent at Burgos has been instructed to communicate this information to General Franco and to make it clear that whilst His Majesty's Government recognize his right to decide what, if any, response to make to this communication they feel its consideration might afford an opening for bringing about a pacific solution.

3. In these circumstances His Majesty's Government in the United Kingdom have decided

(a) that it is desirable for them to recognize General Franco's Government in the near future,

(b) that if possible such recognition should follow a surrender by the Spanish Government but that if the latter maintain resistance, and negotiations are prolonged, it may be necessary that recognition should precede the cessation of hostilities,

(c) that as regards belligerent rights His Majesty's Government in the United Kingdom will adhere to the present position that neither side is entitled to exercise these against third parties.

4. The British Agent at Burgos therefore has been instructed to inform the Nationalist authorities of the earnest consideration now being given by His Majesty's Government to the grant of full recognition to General Franco. Such recognition, he will explain, would be facilitated if General Franco were able to accept the terms contained in the Spanish Government's communication regarding the cessation of hostilities and if he would be willing to state publicly that when the fighting is finished he would not permit anything in the way of unauthorized or general political reprisals.

5. The French Government have been informed that whilst His Majesty's Government in the United Kingdom are in general agreement with their views as regards recognition, His Majesty's Government would prefer full recognition without conditions even if this entailed a short delay in the event of the Spanish Government showing signs of surrendering. If there seemed, however, a prospect of long delay, His Majesty's Government in the United Kingdom would probably decide to proceed with recognition, keeping in the closest touch with the French Government with a view to parallel action.

WASHINGTON, February 18, 1939.

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852.00/8972 : Telegram

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

PARIS, February 18, 1939—noon.

[Received February 18—10:55 a. m.]

319. Jules Henry said to me last night that Negrin and Del Vayo were now ready to accept immediate surrender provided Franco would agree that there should not be executions by way of reprisal. Jules Henry said that the latest news from Burgos indicated that Franco would refuse this proviso and insist on immediate unconditional surrender. The French Government believed that Negrin and his supporters in Valencia and Madrid therefore would fight to the bitter end because surrender would mean firing squads.

BULLITT

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852.00/8973 : Telegram

*The Vice Consul at Valencia (Wallner) to the Secretary of State*

VALENCIA, February 18, 1939—1 p. m.

[Received February 18—12:22 p. m.]

18. Advices from Madrid indicate that the Government's resistance policy is receiving strong support only from the Communists and that the desire for peace has increased under the recent cruel bombardments. On the other hand Communist attempts to increase their power have been discouraged by the military authorities in both Madrid and Valencia; their Madrid newspaper has been suppressed and the Popular Front has passed a vote of censure against their policy.

The sudden decentralization of Ministries from Madrid is regarded as a preliminary to the Government's departure. Its prestige is not increasing.

Negrin is believed to be still in Madrid.  
Public order is good throughout the Republic.

WALLNER

852.01/464: Telegram

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

PARIS, February 20, 1939—9 p. m.

[Received February 20—6:56 p. m.]

331. We asked Rochat today for an informal résumé of the Spanish situation. He said Berard's second visit to Burgos, which is authorized by the Council of Ministers and is therefore official, constituting *de facto* recognition of the Franco Government, has for its primary purpose intervention looking to the termination of hostilities and a discussion of the humanitarian phase of the Spanish affair. He said that Berard was not empowered to discuss economic or financial questions and that these would be left for the French Ambassador when appointed. He said that no decision had been taken concerning the eventual selection of such an Ambassador and he had no idea who might be chosen. He said that the fact that Baraduc of the Economic Section of the Ministry of Foreign Affairs accompanied Berard should not be misconstrued to mean that economic questions were up for discussion. Baraduc is simply a personal and trusted friend of Berard.

According to Rochat, Azana continues to waver and vacillate. One moment he is ready to resign and the next his sense of loyalty gains the upper hand and he feels that he should resist until some protection for the Loyalists in central Spain is exacted.

Rochat says that the Ministry is disappointed in Franco's unyielding attitude and he feels that Franco has missed an opportunity to gain world favor by a magnanimous gesture. Rochat points out that the Loyalists in central Spain are trapped and that without some hope of clemency they have no alternative but to drag out hostilities to the bitter end. We inquired as to his estimate of the duration of time and he said that anything from a few hours to 6 weeks. He said of course that he believes the termination of actual hostilities will only mark the beginning of the real struggle in Spain.

BULLITT

852.01/475

*The British Embassy to the Department of State*

AIDE-MÉMOIRE

His Majesty's Embassy have been instructed to explain that, in coming to the conclusions regarding the recognition of General Franco's

Government set out in the Embassy's *Aide-Mémoire* of February 18th, His Majesty's Government in the United Kingdom were influenced by the following considerations:—

The decision on the question whether or not to accord full recognition to General Franco turns on the facts of the situation. What His Majesty's Government have to decide is whether or not General Franco's Government is the only effective government in Spain. It now seems certain that the establishment of his authority over the whole of Spain is only a matter of a short time and that further resistance could only result in further useless bloodshed. On the other hand the Spanish Government are dispersed and seem to be disunited.

If recognition is justified and called for, it seems that there should be no avoidable delay in according it. The sooner His Majesty's Government can exert their influence to the full with General Franco, the better; and the more effectively they may be able to counteract German and Italian intrigues.

WASHINGTON, February 22, 1939.

852.01/476

*The British Embassy to the Department of State*

AIDE-MÉMOIRE

His Majesty's Government in the United Kingdom have now received a reply from General Franco to the representations recently made to him by the British Agent at Burgos, as explained in paragraph 4 of His Majesty's Embassy's *Aide-Mémoire* of February 18th. The following is a summary of General Franco's reply:—

"As the war has been won by the Nationalists the Spanish Government must surrender unconditionally. As already proved, the motives inspiring the Nationalist Government constitute a sure guarantee for all Spain's other fugitives. The tribunals are restricted to dealing with criminals whose cases fall within the framework of the laws promulgated before July 1936. Spain will not accept foreign intervention calculated to impair her dignity or infringe her sovereignty. Reprisals being alien to the Nationalist Government, the only effect of prolonged resistance will be to postpone the termination of insane resistance and increase the responsibility of their leaders."

This announcement appears to His Majesty's Government to be as satisfactory as they could hope for regarding reprisals, which were their chief concern in connexion with their proposed recognition of General Franco.

Señor Negrin requested His Majesty's Government some days ago to submit to General Franco modified terms of surrender; but the dispersal of the Spanish Government and the diversity of views among

them subsequently rendered it impossible to receive their formal assent to the step which they themselves had asked His Majesty's Government to take.

In these circumstances, and in view of the above statement by General Franco, the French Government are being informed urgently that His Majesty's Government in the United Kingdom are strongly of the opinion that the statement in question affords the best opportunity of according recognition to General Franco and one which should not be lost. The French Government are therefore being informed that His Majesty's Government wish to announce their recognition at the earliest possible moment and in any case not later than February 24th, and they earnestly trust that the French Government will agree and make a simultaneous announcement.<sup>38</sup>

WASHINGTON, February 22, 1939.

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852.00/8989b : Telegram

*The Secretary of State to the Ambassador in France (Bullitt)*<sup>39</sup>

WASHINGTON, February 24, 1939—5 p. m.

111. I would like to have your report as to what extent the French Government consider that Franco will refrain from executions on the basis of reprisals.

HULL

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852.00/8993 : Telegram

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

PARIS, February 25, 1939—1 p. m.

[Received 3:10 p. m.]

364. Your 111, February 24, 5 p. m. Rochat showed Wilson this morning in strict confidence the text of the declaration given Hodgson, the British agent, by General Jordana a week ago. (This is the declaration to which Bonnet referred in the conversation reported in my 334 [354], February 23, 6 p. m.<sup>40</sup>)

The declaration was made in response to British efforts to obtain assurances that Franco would refrain from political reprisals and

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<sup>38</sup> On February 23, the Department was advised by the British Embassy that, at the request of the French Government, the British Government had postponed its announcement of the recognition of the Franco government until February 27 (852.01/560).

<sup>39</sup> The same, *mutatis mutandis*, to the Ambassador in the United Kingdom as telegram No. 145, February 24, 6 p. m.

<sup>40</sup> Not printed.

would maintain the independence of Spain. [Here follows a summary of General Franco's declaration similar to the summary contained in the British *aide-mémoire* of February 22, 1939, printed on page 751.]

Rochat said that the French Government considered that this declaration was the most which could be obtained from Franco under present conditions. The laws in existence in Spain as of July 16, 1936, of course, provide for special military tribunals to try political offenders. It is not, however, the letter of the assurances received which will prove of ultimate importance but the spirit in which the assurances are carried out. The French Government has no way of knowing to what extent Franco will in fact refrain from political reprisals but it considers that the statement that Franco is not moved by a spirit of reprisal is of value and it has no reason to believe that Franco intends to act contrary thereto. An important factor naturally will be the decision of the Loyalist side either to surrender or to provoke further bloodshed by continuing the hopeless struggle.

Daladier said to me a few days ago that a great many people wanted him to insist upon obtaining definite assurances of a political amnesty from Franco before extending recognition. He himself felt that this was absurd and that much the best way to prevent reprisals of a political character would be for France to recognize at once and thereby have an official French representative on the spot to use his influence in behalf of clemency.

It might be added that Rochat stated that the present plan is for the French and British Governments to announce recognition of Franco following the meeting of the French Cabinet scheduled to take place next Monday afternoon. It has not been decided as yet who will be the new French Ambassador to Nationalist Spain.<sup>41</sup>

BULLITT

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852.00/8992 : Telegram

*The Ambassador in the United Kingdom (Kennedy) to the Secretary of State*

LONDON, February 25, 1939—3 p. m.  
[Received February 25—12: 15 p. m.]

271. Your 145, February 24, 6 p. m.<sup>42</sup>

Sir Alexander Cadogan<sup>43</sup> informed a member of the Embassy staff this morning that on February 21 General Franco's Foreign Office handed to the British representative a statement in which it was set

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<sup>41</sup> Marshal Pétain became the French Ambassador in Spain on March 24, 1939.

<sup>42</sup> See footnote 39, p. 752.

<sup>43</sup> British Permanent Under Secretary of State for Foreign Affairs.



forth that the courts of justice would be restricted in judgment of cases brought before them to the application of the laws and procedure of the criminal code as it existed on July 16, 1936. The Foreign Office then requested the British representative to ascertain whether this statement was to be considered as a reply to previous British requests for assurances that there would be no executions on the basis of reprisals; whether the statement given to the British representative had likewise been made public in Burgos; and, if not, whether there were any objection to public use of it being made by the British Government. The reply was that the statement is to be considered as a reply to the British inquiries regarding reprisals; that the statement has not been made public in Burgos; that there is no objection to public use being made of it by the British Government. The Under Secretary pointed out that in the light of this statement and General Franco's reply to their subsequent inquiries as to its meaning, they must proceed on the assumption that it is his intention that the courts shall exclude judgments of purely reprisal nature. Obviously the carrying out of such a declaration would depend on the good faith of General Franco. The Foreign Office has no information however to indicate that there have been any executions on the basis of reprisals. They have been specifically informed in this sense by their representative at Barcelona who reports that he has been unable to find any authentic cases of reprisal executions. To anyone however who inclines to be suspicious of General Franco's good faith, Cadogan says, there is obviously a loophole in the fact that the declaration makes no mention of military tribunals or of any law or procedure which might govern their action.

The Foreign Office has not yet availed itself of Franco's consent to make public use of this statement. It will do so however at the time when recognition of Franco is announced.

KENNEDY

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852.00/8994: Telegram

*The Vice Consul at Valencia (Wallner) to the Secretary of State*

VALENCIA, February 26, 1939—8 p. m.

[Received February 27—7:40 a. m.]

19. During the last week conditions in the Republic have evolved somewhat towards the end which all now admit to be inevitable and believe will be precipitated by France's and England's recognition of Franco. Passports are being issued to leading politicians and government officials. The apparent intention to leave the lesser lights behind gives rise to fears of a last minute outbreak led by the Communists, though public order is still excellent.

WALLNER

852.00/9002

*Memorandum of Conversation, by the Secretary of State*

[WASHINGTON,] February 27, 1939.

The Spanish Ambassador called on his own request. He proceeded to say that he saw in the newspapers or in press reports that President Azana of Spain had left the country and in effect had ceased to be President. He then said he would like to inquire what would be the attitude of this Government towards the Spanish Government as presided over by Prime Minister Negrin. I inquired whether he knew positively that President Azana had left the Government or whether he had just read about it in the press reports.<sup>44</sup> He said that the letter was all the information he had. I was in the act of indicating that this Government would take notice of the governmental situation left by the departure of President Azana, when the Spanish Ambassador was notified that there was an urgent call for him over the telephone from the Spanish Embassy here in Washington. The Ambassador returned from the telephone later with a penciled memorandum of the purported conversation. He proceeded to say to me that the substance of the message was that he should inquire of this Government as to the interest it might be disposed to take in giving its moral influence against reprisals by General Franco, and he urged the importance and desire of his Government that this Government thus manifest its earnest and strong moral influence. I replied that this Government is not unmindful of this phase and that already it has been giving attention to it.

As we walked to the door the Ambassador said the first stage of the Spanish situation is virtually over but that now the second and most serious stage was just ahead. He referred to the international claims and counterclaims relating to Spain, especially those of Italy and Germany. I inquired as to what, in his opinion, Italy and Germany would demand of Spain. He did not undertake to say, except to indicate that it would be enough, and then he added that General Franco would insist on some rights or jurisdiction in the Gibraltar area and also that of Tangier, and some other unpronounceable place that I never could understand.

852.00/8997

*The Spanish Ambassador (De los Rios) to the Secretary of State*

No. 143/02

WASHINGTON, February 27, 1939.

YOUR EXCELLENCY: Confirming our conversation of today, I have the honor to communicate to Your Excellency that my Government

<sup>44</sup> The Department was informed by Ambassador Bowers in his telegram No. 587, February 28, 5 p. m., that Azana's resignation had been made public at 1 o'clock (852.001 Azana/25).

has informed His Britannic Majesty's Government that they are ready to consider the suspension of hostilities if guarantees are given that no reprisals will be taken. My Government has suggested that hostilities be suspended at once, pending the discussion of guarantees regarding reprisals. They have requested the Governments of France and of Great Britain to give them facilities for evacuating persons whose lives might be in danger.

These suggestions have been favorably received by the Governments I have mentioned. My Government has asked me to enlist the support of the Government of the United States so that the Governments of France and Great Britain will fulfill the humanitarian condition on which immediate peace in Spain depends.

I take [etc.]

FERNANDO DE LOS RIOS

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852.01/494 : Telegram

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

[Extract]

PARIS, February 28, 1939—10 a. m.

[Received 1:55 p. m.]

373. The Secretary of the Treasury informed me yesterday that he would be glad to have information on the present situation. The following conversation which I had last night with Bonnet may be of interest to him.

Bonnet said that Berard had been offered formally the post of French Ambassador in Spain and had refused. He regretted this greatly as Berard had conducted the negotiations with Jordana with the greatest skill. At the outset Jordana had said that Spain had nothing to discuss with France and was not interested in anything but *de jure* recognition. Berard had replied that France would give *de jure* recognition but that in addition to the simple problem of recognition there was the more important problem of restoring the normal close friendship between Spain and France.

Berard had then worked out with Jordana a number of written agreements covering matters of mutual interest such as the return of property of the Spanish State now in France, the return of Spanish refugees now in France, et cetera. Jordana and Berard had signed a written agreement providing that France and Spain should in future live on the terms of "good neighbors".

Bonnet said that this agreement was couched in vague terms but that it was reinforced by a number of official verbal statements. Jordana had stated officially that the old agreement between France and Spain forbidding fortification of the Balearic Islands was still in force and would remain in force.

(Bonnet added that at the present time there were no Italian forces in any of the Balearics except in Majorca where there were 600 soldiers and 80 airplanes.) Jordana had refused to make any definite promise with regard to the future neutrality of Spain in case of European conflict but had said that the policy of General Franco's Government remained the same as it had been last September when Franco had assured the British and French Governments that in case of general European war Spain would remain neutral. Jordana had stated further that after 2 years of civil war the desire of the entire Spanish people for peace was overwhelming and that it was ridiculous to imagine that Spain could be drawn into a general European conflict.

These statements coupled with the written "good neighbor" declaration were regarded by Bonnet as equivalent to a promise of neutrality.

Bonnet said, however, that he expected Spain to join the Anti-Comintern Pact. He added that this did not especially disturb him, and indicated in every way a sanguine optimism with regard to future relations between Franco's Government and France.

I asked him if he did not feel that the Phalangistas might become increasingly powerful and gradually push Spain into an attitude of hostility toward France. He said that on the contrary the new head of the Phalangistas General Serrano Suner, Franco's brother-in-law, was a conservative who in reality desired the return of the Monarchy and not a Fascist state.

BULLITT

852.01/493b : Telegram

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

WASHINGTON, February 28, 1939—noon.

116. Please see Quinones de Leon<sup>45</sup> at earliest possible opportunity and speaking purely informally tell him that in view of changed conditions in Spain this Government is naturally giving careful consideration to the problem of recognition of the Insurgents as the *de jure* Government of Spain. You should point out that public opinion in this country has followed developments in the Spanish conflict with intense interest and that both this Government and public opinion would be gratified at receiving indications from the Franco authorities that there would be no policy of reprisal against their opponents in the civil strife. As a second point this Government would desire to receive assurances that the Insurgent authorities are ready to pro-

<sup>45</sup> Representing Franco at Paris.

tect American nationals and to restore and protect their property in Spain and otherwise to fulfill the obligations and responsibilities incumbent upon a sovereign state under international law and treaties.

HULL

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852.00/9024

*Memorandum of Conversation, by the Under Secretary of State  
(Welles)*

[WASHINGTON,] March 2, 1939.

The Spanish Ambassador called to see me this morning to let me know that he had now reestablished communication with the Loyalist Government in central Spain, and that he had received a long cable last night.

He was instructed to inform this Government that the Loyalist Government was disposed to cease hostilities and to capitulate provided positive assurances were given by the Franco Government that reprisals would not be undertaken. The Loyalist Government stated that up to this time no satisfactory assurances on this question had been received by either the British or French Governments from General Franco, and that the Loyalist Government would be prepared to fight until the last man unless positive guarantees were given that if they surrendered reprisals would not be undertaken. The Ambassador was informed that reprisals on a mass scale were in progress in Barcelona, and that since the capture of that city by the Franco forces, mass executions of between eight hundred to a thousand people a day had been continuing. The Ambassador stated in conclusion that even if guarantees were obtained and the Loyalist Government capitulated, at least 20,000 families from central Spain would have to be evacuated before the surrender was completed. The Ambassador asked that the influence of this Government be exerted so far as might be possible in order that guarantees against reprisals might be obtained from General Franco. I told the Ambassador that the views of this Government on that question had already been made known to representatives of General Franco.

S[UMNER] W[ELLES]

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852.00/9007 : Telegram

*The Vice Consul at Valencia (Wallner) to the Secretary of State*

VALENCIA, March 6, 1939—1 p. m.

[Received 2:40 p. m.]

22. A crisis probably precipitated by the unsuccessful communist attempt to seize the Republican Navy in Cartagena has forced Negrin

and his Ministers to leave Spain. Power is now in the hands of a Council of National Defense headed by General Casado, Commander of the central army, and including Besteiro and other moderates which is expected to follow the realistic policy. Public reaction favorable and order prevails here and in Madrid.

WALLNER

852.00/9013: Telegram

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

[Extract]

PARIS, March 7, 1939—3 p. m.

[Received March 7—2:05 p. m.]

417. Rochat informed us this morning that the French Consul at Madrid had just reported that the new junta was hopeful of concluding a 20-day armistice with Franco. This would afford an opportunity for those Republican leaders whose activities during the war have compromised them in Franco's eyes to leave Spain; at the termination of the armistice there will be an unconditional surrender by the Republicans.

The Foreign Office's information is that the overthrow of Negrin was precipitated by his efforts to organize the Communists for a fight to the finish. The Republican army leaders had been convinced for some time that it was hopeless to continue the struggle, and they had therefore ousted Negrin when it became evident that he was promoting a Communist coup. Incidentally the Foreign Office has received information from Valencia that the attempted revolt at Cartagena was part of Negrin's plan and was not, as published in the press, instigated by the Nationalists. The Republican fleet which escaped from Cartagena arrived at Bizerta this morning and is being interned.

BULLITT

852.00/9015: Telegram

*The Vice Consul at Valencia (Wallner) to the Secretary of State*

VALENCIA, March 7, 1939—7 p. m.

[Received 9:09 p. m.]

23. Workmen's National Defense Council was formed with the adhesion of the army and all political and syndical groups except the Communists; Miaja's assumption of the Presidency assures it of full moral powers to sue for peace.

The principal Communist leaders are dead or in jail after the complete crushing of an attempted *coup d'état* which apparently assumed serious proportions in Madrid and Alicante as well as Cartagena but of which details are not available because of strict censorship and unsatisfactory telephone communications.

WALLNER

852.00/9025 : Telegram

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

PARIS, March 8, 1939—10 p. m.  
[Received March 9—11 : 25 a. m.]

429. Quinones de Leon called on me at 6 o'clock this afternoon. He was extremely tired and seemed very depressed. He referred to the fact that the Duke of Alba had been appointed Spanish Ambassador in London whereas he had not been appointed Spanish Ambassador in Paris and said that it was due to the fact that the Duke of Alba had fought to get the job whereas he had preferred not to be Ambassador in Paris. His attachment was after all to the King. Nevertheless he seemed most disappointed.

He went on to say that he had had a terrible night because Bonnet had got him out of his bed at 4 o'clock this morning to tell him that the Communists in Madrid were assaulting the French Embassy there and that the members of the French Embassy were defending themselves and had asked him if there could not be an immediate entry of Franco's troops to save the French and Spaniards still in the French Embassy in Madrid. He had been up until morning attempting to produce some action by Franco's general headquarters. This morning the news had arrived that General Miaja had overwhelmed the Communists and that the French Embassy was safe.

He then said to me that he had received the message from Burgos for which he had been waiting. The reason the reply had been delayed had been that the Under Secretary for Foreign Affairs at Burgos had insisted on leaving his post to take command of troops for the entry into Madrid and the new Under Secretary for Foreign Affairs had had to travel from Bern to Burgos and the Ministry for Foreign Affairs had been overwhelmed with work during this period.

The message that he had received was in Spanish of which he would give me a French translation. He then read :

"We cannot admit that there should be conditional recognition ; but we reiterate the statements made recently to the British and French Governments in the announcements of policy by General Jordana. (See my telegram No. 364 of February 25, 1 p. m.) The generosity of the Generalissimo and the conduct of the authorities and courts after the occupation of Catalonia constitute a guarantee of equity and justice for all Spaniards not culpable of crimes."

Quinones de Leon then stopped.

I asked what reply he had had with regard to my question in respect of the readiness of the Franco Government to protect the lives and property of Americans and to fulfill the obligations of a Spanish Government under international law and treaties. He replied "that goes without saying." I answered that in so far as the American Government was concerned as indicated by my question to him it did not go without saying and that I should like to have a statement on the subject. He then said that he was authorized to say that "the Spanish Government in reciprocity is fully prepared to protect the lives and property of Americans and to fulfill the normal obligations of a Spanish Government under international law and treaties."

He added that he could give me a statement of his own in addition which would be merely a repetition of words in the announcements of policy by General Jordana referred to above.

I replied that this did not appear to be especially valuable and added that I should like to be entirely sure of the exact words that he on behalf of the Franco Government wished to have transmitted to the Government of the United States. I then wrote out in his presence the statements contained above in quotation marks and Quinones de Leon agreed that this was the accurate text of the communication he was authorized to make.

He then added that "the courts of criminal justice would apply only the laws existing on the 16th of July 1936." I replied that this statement was contained in the announcements of policy of General Jordana but I had been shocked to read in the London *Times* of Tuesday March 7 the summary of a law on "political responsibilities" signed by General Franco last month designed according to the preamble to punish all persons who contributed by act or omission "to forge Red subversion, maintain it incandescent for more than 2 years and place obstacles in the path of the providential and inevitable triumph of the National movement." (I assume that you have the text of this law.)

I called Quinones de Leon's attention especially to the minute instructions drawn up for the manner in which charges are to be made out and substantiated, and read him the following from the London *Times* of March 7:

"Charges may result (1) from sentences pronounced by military courts; (2) from denunciations in writing by any person or juridicial body; (3) through the initiative of the regional courts. Political responsibilities will have been incurred by 'all persons who from October 1, 1934 to July 18, 1936 shall have contributed to create or aggravate the subversion of all kinds of which Spain has been victim as well as all who since July 18, 1936 have opposed the National movement in fact or by grave passivity'. By virtue of the foregoing definition every-



body whether union or association who had anything to do with the Asturian rising, the Frente Popular or the elections of February 1936 is outlawed. A list of 25 political parties, trade unions and Nationalist groups is given including not only the Communist, Anarchist and Socialist Unions, the Basques and the Catalans, but also the most moderate of the Republican groups. The Freemasons are specially denounced with the exception of those who recanted before July 18, 1936.

The property of parties outlawed is declared forfeit to the state. A detailed list of other cases considered punishable is given including persons who have left governmental Spain and who within 2 months had not entered Nationalist territory.

Three degrees of punishment are established involving (1) depression of office, (2) restriction of liberty including exile to Africa or imprisonment, (3) confiscation of property or fines. There is to be no death penalty for political responsibilities but widespread confiscation of property and possible imprisonment."

I said to Quinones de Leon that I was certain that it would shock American public opinion to learn that "grave passivity" had been made a crime and pointed out that although there was to be no death penalty for "political responsibilities" all other penalties were to be inflicted and every one in the Republican area except active Franco sympathizers was to be placed in the position of a criminal. I asked Quinones de Leon how this law could be reconciled with the statement that the courts of justice would apply only the laws existing on July 16, 1936.

Quinones de Leon said that he was at a loss to reconcile the two documents. They seemed to mean that no one would be shot except on the basis of the laws existing on the 16th of July 1936.

Quinones went on to say that Basteiro, Minister for Foreign Affairs of the present Madrid Junta, had been in touch with Franco throughout the civil war and that he was certain that the surrender of Madrid would be brought about within the next 2 or 3 days. He added that personally he had great confidence in General Franco who was well disposed toward the King and the Monarchy. The Requetes were also in favor of the restoration of the Monarchy. The Falangistas, however, were most opposed and he did not know how things would work out in Spain. It was obvious that the task of governing Spain now would be a terribly difficult one.

It seems obvious from the foregoing that at the present time in the flush of victory General Franco's Government is not inclined to make any promises worth having with regard to reprisals. I doubt indeed that under present circumstances any promises on this subject are worth having. The reconstruction period after a civil war marked by such extreme brutalities as the Spanish civil war is certain to be darkened by cruelties and persecutions. Moreover, we know from previous experience with the Soviet Government that all

promises of dictatorships after civil war are relatively valueless. The event depends on the character of the dictator.

The British Ambassador in Paris and Daladier and Bonnet seem to believe sincerely that the British and French Ambassadors in Burgos will be able to do much to restrain Phalangist brutality and they have confidence in the personal character of Franco.

BULLITT

852.01/525 : Telegram

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

PARIS, March 10, 1939—noon.

[Received 12: 35 p. m.]

448. Quinones de Leon asked to see me this morning and showed me a letter he had just received from General Jordana dated March 6. A translation of the letter would run approximately as follows:

"In reply to your letter of March 1st regarding your conversation with the American Ambassador on the subject of recognition by his Government of the National Government you should inform him that it can not, of course, be a question of conditional recognition. It was on this basis and this basis alone that we proceeded with the British and the French Governments.

You may furnish the Ambassador with a copy for purposes of information of the declaration which we gave to the representative of the British Government on February 18, 1939. Signed: Jordana."

Attached to this letter of Quinones de Leon was a copy of the declaration referred to which reads in translation as follows:

"National Spain has won the war and it therefore is incumbent upon those who have been defeated to surrender without conditions.

The patriotism, high mindedness and generosity of the Caudillo, of which he has given so many proofs in the regions which he has liberated as well as the spirit of equity and justice which govern all the acts of the National Government, constitute a firm guarantee for all Spaniards who are not offenders (*delincuentes*).

The tribunals of justice, applying substantive laws and procedures promulgated prior to the 16th of July 1936, are limited to judging, within the framework of those same laws and procedures, the authors of crimes (*delitos*).

Spain is not disposed to accept any foreign intervention which could affect her dignity or infringe upon her sovereignty.

If by prolonging a criminal resistance, the Red leaders sacrifice further lives and cause more blood to flow for their sole personal gain, in view of the fact that the conduct of the National Government and of the Caudillo is exempt from spirit of reprisal, they will only succeed in bringing about the complete crushing of this insane resistance and will considerably aggravate their own responsibilities. Burgos, February 18, 1939."

I asked Quinones if he had communicated to Jordana precisely what he had said to me with regard to protection of American lives and property and the readiness of the Franco Government to fulfill the normal obligations of the Spanish Government under international law and treaties. He said that he had communicated this to General Jordana together with his statement to me that, of course, this went without saying.

Quinones went on to say that Bonnet had just telephoned to him this morning to ask for the latest news from Spain and that he had had to reply that he had no authoritative information. It was his personal impression, however, that General Franco was delighted that General Miaja and the Madrid Junta were dealing with the Communists of Madrid, since this would eliminate a serious problem before Franco should take the Madrid and Valencia area.

Quinones stated that the Minister of Agriculture of the Franco Government had passed through Paris yesterday and had said to him that the offensive on Madrid was being prepared for the 16th or 18th this month and that it would be in the nature of a spectacle and nothing more. Quinones explained that he assumed this meant that negotiations with Miaja would have been completed by that time and that there would be no resistance.

I have attempted during the past week to obtain some authentic and certain information with regard to atrocities or reprisals which may have been inflicted by the Franco regime in the Barcelona area. Neither Pascua, the former Spanish Ambassador in Paris, nor members of his staff have been able to give me any information which they consider authoritative evidence.

I have also discussed this matter with Pittaluga whom you will remember as De los Rios' collaborator in Washington. Pittaluga also has no direct information as to atrocities or reprisals.

**BULLITT**

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852.01/525 : Telegram

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

WASHINGTON, March 10, 1939—8 p. m.

153. Your 429, March 8, 10 p. m., and 448, March 10, noon. Inasmuch as Quinones de Leon appears to have been laboring under a misconception as to the purpose of our questions, please see him at your early convenience and inform him that you have been requested by your Government to make it very clear to him that no question of "conditional recognition" was involved in the inquiries you made of him by instruction of your Government. The inquiry made with reference to the persons and properties of American citizens in Spain

had to do with a question which involves basic principles in the relations between nations of the world, and the inquiry made with regard to humanitarian considerations was responsive to the deep interest taken in this question by the overwhelming body of American public opinion.

I believe that it may be expedient at this juncture to limit yourself to this statement and merely to make the request that such statement be communicated by him to his Government.

WELLES

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852.01/529 : Telegram

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

PARIS, March 11, 1939—6 p. m.

[Received March 11—3:20 p. m.]

462. Your No. 153, March 10, 8 p. m. I requested Quinones de Leon to call on me at 5:00 o'clock this afternoon and read to him an exceedingly careful paraphrase of your No. 153, March 10, 8 p. m. He replied that he had never labored under any misconception and that it was absurd to consider that he had. He said that he was equally certain that his Government was laboring under no misconception. Indeed he felt so sure of this that he thought it would be ridiculous for him to comply with my request that the statement that I had read should be communicated by him to his Government. I replied that since my Government had requested it, I trusted that he would communicate the statement. He answered that he would do so.

BULLITT

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123M431/163 : Telegram

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

WASHINGTON, March 13, 1939—5 p. m.

161. We have naturally been giving considerable thought to our representation in Spain should we recognize the Franco régime. While a new Ambassador will be appointed and a new Counselor will be designated, it is obvious that considerable time must elapse before they can reach their post. On principle, we do not desire to send into Franco Spain any diplomatic official who has served in Spain during the civil strife. What we are at present considering is to order Matthews<sup>46</sup> to Burgos or Madrid immediately upon recognition, to remain pending the arrival of a new Counselor, after which he will return to his post in Paris. Matthews should start making necessary preparations in order that he may be prepared to leave on the shortest

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<sup>46</sup> H. Freeman Matthews, First Secretary of Embassy in France.

possible notice after his orders are issued. We hope very much that this will not unduly inconvenience you, and shall undertake to shorten Matthews' absence to the bare minimum.

WELLES

852.00/9065a : Telegram

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

WASHINGTON, March 24, 1939—noon.

196. From the Under Secretary. The Spanish Ambassador here informed me very confidentially yesterday that Besteiro had sent an emissary to Paris 2 days ago and that the latter had communicated with the Ambassador here by telephone. This emissary told the Ambassador that negotiations were now in progress between the Madrid regime and the Franco government and that Besteiro was confident that a peaceful solution would be found. He further stated that the Madrid regime was asking for a month's delay before capitulation took place in order that the Loyalist forces might be peacefully disbanded and in order that certain individuals in Loyalist territory might be afforded an opportunity of escaping before capitulation took place. According to this emissary the feeling was growing rapidly in Franco territory that a peaceful solution should be found and that Italian or German contingents should not be permitted to have a triumphant entry into Madrid.

Any information you can send me in connection with these negotiations would be helpful. Please do not disclose the source of my information. [Welles.]

HULL

852.00/9066 : Telegram

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

PARIS, March 25, 1939—3 p. m.

[Received March 25—1:22 p. m.]

567. For the Under Secretary. Your 196, March 24, noon. Charveriat, Director of Political Affairs at the Foreign Office, told Wilson this morning that their information indicates that the negotiations now in progress between the Madrid regime and Franco are progressing satisfactorily and that the surrender of Madrid may be expected within 2 or 3 days. Airplanes from Madrid bearing political leaders of the Madrid regime have already arrived in Algeria. It is not clear whether the surrender of Madrid will necessarily carry with it the surrender of other areas in Spain which have opposed Franco. Charveriat believes it possible that Valencia may surrender with Ma-

drid but it is doubtful regarding Cartagena and considers it possible that there may be some resistance to surrender in certain other areas.

Charveriat expressed the opinion that one of the principal reasons which has led Franco to refrain from attacking Madrid in the hope of negotiating a peaceful surrender, was his determination that there must be no triumphal parade of Italians and Germans through Madrid.

I am seeing Bonnet this afternoon and will report any further information available regarding this matter.

BULLITT

852.00/9101

*Memorandum of Conversation, by the Chief of the Division of  
European Affairs (Moffat)*

[WASHINGTON,] March 27, 1939.

I received a Delegation representing the Washington Friends of Spanish Democracy, which is affiliated with the Medical Bureau and North American Committee to Aid Spanish Democracy. Since the Loyalist Government in Spain split into two factions headed respectively by Negrin who retained the support of the Communists, and by the military Junta under Generals Miaja and Casado, the organizations in America favoring the Spanish Loyalist cause have likewise split. In any event the Delegation this afternoon, headed by Mr. Berrall and Mr. Lamberton, was much exercised by a charge, contained in an article in the *New York Times* Sunday written by Axelsson, that the military Junta had imprisoned some 10,000 Communists with a view to handing them over to General Franco. They said they had every reason to suppose the report was true and asked that this Government intervene to save their lives.

I replied that from the beginning of the conflict the policy of this Government had been complete non-intervention in the Spanish conflict; that we had not endeavored to make representations on behalf of any group or faction; that we had refused asylum in our Embassy or Consulates to sympathizers of either side; and that despite the occasional disappointment of partisans our officials and our Government had won the respect of all Spaniards for complete impartiality and square dealing. It was by building up this very feeling that we had been so successful in protecting American interests which were our primary concern. We were not unmindful of the dictates of humanity, but we could not become embroiled in Spanish politics. As a matter of fact, the requests of the Delegation today was less a censure of Franco than it was a censure on the present military Junta.

The Delegation said they would be somewhat relieved if they could obtain confirmation as to whether the charges were well founded or not. I told them that I saw no harm in asking the Consul at Valencia to comment on them, even though he was not in Madrid and I doubted whether he would be able to judge more than the local situation. In any event my understanding was that a vast number of Spanish Loyalist leaders had successfully left Spain, for the most part destined for Algiers.

This, according to the Delegation, raised a second question: Whether the United States could supply shipping for Spanish refugees to Latin America. I replied that the matter had not reached serious proportions but that it involved (a) negotiations by someone with the Latin American countries of reception; (b) a selection of those refugees among the many thousands from Spain who would be given first chances at immigration; and (c) far more in the way of financing than I thought they had any idea of (as a matter of fact I learned that at the very time I was receiving this Delegation Mr. Jay Allen was elsewhere in the Department with a Spaniard, Constancia de la Mora, urging that America assume the burden of transporting these Spaniards<sup>47</sup>).

The third point the Delegation wished to bring up was an urgent appeal that this Government do not recognize the government of General Franco on the theory that the situation in Spain and the situation in Czechoslovakia were exactly parallel. I replied that they were getting into the realm of high policy and that some two weeks ago the Secretary of State had said that he was studying the matter but that no decision would be made until every angle had been explored.

PIERREPONT MOFFAT

P. S. Some hours after the interview recorded above, the Spanish Embassy notified us that they had officially brought the Axelsson report to the knowledge of their Government, which had authorized them to give a complete denial. In fact, they maintained that they had been concentrating all their efforts in attempting to negotiate for the safety of these very lives, as well as for all human life. I asked Mr. Wendelin to telephone this to Mr. Berrall,—who agreed that in the circumstances we could not question their official statement.

P. M.

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<sup>47</sup> See memorandum of conversation by the Chief of the Division of the American Republics, March 29, p. 791.

852.00/9076

*The Vice Consul at Valencia (Wallner) to the Secretary of State*

VALENCIA, March 28, 1939—1 p. m.

[Received 2:30 p. m.]

35. Ugarte<sup>48</sup> has just telephoned to report that Madrid was surrendered this morning by the National Defense Council whose members have all departed except Besteiro. The entry of the Nationalist troops is expected this afternoon but the city is already bedecked with Nationalist flags. There are no disorders and all Americans are believed safe.

Valencia quiet.

WALLNER

852.00/9078 : Telegram

*The Vice Consul at Valencia (Wallner) to the Secretary of State*

VALENCIA, March 28, 1939—5 p. m.

[Received March 29—8:55 a. m.]

36. The National Defense Council is now established in Valencia. I have had a long talk with Colonel Casado who informs me that he has surrendered the whole of Republican territory and that the army has orders to raise the white flag as the Nationalists advance. He believes that the Nationalists plan a gradual occupation and will advance along the coast from the south arriving Valencia in 10 days or 2 weeks. During that time he plans to evacuate with the tacit consent of the Nationalists about 15,000 political and syndical leaders. He is optimistic that the taking over of the entire area will be as bloodless as that of Madrid.

WALLNER

701.5211/614

*Memorandum of Conversation, by Mr. Eric C. Wendelin of the Division of European Affairs*

[WASHINGTON,] March 29, 1939.

Señor Meana<sup>49</sup> came in to see me today and referring to his conversation yesterday with Mr. Moffat (copy of memorandum thereof attached)<sup>50</sup> said that he wished to amplify the remarks which he had made at that time. He said that he and his colleagues at the Embassy,

<sup>48</sup> Custodian of American Embassy premises at Madrid.<sup>49</sup> Second Secretary of the Spanish Embassy.<sup>50</sup> Not printed.



including the Ambassador, had discussed their situation and had come to the conclusion that the best course to follow would be to leave the Embassy as soon as the National Defense Council headed by General Miaja should disappear. He felt that at the outside this would occur within three or four days, and added that as a matter of fact he and his colleagues were tentatively planning to leave the Embassy this weekend. Meana said that he wished to inquire bluntly whether this course of action would be satisfactory to the Department and to this Government. He said that if for any reason we should wish them to leave sooner the Ambassador and his staff were prepared to vacate on twenty-four hours' notice.

In explanation of this proposed course of action, Meana said that the Ambassador desired on the one hand to avoid giving the impression of deserting his post so long as the Defense Council continued to function and he could be of assistance in any way to it or to this Government; on the other hand he did not wish to lay himself open to the accusation of obstinately clinging to his post when there was no longer any apparent justification for remaining. In response to my inquiry Meana said that in referring to the National Defense Council he meant specifically General Miaja, Colonel Casado, and Señor Besteiro, and no one else. Besteiro was apparently in Madrid, and therefore eliminated from further consideration. If Miaja and Casado should also eliminate themselves by leaving the country or otherwise, he and the other members of the Embassy would consider that the National Defense Council had disappeared. In that event, the Ambassador would immediately inform us of his departure from the Embassy.<sup>51</sup>

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852.00/9093a : Telegram

*The Secretary of State to the Vice Consul at Valencia (Wallner)*

WASHINGTON, March 30, 1939—5 p. m.

26. Reports are circulating in this country that numerous summary executions are taking place in the territory recently occupied by the forces of General Franco. Please report by telegraph if this is substantiated by such information as you may be able to obtain with respect to Valencia, Madrid and any other localities with which you are in contact. In addition to any specific information in this regard, we should also like to have your considered opinion regarding this

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<sup>51</sup> On March 30 the Spanish Ambassador informed the Under Secretary of State that he would vacate the Embassy with his staff on March 31 at 12 noon, leaving the Embassy property in the temporary custody of the Ambassadors of Colombia and Mexico (852.01/615).

situation in general, as well as any comment that you may be able to make as to the future attitude of the Franco authorities.

HULL

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852.01/573a : Telegram

*The Secretary of State to the Spanish Minister for Foreign Affairs  
(Jordana)*

WASHINGTON, April 1, 1939.

The Government of the United States desires to establish diplomatic relations with Spain and the President is prepared to nominate as Ambassador near the Spanish Government Mr. Alexander W. Weddell, at present Ambassador of the United States to the Argentine Republic. Upon receiving a telegram from Your Excellency that the appointment of Mr. Weddell is acceptable, the Government of the United States is prepared formally to reopen its mission in Spain and to send a Chargé d'Affaires ad interim pending the arrival of the Ambassador. At the same time there will be submitted to the President for his approval the name of the representative whom the Spanish Government may desire to send as Ambassador to Washington.

CORDELL HULL

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[A proclamation lifting the arms embargo was signed by President Roosevelt on April 1, 1939; on the same day the Secretary of State announced the revocation of the regulations governing the export of arms to Spain and the regulations governing the solicitation and receiving of contributions for use in Spain. For texts, see Department of State, *Press Releases*, April 1, 1939, pages 246-247.]

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852.01/576 : Telegram

*The Spanish Minister for Foreign Affairs (Jordana) to the  
Secretary of State*

[Translation]

BURGOS, April 2, 1939.

[Received April 2—5:15 p. m.]

I understand that the telegram which Your Excellency sent to me yesterday signifies full recognition on the part of your republic of the national government as the sole and legitimate one of Spain. As soon as Your Excellency explicitly confirms this to me the request for a placet which you make for the designation of an ambassador will be considered and I shall ask Your Excellency that until the sending

of an ambassador by Spain your Government regard Mr. Cardenas, who up to now has been our unofficial agent in your country, as Chargé d'Affaires of Spain.

JORDANA

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852.01/576 : Telegram

*The Secretary of State to the Spanish Minister for Foreign Affairs  
(Jordana)*

WASHINGTON, April 3, 1939.

In reply to Your Excellency's telegram of April 2nd, I may state that the expressed desire of the Government of the United States to establish diplomatic relations, as well as its request for the agreement of the name of a new Ambassador, carried with it *de jure* recognition of Your Excellency's Government as the National Government of Spain. Pending the appointment of a Spanish Ambassador here, this Government is glad as from today to accept Mr. Cardenas as Chargé d'Affaires of Spain.

Pending the receipt of the agreement requested for Mr. Weddell as Ambassador of the United States, I will request Your Excellency to receive Mr. H. Freeman Matthews, at present First Secretary of the Embassy of the United States in Paris, as Chargé d'Affaires ad interim.<sup>52</sup> Mr. Matthews will serve as Chargé d'Affaires ad interim until the arrival of an Ambassador of the United States.

CORDELL HULL

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701.5211/605

*Memorandum of Conversation, by the Secretary of State*

[WASHINGTON,] April 4, 1939.

Mr. Cardenas called at his own request. He is the present Chargé d'Affaires of Spain pending the appointment of an ambassador by the new government of Franco. He called primarily to pay his respects. I had known him well when he was here as ambassador from his country some years ago. I remarked to him that my people on the border had been through all the horrors of our Civil War and I knew how to sympathize with a people of any country who found themselves in a similar situation; that, therefore, I had visualized

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<sup>52</sup> H. Freeman Matthews was designated First Secretary of Embassy in Spain on April 4, 1939, and instructed to proceed to Burgos. Before he departed for Burgos he was informed by the Spanish Embassy in France that because of the overcrowded conditions at Burgos the Spanish Government preferred that the various embassies and legations establish themselves at San Sebastian. (123M431/166, 169)

the people of Spain as a whole and without reference to the merits or demerits of the matters in controversy; that I had only thought of them from the standpoint of deep sympathy for all alike. Mr. Cardenas then indicated that there were feelings and misunderstandings existing that would need to be cleared up gradually as time went on. I said I assumed as much; that I recalled vividly the difficulties of the reconstruction period following our Civil War. I then emphasized the statement that fortunately the men who had fought on both sides in our Civil War had respect for each other's bravery and for each other's honesty of purpose, with the result that many of them came together from both sides and made a marvelous contribution to the work of reconstruction. I then added that doubtless this same state of mind would exist in his country and it would contribute tremendously towards a correspondingly earlier reconstruction for the benefit of the distressed people of Spain; that I wished them every success in this speedy undertaking. Mr. Cardenas did not comment on this view but did not take issue. He then said he would like to ascertain in strictest confidence whom we are recommending to his government for ambassador. I then, in the same confidence, gave him the name and a thoroughly favorable account of the record, personality and standing of the person whom we are proposing to send as ambassador.

C[ORDELL] H[ULL]

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852.00/9107: Telegram

*The Vice Consul at Valencia (Wallner) to the Secretary of State*

VALENCIA, April 4, 1939—6 p. m.

[Received April 4—4: 50 p. m.]

40. Department's telegram No. 26, March 30, 5 p. m. With the exception of 21 Communist members of the secret police already imprisoned by the National Defense Council who were shot yesterday morning, no executions are believed yet to have taken place in Valencia. Genuine efforts are being made to avoid acts of privation [*reprisal?*]. As the situation develops I shall report further.

WALLNER

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852.00/9138: Telegram

*The Ambassador in Spain (Bowers), Then in France, to the Secretary of State*

ST. JEAN DE LUZ, April 15, 1939—6 p. m.

[Received 7: 19 p. m.]

618. Following brought by Matthews to Saint Jean de Luz.

"7, April 14, 11 a. m. My trip to Burgos was interesting. That overcrowded little capital resembles nothing so much as a general

staff headquarters. Uniforms predominate. The overwhelming majority of course are Spanish but German and Italian military and civil advisers are everywhere, and the deference shown them at the Foreign Office, for instance, was quite apparent.

The period of transition from war to peace, difficult as it would be in any country, is probably more so in Spain than in most. There is much resultant confusion and red tape and administrative delays are long and unavoidable. There is as yet no clearly defined line of policy nor even significant sign posts as far as I could observe. This applies equally to economic, financial, social, and political problems, and is in part a natural result of the differing views of the component parts of Nationalist Spain. Demobilization of four or five classes is expected to start soon. I learned confidentially that orders to that effect had been suddenly withdrawn a few days ago pending clarification of the European situation and also until after the May 2 review. Troops are, however, being returned to their home garrisons and I have been told that several contingents of Moors have already left Spain.

While some arrests are still being made I believe they are on a small scale and the release of minor prisoners continues. American and British correspondents with whom I have talked, several of whom have 'Left' sympathies and who had just come to Burgos from Madrid, told me that they have definite knowledge of only three executions in that area since the fall of Madrid and estimate the total of not more than 20 to date. The food situation in Madrid is better and improving every day and I am told that the city is now being cleaned up.

There are persistent rumors of pending important Cabinet changes whereunder Serrano Suner would occupy an even more important role in the government as Premier than he does today and possibly also take over the Foreign Office. The new Cabinet it is rumored will likewise include two more generals and the name of Yague is mentioned. No decision has apparently been reached with respect to the restoration of the monarchy. The inevitable friction between the Phalangists with their advanced program which seems to be a combination of social reform and totalitarian methods of control and the conservative religious Requetes and similar elements is gradually coming to the surface. General Franco is still idolized and his photograph is seen in every window. Nevertheless some doubts seem to exist even among his ardent admirers as to his capacity to administrate the country in peace time.[""]

Copy to Paris.

BOWERS

852.00/9146: Telegram

*The Ambassador in Italy (Phillips) to the Secretary of State*

ROME, April 18, 1939—3 p. m.

[Received April 18—11:35 a. m.]

141. The British Naval Attaché stated this morning that the British Government had informed the Italian Government on April 6 that

it considered the Mediterranean submarine treaty (the Nyon agreement<sup>53</sup>) was no longer in effect since the Spanish war had ended. He stated that the reason for which the treaty had been made had ceased to exist and for some time England had considered it of no importance.

The British Naval Attaché said further that he had been summoned to the Italian Ministry of Marine on April 14 and was asked if England insisted on the month's notice and whether April 18 would be a suitable date for final termination of the treaty. He said he was very much astonished and informed the Ministry that due to the intervening week-end there was hardly time to get word from his Government. He was then asked if the 19th would be satisfactory and transmitted this inquiry to his Government. No reply has yet been received from London.

The persistence of rumors regarding the presence in Italy of German troops and officers is so marked and the reports come from such a variety of sources that a measure of credence is attached to them by other missions here. It may well be that German troops have been passing through Italy en route to Italian African possessions and that the greatest possible secrecy is being maintained not only because of possible foreign repercussions but primarily to avoid arousing the Italian people who might resent the presence of many German troops in their own country.

PHILLIPS

852.00/9173: Telegram

*The Ambassador in Spain (Bowers), Then in France, to the Secretary of State*

ST. JEAN DE LUZ, April 25, 1939—8 p. m.

[Received 8:44 p. m.]

631. From Matthews:

"No. 25, April 25, 6 p. m. I had a long talk with Gazel<sup>54</sup> yesterday afternoon. He said that the French attitude with respect to Spain is one of 'considered optimism'. By this he meant that after carefully weighing all the factors involved the French are 'optimistic'. The various reported troop movements including those in Spanish Morocco have been explained as necessary to facilitate food supplies for the troops in question (he emphasized the general food shortage in Spain) and this explanation seemed well founded. There were to be no troop movements in the region of the Pyrenees of sufficient importance to

<sup>53</sup> British Cmd. 5568, Treaty Series No. 38 (1937): *International Agreement for Collective Measures against Piratical Attacks in the Mediterranean by Submarines, Nyon, September 14, 1937.*

<sup>54</sup> Counselor of the French Embassy in Spain.

worry the French. 'And I can assure you that we are well informed on these matters' he added. While the French would have preferred perhaps a somewhat different distribution of troops in Spain they accepted the reasons given as logical (food, return to home regions, et cetera) and felt that in addition as a 'small favor' to Spain's recent allies some movements were made to help German and Italian withdrawal as soon as practicable and their wish to detract attention from the east. He felt that the German fleet maneuvers were along the same line. He confirmed the departure of several thousand Italian legionaries from Spain and active preparation of the German Condor legion (specialists) to depart immediately after the victory parade at Madrid, the date of which is not yet officially set. What interests France more than the presence of the Italian legionaries is their air planes; there are at the present time some 50 in Mallorca and an unknown additional quantity in continental Spain.

Perhaps the most important factor in the French Embassy's optimism was the solemn and categorical assurance given Marshal Pétain and Gazel on Saturday by General Jordana that no secret military or semimilitary commitment has been given by Spain to either Germany or Italy other than what is contained in the published text of the Anti-Comintern Pact. Gazel said that he warned Jordana on the danger that the Germans and Italians might take advantage of Spanish friendship on their presence in Spain to make temporary use of Spanish territory for naval or air bases and referred specifically in this connection to the unauthorized bombing of Minorca by Italian planes during the surrender negotiations on the British war vessel. He said that Marshal Pétain left Jordana in no doubt as to the consequences of such misuse of Spanish territory. Jordana was quite cordial throughout the interview.

Gazel likewise seemed more encouraged that German and Italian influences will progressively diminish and more convinced that the country's present state of exhaustion will constitute an overwhelmingly determinant in favor of Spanish neutrality in the event of a general war.

In spite of Spanish complaints at delays in returning Republican arms and munitions, Gazel said these are in part at least due to Spanish procrastination; for example, a number of Republican planes (most of which are of American manufacture, he added) have been awaiting delivery at Toulouse for some days but no Spanish pilots have arrived yet to take them and the same is true of crews for Spanish fishing boats and merchant ships.

The French Consul at Alicante has at last been released. The daily influx into Spain of refugees, however, continues at 400."

Copy to Paris.

BOWERS

852.00/9181 : Telegram

*The Ambassador in Spain (Bowers), Then in France, to the Secretary of State*

ST. JEAN DE LUZ, May 1, 1939—7 p. m.

[Received May 1—6:20 p. m.]

635. From Matthews:

36. May 1, 1 p. m. My 30.<sup>55</sup> I returned from Madrid last night. I found the Embassy in excellent condition with exception of the room where the shell hit. It is occupied at present only by Ugarte and his wife and I requested them to continue residing there for another few weeks.

The food situation in Madrid is much better than I had expected. One sees in the markets and stores apparently adequate quantities of vegetables, oranges, bread, meat and plenty of fresh fish. The money situation, however, makes it extremely difficult for the poor to purchase their necessities. One sees thousands of apparently unemployed strolling the streets. The housing shortage is most acute.

Large sections of the city and its poorer suburbs have been completely destroyed and to the newcomer it is indeed a saddening sight (I am told that the damage to Madrid is many fold greater than that of Barcelona). Little or nothing has been done as yet in the way of demolition, new construction, or even clearing away the 6-foot thick stone barricades which line many of the streets. In fact except for the constant coming and going of troops and military trucks life seems rather at a standstill. Arrests continue at the rate of 50 or more daily and the work of *depuracion* is proceeding slowly and methodically increasing the sense of suspense and uneasiness. Out of some four or five thousand "trials" which have taken place in Madrid since its capture I am told that but 50 death sentences have been handed down and only 7 of these so far approved by Franco and carried out. As to the rumors circulating of other secret summary executions I could find no reasonable basis of credence.

Underneath one senses an extreme bitterness of feeling in Madrid which greatly exceeds that of other regions. For the present it is kept below the surface but its existence does not bode well for the future. The Nationalists firmly believe that there were 75,000 private and official assassinations in Madrid alone. Whether or not the figure is exaggerated is of no importance in the present situation. The fact that it is so unanimously believed makes it difficult to visualize any real reconciliation in the near future with those who on their side have poignant memories of bombing, shelling and starvation.

There is in addition the widespread difference of views among the Nationalists (Falangists, Requetes, and the military "the fifth column" that stayed in Madrid and those who now come in as victors). The younger officers particularly are enjoying their glory and authority and cannot relish the thought of demobilization and possible search for less congenial employment. While I do not wish to overestimate their influence it is this hot-headed irresponsible element which would relish Spanish participation in a European war and on whom Axis

<sup>55</sup> Dated April 25, 8 p. m.; not printed.



methods of persuasion would be most strongly concentrated. Spain's need for peace, however, and growing realization of her economic weaknesses will constitute too great a deterrent I believe to permit those rasher counsels to prevail. [Matthews.]

Copy to Paris.

BOWERS

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852.00/9199: Telegram

*The Chargé in Spain (Matthews) to the Secretary of State*

SAN SEBASTIAN, May 15, 1939—9 a. m.

[Received May 15—7:50 a. m.]

50. I have been invited along with other Chiefs of Mission to attend the victory celebrations. As they are now expected to take place on the 19th and 20th I propose unless otherwise instructed to leave here for Madrid Wednesday noon stopping off at Burgos for discussions at the Foreign Office en route.

MATTHEWS

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852.00/9211

*The Secretary of State to the Chargé in Spain (Matthews)*

No. 575

WASHINGTON, June 8, 1939.

The Secretary of State refers to the penultimate paragraph of telegram No. 631, April 25, 8.00 p. m., from the Ambassador at St. Jean de Luz, which referred to a number of Republican planes, allegedly of American manufacture, reported at that time to be held by the French authorities at Toulouse.

An inquiry addressed by the Embassy in Paris to the appropriate French authorities has elicited the reply that the only aircraft of American manufacture which landed at Toulouse at the time of the retreat of the Spanish Republican army were five Douglas commercial transport planes belonging to the Spanish aviation company Lineas Aereas Postales Españolas. These planes were exported from the United States to Spain before the civil strife in that country began, two under licenses issued by the Secretary of State in November 1935 and April 1936, and the others prior to November 1935, when the licensing system established by the Neutrality Act first became effective. It would not appear, therefore, that the presence of these planes with the Republican army resulted from any violation of the United States law prohibiting the export of arms, ammunition and implements of war to Spain during the existence of the state of civil strife in that country.

It may be added that the appropriate French authorities have informed the Embassy in Paris that these planes have been returned to the Spanish authorities.

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352.0022/59 : Telegram

*The Chargé in Chile (Trueblood) to the Secretary of State*

SANTIAGO, June 15, 1939—5 p. m.

[Received 5:35 p. m.]

108. At a meeting called by the Foreign Minister this morning of the Chiefs of Missions of the American Republics accredited here, Senor Ortega explained the situation created by the Spanish Government's refusal to recognize the right of asylum affecting 17 Republican Spaniards now lodged in Chilean Embassy in Madrid. In addition to refusing to allow these persons (none of whom the Minister said was guilty of civil crimes) safe conduct to leave Spain, the Spanish Government has declined to accept a Chilean Ambassador until the issue is settled. In view of the impasse thus created and in view of the fact that in the Chilean Government's opinion a juridical question only is involved, the Foreign Minister stated he had decided to place the matter before the representatives of the American Republics, the great majority of which endorse the principle of asylum on both legal and humanitarian grounds. He therefore hoped that the other Republics would see their way to make clear in a friendly way to the Spanish Government their spirit of continental solidarity in regard to this problem.

Representatives of Guatemala, Bolivia, Dominican Republic and Argentina spoke briefly and expressed their personal sympathy with Chile's position.

A memorandum setting forth the above was handed each diplomatic representative with the request that the matter be brought to the attention of their respective governments. The text and translation will be sent by next air mail leaving here June 18.<sup>55a</sup>

Immediately following meeting the Acting Chief of the Diplomatic Section explained to me that while his Government was thoroughly aware of our Government's attitude regarding asylum they had not wished to leave us out of their collective consultation. He pointed out that Cuba and Mexico had been included although they did not have diplomatic relations with the new Spanish Government. He said that his Government hoped I would cable my Government regarding the matter which I agreed to do and added that the Chilean Ambassador in Washington has also received appropriate instructions.

<sup>55a</sup> Not printed.

The Embassy feels that anything we could properly do to assist in clearing up the present unsatisfactory situation would be desirable. In connection with this matter see Embassy's despatch No. 708, June 2, page 3.<sup>56</sup>

TRUEBLOOD

352.0022/60 : Telegram

*The Chargé in Chile (Trueblood) to the Secretary of State*

SANTIAGO, June 17, 1939—noon.

[Received 2:20 p. m.]

110. I was called to the Foreign Office this morning and given by Acting Chief of Diplomatic Section the following memorandum:

"Does the United States Government believe that it will be possible for it to cooperate in connection with Chile's *démarche* regarding the Madrid *asilados*? In case of an affirmative answer, could the Washington Government make a *démarche* before the Madrid Government in this regard, and support the Chilean initiative through the intermediary of its missions in America?"

He said that replies were slow in coming in due to need for consulting Presidents in various countries.

A well informed official of the Foreign Office with whom I spoke yesterday emphasized the fact that the Foreign Minister considered inclusion of the United States in this consultation as an act of special deference. He added that he thought the real motive for Spain's intransigence in the present case was lack of desire to maintain relations with the Popular Front Government here.

TRUEBLOOD

352.0022/60 : Telegram

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

WASHINGTON, June 20, 1939—7 p. m.

36. The Chilean Government has informed this Government of the requests it has made of the Governments of the other American republics for support in the controversy it is now having with the Spanish Government with regard to the question of political refugees in the Chilean Embassy in Madrid. It has informed this Government that it fully recognizes that the Government of the United States cannot officially support its thesis with regard to the giving of asylum in diplomatic missions to political refugees because of the consistent

<sup>56</sup> Not printed.

policy which this Government has pursued over a period of many years in this regard, but it has nevertheless asked for the interposition of our friendly good offices for the purpose of furthering a satisfactory solution of the dispute which has arisen between Chile and Spain.

The Chilean Government has been informed, through the Chilean Ambassador in Washington, that this Government as it anticipated, did not feel it possible to make representations to the Spanish Government in support of a policy with regard to the giving of asylum in diplomatic missions which this Government has consistently refused to support in the past, but that if there were anything which the American Embassy in Madrid could appropriately do within the limitations described to indicate the hope of the Government of the United States that a friendly solution of the difficulties which have arisen might be found, it would be instructed accordingly. The question is consequently left to your discretion. If you feel that any useful purpose would be served by expressing the hope of the United States that a friendly solution of this problem may be found, you are instructed to express such hope in the name of your Government informally and orally.

HULL

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352.0022/60 : Telegram

*The Secretary of State to the Chargé in Chile (Trueblood)*

WASHINGTON, June 20, 1939—7 p. m.

94. Your 110, June 17, noon. As the result of a conversation held with the Chilean Ambassador this morning, the following instructions have been sent to the American Ambassador in Spain.

[Here follows text of telegram No. 36, June 20, 1939, 7 p. m., to the Ambassador in Spain, printed *supra*.]

The Ambassador made no reference to any desire on the part of his Government that the Government of the United States support the Chilean initiative through the intermediary of its missions in the other American republics. You may inform the Foreign Office orally of the substance of the instructions sent to the American Ambassador to Spain and advise the Foreign Office, with regard to the second sentence in the memorandum given you by the Foreign Office as quoted in your telegram under reference, that inasmuch as the Government of the United States has consistently refused to adopt the policy with regard to the giving of refuge to political refugees in diplomatic missions which has been followed by many of the other American republics, and as was officially made known by the Government of the United States at both the Habana and Montevideo Confer-

ences,<sup>57</sup> this Government is unable, much to its regret, to comply with the request made by the Chilean Government that it support the initiative of the latter through the missions of the United States in the other American republics. You may state that this Government greatly appreciates the friendly courtesy shown it by the Chilean Government with regard to this question, but that it cannot now officially support a policy which it has itself over a period of many years refused to adopt.

HULL

352.0022/61 : Telegram

*The Chargé in Chile (Trueblood) to the Secretary of State*

SANTIAGO, June 21, 1939—3 p. m.

[Received 6:44 p. m.]

112. At noon I outlined orally our Government's position as set forth in the Department's telegram No. 94 of June 20, 7 p. m. to Acting Chief of Diplomatic Section of Foreign Office, who expressed the Chilean Government's appreciation of our desire to be helpful. He reiterated the fact that they fully understood our Government's limitations in the present case. He added, however, that his Government very sincerely hoped that the discretionary authority granted the American Ambassador in Madrid would in fact be exercised (reference last sentence section 1 of the Department's telegram No. 94). He referred again to his Government's belief that this is an opportunity for displaying continental solidarity. He said that everything was proceeding satisfactorily (Chile is particularly elated over the Argentine response) despite unexpected delays in several countries and attempts on the part of Spanish diplomatic representative in some countries (notably Central America) to obstruct the Chilean *démarche*. The Spanish Government's attitude he said continues to be completely *intransigent*.

TRUEBLOOD

352.0022/83

*Memorandum of Conversation, by the Under Secretary of State (Welles)*

[WASHINGTON,] August 7, 1939.

The Spanish Chargé d'Affaires called to see me this afternoon by instruction of his Government. He said that his Government had been

<sup>57</sup> For correspondence concerning the Sixth International Conference of American States, held at Habana, January 16-February 20, 1928, see *Foreign Relations*, 1928, vol. I, pp. 527 ff. For correspondence concerning the Seventh International Conference of American States, held at Montevideo, December 3-26, 1933, see *ibid.*, 1933, vol. IV, pp. 1 ff.

informed that the Government of Chile was once more taking steps in order to obtain the active support of all of the American Republics in behalf of the contention of Chile that under the rules of diplomatic asylum which should be accorded political refugees the present Government of Spain had no right to demand of the Chilean Chargé d'Affaires in Madrid the surrender to the judicial authorities of Spain of the eighteen political refugees now sheltered in the Chilean Embassy. The Spanish Government had likewise heard that the Chilean Government was endeavoring to obtain the consent of the United States Government to mediate in the dispute which had arisen between the Spanish Government and the Chilean Government, and it desired this Government to be informed in the most friendly manner that the Spanish Government would not find it possible to accept mediation in this question on the part of any other Government since it believed that it was entirely a question involving the national sovereignty of Spain.

I told the Chargé d'Affaires that I had discussed this question with the Spanish Ambassador some six weeks prior to the departure of the latter from the United States, and I had explained to him at that time that the United States Government had made it clear at the Inter-American Conferences of 1928 and of 1933 that it could not subscribe to inter-American conventions providing for the right of diplomatic asylum since this Government did not acknowledge such right within the United States and since this Government had further refused to authorize its diplomatic representatives in foreign countries to extend the right of asylum to refugees who sought shelter within American embassies and legations. I said that in consequence of this traditional practice on the part of the United States, this Government had stated, when it had been approached by the Government of Chile some two months ago on this subject, that it could not support the position of the Government of Chile and that, for the same reason, it would find it impossible to make any representations to the Spanish Government in the matter.

I stated that I was somewhat surprised by this message delivered to me today by the Spanish Chargé d'Affaires as I had taken it for granted, since I had heard nothing further on the matter from the Chilean Government for at least six weeks, that the question had been amicably settled through direct negotiations between Chile and Spain. The Chargé d'Affaires replied that he was equally surprised upon receiving this message from his Government since he likewise had taken it for granted that the situation had been adjusted.

Señor de Silva said that the Spanish Under Secretary of State, Señor Barcenas, had spoken to him about the matter before the Chargé's departure from Spain and had given him to understand

that while some of the refugees in the Chilean Embassy were writers and intellectuals against whom the present Spanish Government had nothing, there were one or two of the individuals who had taken refuge who were accused of criminal acts and that it was these latter that the Spanish Government felt it necessary to submit to the courts of trial. I told the Spanish Chargé that as he undoubtedly knew, the repercussions of this incident had been very considerable throughout the American continent and that I regretted, therefore, the fact that the matter had not been settled in a satisfactory way.

S[UMNER] W[ELLES]

352.0022/74 : Telegram

*The Chargé in Chile (Frost) to the Secretary of State*

SANTIAGO, August 9, 1939—3 p. m.

[Received 6 : 11 p. m.]

123. Referring to the Department's telegram No. 94, of June 20, 7 p. m., the Foreign Minister last evening summoned the Chiefs of Mission representing all American Republics and in impressive round table assembly made a brief statement, and caused to be read aloud a lengthy report from the Chilean Chargé at Madrid, respecting the *intransigent* and truculent attitude of the Spanish Foreign Office on the question of the political refugees now under asylum in the Chilean Embassy there. He then handed us an extensive printed memorandum summarizing the facts and principles as seen by Chile and also the following suggestions (verbatim translation) :

"The American Governments should give telegraphic instructions to their diplomatic representatives in Spain that they jointly manifest directly to General Franco the pleasure with which they would view the granting by the Burgos government of safe conducts with the guaranties necessary for leaving the country to those persons who are at present in the Chilean Embassy at Madrid and who sought refuge there by virtue of an eminently American principle, that of political asylum. The American Governments should express their confidence that the Burgos government will wish to solve in this manner its controversy with Chile, as a demonstration of its desire to maintain the ties of traditional friendship which have ever united Spain and the American countries."

After listening to Senor Ortega's remarks and the reading of the report of the Chilean Chargé d'Affaires, and after receiving the two memoranda above mentioned, the four senior Ambassadors present spoke briefly but with great gravity promising to urge the acceptance by their governments of the suggestions in view of the importance and

sacredness of the principle involved. As the meeting adjourned many of the other diplomatic representatives gave similar informal assurances to the Foreign Minister.

Comment: It would appear that Chile is likely to be successful in securing this joint protest at Madrid, and that attitude in the matter is commanding solid support; so that the Franco government will find its relations with all of Latin America compromised unless it makes an early adjustment.

The Assistant Chief of the Diplomatic Section emphasized to me privately that in view of fact that all of the Latin American nations are acting in accord his Ministry has felt that the American Government should be consulted and informed, since Chile and the other Governments should not wish to seem to leave us on the outside. The Foreign Minister informed me that he quite comprehends the attitude of the United States, and highly appreciates the instructions already given to the American Ambassador to Spain. I understand 10 days or more are likely to elapse before arrangements can be completed for the formal protest to General Franco.

FROST

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352.0022/75 : Telegram

*The Chargé in Chile (Frost) to the Secretary of State*

SANTIAGO, August 12, 1939—11 a. m.

[Received 2:07 p. m.]

124. Reference my 123, August 9, 3 p. m. Chile has received favorable telegraphic replies from Panama, Cuba, Venezuela, Uruguay, Guatemala, Salvador, Bolivia, Ecuador and Paraguay, with oral assurances from Argentina and Brazil. Publications here of Chilean memorandum have evoked universal popular approval including that of Rightists. New Franco Cabinet contains four Ministers who either received asylum in Chilean Embassy at Madrid or have personal friendship here. Accordingly there is some hope that Franco may forestall joint protest plan by allowing present *asilados* to leave Spain without committing his Government on international law aspect.<sup>58</sup> Private remarks to me by British Ambassador and German Chargé indicate both are intensely interested.

FROST

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<sup>58</sup> In October the Ambassador in Chile reported that 4 of the 14 political refugees still in the Chilean Embassy in Spain were to be permitted to leave Spain; and again in May 1940 he reported that the difficulties were well on the way to a friendly solution and that the Chilean Ambassador would leave shortly to assume charge of the Embassy in Spain.



II. Efforts for the Relief of Spanish Refugees<sup>59</sup>

852.48/382

*Memorandum of Conversation, by the Adviser on Political Relations  
(Dunn)*

[WASHINGTON,] January 30, 1939.

The French Ambassador came in this afternoon and presented the attached note, a translation of which I am also attaching.<sup>60</sup> As will be seen, the French Government desires to know the form in which this Government would be able to participate in assistance to the alleviation of the sufferings of the Spanish refugees now pouring across the French frontier.

I communicated immediately with Mr. Norman Davis, Chairman of the American Red Cross, to ascertain what steps had been taken by the Red Cross with regard to this situation. Based upon information from Mr. Davis, I told the French Ambassador that the Secretary General of the League of Red Cross Societies, of which Mr. Norman Davis is President, had asked his approval for an appeal to be made to the National Red Cross Societies, members of the League, to give assistance to the French Red Cross in this Spanish refugee situation. Mr. Davis has given his approval of such an appeal, and authorized me to state that the American Red Cross would view with the most sympathetic attitude any appeal from the League of Red Cross Societies or from the French Red Cross for assistance for these refugees. Mr. Davis authorized me to say that possibly the most expeditious contribution the American Red Cross could make would be the sending of foodstuffs or wheat, that there were some difficulties to be overcome in arranging for the transportation and delivery of such a contribution, but that the American Red Cross would gladly undertake to solve those difficulties in order to be of as much help as it could in the circumstances.

After telling the Ambassador of what had been done and what might be done by the American Red Cross, I pointed out to him that there were no funds at the disposal of this Government for participation in this Spanish refugee emergency, and that it would not be possible for this Government to allocate any funds to that purpose in the absence of an express appropriation for the purpose by Congress. I further mentioned that it usually took some little time for such an appropriation to be considered and authorized, and that in view of the emergency nature of the work to be undertaken, it would seem highly

<sup>59</sup> Continued from *Foreign Relations*, 1938, vol. I, pp. 364-383. See also *ante*, pp. 729-748 *passim*.

<sup>60</sup> Not printed.

advisable for any approach along these lines to be made directly from the French Red Cross to the American Red Cross Society, as it was possible in certain circumstances for the Government to facilitate the furnishing of wheat to the American Red Cross for purposes of this kind. I explained to the Ambassador that I made this suggestion because the American Government was most anxious to be of any assistance it could in alleviating the suffering of these refugees, but as no funds were available to it for relief purposes outside of this country, I felt that this Government's contribution could best be arranged through the action and direction of the American Red Cross Society.

With regard to the question of admitting into this country a certain number of Spanish refugees, I explained to the Ambassador that the admission of aliens into this country was, of course, regulated by our immigration laws, and it would not be possible to waive any of the requirements of those laws without the specific authority of Congress. I also informed the Ambassador that the annual quota of immigrant visas permitted to be issued to Spaniards was 252, and that at this time a much larger number of applications for visas had been received from Spaniards. I felt, therefore, that the question of admitting any of these refugees to this country was a difficult one, and would not appear to be within the possibilities of consideration as an immediate measure of relieving the difficulties of the situation.

The Ambassador thanked me for this information, and stated that he would inform his Government accordingly.

JAMES CLEMENT DUNN

852.48/363a : Telegram

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

WASHINGTON, February 1, 1939—7 p. m.

63. Please telegraph what arrangements the French Government has made with regard to the entrance into France of Spanish refugees, the approximate number already permitted to enter, and the estimate of the further number which will be permitted entry.

HULL

852.48/364 : Telegram

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

PARIS, January [February] 2, 1939—5 p. m.

[Received 6:12 p. m.]

190. Your 63, February 1, 7 p. m. We are informed by the Foreign Office that while the Franco-Spanish frontier is closed to refugees in

practice it is wide open and since the fall of Barcelona upwards of 60,000 refugees have been permitted to enter France from Catalonia. The frontier is closed because France does not wish to encourage the entrance of a large number of Spanish refugees who could be provided for in Spain. For obvious reasons with the presence in France of some 3,500,000 foreigners including almost 100,000 refugees from Central Europe the French authorities do not wish to further complicate a difficult problem. Of the 60,000 admitted it is estimated that from 45,000 to 50,000 are women and children. In addition to the latter old and wounded men have been and are being admitted together with a certain number of male refugees of military age whose lives are considered menaced because of political reasons. An undetermined number have entered clandestinely.

It is also estimated that there remain on the Spanish side of the frontier approximately 500,000 persons who would cross to France if permitted. During the past 3 days about 8,000 persons daily have crossed into France. The French are exerting themselves to stem the tide and to cooperate with the Figueras authorities in persuading the population to remain in Spain.

The French also plan to cooperate with the Spanish authorities in feeding the destitute in the frontier area.

Frontier control is in the hands of the Ministry of the Interior and the military authorities and General Falgade, the commanding officer of the Pyrenees-Orientales district who has charge of 50,000 troops, has detailed approximately 10,000 men to assist in the reception of the refugees and also in preventing a disorderly influx. The transport of the refugees to various French departments removed from the frontier is organized and we understand that there is no important congestion on the French side of the line. The bulk of the refugees are being housed in available public buildings of one sort or another such as schools and colleges and in private properties placed at the disposal of the government or requisitioned for the purpose, monasteries convents, et cetera.

The problem is one of course which carries with it a burden of expense to the French Government. For that reason we are informed the Government would welcome contributions of foodstuffs for use in the nourishment of the refugees. We are informed by the Acting Agricultural Attaché that he has received a telegraphic inquiry from his department desiring to know whether the French Government would welcome donations of foodstuffs. That question is answered in the affirmative and it is also understood from our conversations with the responsible officer of the Foreign Office that there should be no difficulty concerning the free entry of such material into France.

The French authorities are exercising great care in respect of sanitation and the necessary steps are being taken to prevent the spread of contagion.

The utter confusion and panic which have existed in eastern Catalonia over a period of days has brought to hundreds of innocent people particularly women, children, and the infirm untold privation and suffering. Children have been frozen to death and many have died of hardship and want. Still others have gone insane and have fallen ill from the terrors and the fatigue of the exodus. I am informed by the representative of the American Friends Service Committee which is active in the distribution of foodstuffs that the work of organizing the lodging and feeding of refugees in France is progressing very satisfactorily and that the Government is assisted by a number of private relief organizations. France, of course, is making an important contribution to alleviate their suffering and extend them hospitality. I feel strongly that the situation is one which should appeal to American charity and that any contribution which we may be able to make to relieve these unfortunates will be fully justified.

BULLITT

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852.48/378 : Telegram

*The Ambassador in Spain (Bowers), Then in France, to the Secretary of State*

St. JEAN DE LUZ, February 13, 1939—1 p. m.  
[Received February 13—11:30 a. m.]

578. Ernestina Fleishmann, niece of Sam Untermyer,<sup>61</sup> married to a Spaniard, escaped from refugee camp and is now in Paris. She and others describe treatment as atrocious with shelter for but a few in cattle sheds. Franco agents are permitted by the French to go among the refugees attacking the Spanish Government and urging the soldiers to go to Franco territory where they are promised food, clothing and money. Among these are the Americans released by the Government and awaiting evacuation when Barcelona fell. If, as I understand it, money is available for their repatriation I suggest that their release for that purpose be requested of the French Government. In view of the character of this contest suggest that some one representing us may well visit this camp to report on what is transpiring. Will go myself if instructed.

2. Viscount Mombias<sup>62</sup> took me aside at Egyptian Legation last night to discuss effect of fall of Barcelona on the flour distribution

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<sup>61</sup> Presumably Samuel Untermyer, New York lawyer.

<sup>62</sup> Representing Franco's Foreign Office at St. Jean de Luz.

there. He says conditions are very bad and that help is needed and asks if the portion allotted for that region will be sent under changed conditions. He assumed it will be since the distribution was non-political. I expressed gratification on hearing him admit it was nonpolitical, in view of the fact that the Franco press had attacked us for sending flour to Loyalist territory while suppressing the fact that flour was sent to Franco territory far in excess of the proportionate needs. He apologized for that.

I asked him if Franco would give a guarantee of safety to ships taking flour for Loyalist territory into Loyalist ports.

He implied this could be arranged if the flour meant originally for Barcelona continues to be sent.

I suggested that this be discussed with proper agency and I be informed of the intentions under the new conditions and in the event the flour goes to Barcelona I be permitted to say that this is conditioned on guarantee from Franco that there will be no interference with the shipments intended for the starving children of Madrid and Valencia. We are in position to demand and receive this assurance. Would appreciate an early reply.

BOWERS

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852.48/378 : Telegram

*The Secretary of State to the Ambassador in Spain (Bowers), Then in France*

WASHINGTON, February 13, 1939—7 p. m.

B-478. Your 578, February 13, 1 p. m., has been read with interest. We would not consider it appropriate even to ask the French Government to permit one of our officials to inspect their camps.

Suggest you repeat passage dealing with release of American citizens to the Embassy in Paris, which in turn can take up the matter of their repatriation with representative in Paris of the Friends of the Abraham Lincoln Brigade.

The second section of your telegram dealing with relief shipments has been referred to the American Red Cross.<sup>64</sup>

HULL

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<sup>64</sup> By telegram No. B-479, February 15, 7 p. m., the Secretary of State informed the Ambassador that a contribution of 750,000 French francs had been cabled by the American Red Cross on February 13 to the French Red Cross Society for Spanish refugee relief (852.48/386).

852.00/9096

*Memorandum of Conversation, by the Under Secretary of State  
(Welles)*

[Extract]

[WASHINGTON,] March 27, 1939.

The Spanish Ambassador called to see me this afternoon. . . .

The Ambassador asked most earnestly whether this Government would not permit American warships in the Mediterranean to take to some French port refugees from Loyalist territory who were trying to flee from Spain in order to save their lives. I told the Ambassador that I would be very glad to take the matter up again, but that as he knew, we had felt it necessary to adhere to a rigid policy of not permitting our warships to be used as a place of refuge by other than American nationals and the nationals of some of the other American republics.

S[UMNER] W[ELLES]

852.48/420a : Telegram

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

WASHINGTON, March 28, 1939—7 p. m.

211. Department is advised that groups representing Spanish Loyalist Government are endeavoring to arrange for ships to evacuate Spanish refugees principally from Valencia and Alicante. They fear such ships might be taken by the warships under control of General Franco unless assistance were given them by French and British Navy patrols so as to insure that they would not be captured or sunk. Kindly inquire of the Foreign Office whether the government contemplates assisting ships bearing refugees to escape.

This also sent to London.<sup>65</sup>

HULL

852.48/430

*Memorandum of Conversation, by the Chief of the Division of the  
American Republics (Duggan)*

[WASHINGTON,] March 29, 1939.

Sra. de la Mora came to call at the suggestion of Mr. Leland Stowe, correspondent of the *Herald-Tribune*. Sra. de la Mora informed

<sup>65</sup> As telegram No. 216, March 28, 7 p. m.

me that she had been acting as press liaison for the Foreign Office in Spain with the foreign correspondents practically throughout the war. Recently the Negrin Government sent her to the United States to perform certain commissions. One of her assignments has been to endeavor to find ways and means of assisting Spanish Loyalist refugees, particularly those in France, to find new homes. Sra. de la Mora thought that in as much as most of the Spanish refugees were peasant farmers, the objection entertained by many of the American countries to receiving refugees would be overcome since there would be no question about selected refugee farmers remaining on the soil.

I told Señora de la Mora that practically all of the other American countries were requiring that refugees bring with them a rather substantial sum of money, and inquired whether funds had been raised to supply immigrants with sufficient funds to meet the immigration regulations of countries requiring the deposit of a guarantee. She replied that the furnishing of guarantee funds would be a problem because there were no rich citizens of Spanish descent or connection in the United States who would give large sums in the way that certain German-Jewish families had done.

Señora de la Mora stated that the Mexican Government had indicated its preparedness to accept 50,000 Spanish refugees. She stated that Señora Bassols, the Mexican Minister to Germany [*France?*], who at present is in Mexico City, was expected to arrive in New York City on April 7 with more information about the Mexican offer.

Señora de la Mora stated that if the Mexican offer was a bona fide one, the next problem to be overcome would be the transportation of the refugees from Spain to Mexico. She ventured the thought that both the French and the British Governments might contribute something toward the transportation of refugees if the United States were to make a contribution.

In the ensuing discussion Señora de la Mora was advised that it would be futile for this Government to give detailed consideration to the question of transporting the refugees until the Mexican Government had presented a fully developed plan, and even then the extent to which this Government might be able to assist would probably prove disappointing since in no case could it involve a cash contribution. While expressing disappointment, Sra. de la Mora stated her belief that if there was some way in which the Department could show an interest in raising the funds for the transportation

of refugees, such action would be extremely helpful in aiding private organizations in securing contributions.

Señora de la Mora gave her name and address as follows:

Constancia de la Mora,  
Care of Jay Allen,  
21 Washington Square,  
New York City.  
Gramercy 72091

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852.48/422: Telegram

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

PARIS, March 29, 1939—1 p. m.

[Received 2:11 p. m.]

589. Your 211, March 28, 7 p. m. Foreign Office advises French Government does not contemplate convoying or protecting ships of foreign registry bearing refugees from Central Spain. Our informant stated that it was the belief here that the British view is identical with the French.

Foreign Office states the question has not been raised with it officially thus far. Recently the Military Junta at Madrid inquired through French Consul whether French Government would cooperate in the evacuation of some 10,000 persons from Central Spain destined for Mexico via Algeria, the evacuation to be by British vessels. An informal reply was made through Consul that the French would be glad to cooperate but could not understand the necessity of disembarkation of such refugees in Algeria and that the question would seem to lie between Great Britain and Mexico. The Military Junta did not press the question further. The Foreign Office suggested that were it found necessary the question raised by the Department could be taken up with the Franco authorities by the French Government on humanitarian grounds requesting the Franco authorities not to interfere with the departure of such refugees.

During the course of our conversation it was also learned that the Franco authorities are still accepting the return of but an insignificant number, approximately 300 daily, of the Spanish refugees now in France. It is hoped in a few days to increase this number to 6,000 or 7,000 daily. It was stated that the French Government has offered to assume the responsibility of feeding the refugees temporarily after their return to Spain, this because the Franco authorities, among other reasons, have been reluctant to accept large numbers of the refugees on account of the shortage of food and supplies.

BULLITT



852.48/423 : Telegram

*The Ambassador in the United Kingdom (Kennedy) to the Secretary of State*LONDON, March 29, 1939—8 p. m.  
[Received March 29—4: 45 p. m.]

416. Your 216, March 28, 7 p. m.<sup>68</sup> Inquiry has been made at the Foreign Office which has promised early reply.

An official invited attention to the Prime Minister's statement on March 8 in the House of Commons in reply to the question whether in view of action by the British Fleet at the beginning of the Civil War in rescuing refugees from various Spanish ports who were in danger from the government side, the Prime Minister would see that the fleet is now employed on similar humanitarian work in rescuing persons who are in danger from General Franco's side.

The Prime Minister replied that the Government was not prepared to act without the concurrence of the Spanish Government, but that in the event of an agreement being reached between the latter and some responsible authority on the Republican side for the safeguarding and evacuation of refugees, prisoners and others, the Government would be prepared to consider assisting in the execution of the agreement, if asked to do so, and if satisfied that its assistance was required for humanitarian reasons.

Referring to the Prime Minister's first statement above, the official said that General Franco had been asked for his concurrence and refused and that the British had therefore stood on the Prime Minister's statement as a whole. He said it had been their view that it would be out of the question for British men-of-war to enter Spanish territorial waters to protect refugee ships without the consent of the Spanish Government, and that convoy would in any case be futile if the refugees had no certain destination known to be willing to admit them.

KENNEDY

852.48/426 : Telegram

*The Ambassador in the United Kingdom (Kennedy) to the Secretary of State*LONDON, March 30, 1939—7 p. m.  
[Received March 30—3: 46 p. m.]

423. My 416, March 29, 8 p. m. Following our inquiry the Foreign Office requested the Spanish Chargé d'Affaires to call and asked him to inquire again of General Franco whether he would be prepared to

<sup>68</sup> See footnote 65, p. 791.

allow the evacuation of refugees. The Chargé d'Affaires said that he would be glad to transmit the inquiry but expressed as his personal opinion that General Franco could not, in the face of public opinion in Spain, give his consent to the evacuation of political refugees. The officials here have little hope that General Franco will modify his previous stand and, with all Spanish ports now in his hands, they think it more unlikely than ever that he would give his consent for this purpose. They will inform us of the reply from Burgos.

The Foreign Office points out that the British Navy, of course, has standing instructions when in Spanish ports where there is trouble, not to refuse admission to the ships to individuals who request it and who are apparently in danger of their lives. The Foreign Office also confirms reports that a considerable number of refugees were taken on board British men-of-war yesterday and today under these circumstances. These instructions to the navy, however, are quite apart from any question of giving protection to private ships entering Spanish waters for the purpose of removing refugees.

KENNEDY

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852.00/9144

*Memorandum of Conversation, by the Chief of the Division of  
European Affairs (Moffat)*

[WASHINGTON,] April 7, 1939.

Mr. Hamilton Fish Armstrong<sup>67</sup> telephoned me from New York this afternoon. He said he had been lunching with the Mexican Ambassador at Paris, who was returning to his post duly instructed with regard to the admission to Mexico of Spanish refugees. These will include all those who cannot return to Spain for political reasons, the decision in each case to be made by a group of Spanish Republican officials of various shades, acting under the auspices of the Mexican Embassy in Paris. The numbers will probably run between 40,000 and 50,000.

When these refugees reach Mexico it will cost about \$5,000,000 to place them, and various groups are supplying the necessary funds, land, equipment, et cetera. Thus the remaining problem is transportation. Part of the transportation will probably be British; there is a committee of Parliamentarians trying to arrange matters with a British Line running to Mexico. The rest of the transportation, the Ambassador hopes, will be American.

Mr. Armstrong asked whether I thought the Red Cross could undertake this through the Maritime Commission, or at least supervise it. I replied that my understanding was to the effect that Mr. Davis felt

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<sup>67</sup> Editor, *Foreign Affairs*.

that resettlement was not a Red Cross function, and that it would be impossible to take up one refugee resettlement problem without being willing to assist in all. However, I could not speak for Mr. Davis, and thought that whether or not the Red Cross could appear in the picture, Mr. Davis could undoubtedly give some helpful advice.

Mr. Armstrong added that he was most interested in the Spanish refugees, not only for humanitarian reasons, but because the President's Advisory Committee was being severely criticized because it was helping only Jews or Catholics. Besides, he felt that it would be greatly to our national interest to have these Spanish refugees in territory contiguous to us.

The Mexican Ambassador to France said that he had not had time to tell Mr. Daniels<sup>es</sup> about his new instructions as the final decisions had only been made a few hours before he left.

I told Mr. Armstrong that I would at once call this conversation to the attention of the interested officers of the Department, and hoped that he would keep in touch with us.

PIERREPONT MOFFAT

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852.48/437: Telegram

*The Chargé in Spain (Matthews) to the Secretary of State*

SAN SEBASTIAN via PARIS, April 26, 1939—3 p. m.  
[Received April 27—6:35 a. m.]

32. I learn that some three million bushels of wheat contributed by our Government to the American Red Cross are about to be shipped to Spain for distribution to the needy by the Auxilio Social in cooperation with the American Friends Organization; and that American business concerns with interests in Spain are being asked to defray the expenses of transportation. If the foregoing is correct I wonder if it would not be possible for us to utilize the opportunity afforded by this humanitarian action to help correct certain widespread misunderstandings existing here with regard to previous food shipments to Spain during the war and to help in some small measure to bring about the needed improvement in relations between Spain and the United States—an improvement which seems desirable for a number of obvious reasons. What I have in mind is the transmission and publication of some formal and carefully phrased communication from the Department to the Spanish Government either through Cardenas or through me. If this seems at all feasible given the origin of the proposed shipment I respectfully venture to suggest that the Department give it careful consideration.

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<sup>e</sup> Josephus Daniels, American Ambassador in Mexico.

(In this connection the British Ambassador went to Bilbao yesterday and "delivered" with appropriate ceremony a shipment of 500 tons of foodstuff "contributed" by the British Government. This morning's press also headlines "foodstuff and coal sent by Germany and Italy continue to arrive".)

MATTHEWS

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852.48/437 : Telegram

*The Secretary of State to the Chargé in Spain (Matthews)*

WASHINGTON, April 28, 1939—4 p. m.

3. Your 32, April 26, 3 p. m. For your information wheat sent to Spain by American Red Cross has been purchased from the Federal Surplus Commodities Corporation and has not been contributed outright by this Government. We are now informed by the Red Cross that the American Friends Service Committee contemplates acquiring in similar manner approximately 300,000 bushels of wheat for shipment to Spain. Red Cross understands that Friends Committee has sufficient funds to purchase wheat but before completing transaction requires additional funds to cover cost of transportation. For this purpose Friends Committee has apparently approached American firms having business interests in Spain for contributions.

We appreciate the motives behind your suggestion and trust that you may be able to make use of this information advantageously in your conversations with the Spanish authorities. In view of all the circumstances we do not, however, feel that any public statement by us would be desirable.

HULL

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852.48/444 : Telegram

*The Chargé in Spain (Matthews) to the Secretary of State*

SAN SEBASTIAN via PARIS, May 13, 1939—11 a. m.

[Received 1:15 p. m.]

49. My telegram No. 32, April 26, 3 p. m., last paragraph, and the Department's telegram No. 3, February [April] 28, 4 p. m. As of possible interest the British Consul told me that a whole train load of the foodstuffs contributed by the British Government for Spanish relief left Bilbao on April 27 ostensibly for Madrid and that incredible as it might seem neither the Spanish authorities or British officials as yet have been able to find where either the train or its contents now is. It has definitely not reached Madrid.

I have been told by representatives of the American Friends Service Committee that they have been given so little say in distribution of present food stocks and have received so little cooperation from the Auxilio Social that they are considering abandoning their work in Spain. A number of their representatives have already left the country.

MATTHEWS

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852.48/496 : Telegram

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

PARIS, September 30, 1939.

[Received September 30—10:15 p. m.]

2268. For Bishop Francis J. McConnell,<sup>69</sup> 381 Fourth Avenue, New York City. Your September 25, regarding Spanish refugees in France. Competent French authorities inform me that at the beginning of the war there remained approximately 82,500 Spanish militiamen and 100,000 old men, women and children. Spanish Government circularized all refugees inviting them to return to Spain giving assurance that if repatriated they would have nothing to fear if they were not guilty of crime. Up to the present it does not appear that a large number of these refugees have elected to return to Spain. A considerable number of the civilians apparently are members of the families of the soldiers now in the concentration camps. The French Government has decided to repatriate all Spanish refugee children whose parents are now in Spain. All adults are repatriated if they express the desire to return. Of the 82,500 militiamen 42,000 are now in two concentration camps, 16,000 are employed in agriculture or industry and are thus self-supporting, and 24,500 are engaged in public works projects.

According to the Foreign Office there is no doubt but that the Spanish refugees are still in need even though the French Government is making every effort as it has in the past to assure them living conditions as favorable as possible.

BULLITT

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<sup>69</sup> Chairman, Spanish Refugee Relief Campaign.

### III. Representations to the Spanish Nationalist Government for the Release of American Citizens Held as Prisoners<sup>79</sup>

852.2221/1446 : Telegram

*The Consul at Vigo (Graves) to the Secretary of State*

Vigo, January 30, 1939—8 p. m.  
[Received January 30—6 p. m.]

157. Increasing difficulty is being experienced in obtaining release from military service of bona fide American citizens. Local military authorities state that they have now been instructed that persons basing foreign citizenship on naturalization must submit evidence that they or their parents had permission from the Spanish Government to expatriate themselves. This provision is stated to be retroactive. There are two cases involving such acquired citizenship now pending and repeated efforts during the past 2 months to obtain release of these young men from military service have thus far been fruitless. It is respectfully requested that permission be granted to take up such cases by letter to the Ministry of Foreign Affairs.

For the information of the Department a circular letter to all consulates informs them that future telegraphic requests for permission to leave Spain made on behalf of their nationals must be addressed to the Ministry of Foreign Affairs.

GRAVES

852.2221/1446 : Telegram

*The Secretary of State to the Consul at Vigo (Graves)*

WASHINGTON, February 7, 1939—7 p. m.

3. You are authorized to communicate on any consular matter, upon consular stationery, with appropriate officials at Burgos, without however addressing Minister or Ministry of Foreign Affairs as such. In other words, letters should be addressed, for example, to "General Francisco Gomez Jordana, Burgos".

With reference to the subject of your telegram, you should point out increasing difficulty being experienced in obtaining release of American citizens from military service; that under Spanish law it has not heretofore been required that Spaniards obtain permission from Spanish Government to expatriate themselves; that any provision making such a requirement retroactive is unreasonable; that upon naturalization of aliens in the United States, except derivatively, allegiance to any foreign sovereign must be renounced, and that after naturalization

<sup>79</sup> For previous correspondence regarding protection of Americans in Spain, see *Foreign Relations*, 1938, vol. I, pp. 262 ff.

of aliens in the United States they are considered by this Government to have status of citizens of the United States solely. You should therefore urge immediate release from military service of all American citizens within the categories in which you have heretofore been authorized to extend full protection. Report to the Department by cable the results of your efforts in pending cases.

HULL

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852.2221/1462a : Telegram

*The Secretary of State to the Ambassador in Spain (Bowers), Then in France*

WASHINGTON, February 8, 1939—7 p. m.

B-477. We understand that some weeks ago the Friends of the Abraham Lincoln Brigade asked the Spanish Ambassador here if the Spanish Government would request initiation of negotiations for the exchange of foreign prisoners on both sides. We have today received a note from the Spanish Ambassador <sup>71</sup> stating that he has been authorized to state that his Government is willing that diplomatic representations to this end be undertaken by us.

We realize, of course, that you have been in touch with developments in connection with the possible release of American prisoners held by General Franco. We are transmitting this information for your comment whether anything practical can now be done in the direction indicated in the Spanish Ambassador's note, in the light of the developments in the situation since the suggestion was originally made some weeks ago.

HULL

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852.2221/1463 : Telegram

*The Ambassador in Spain (Bowers), Then in France, to the Secretary of State*

ST. JEAN DE LUZ, February 9, 1939—4 p. m.

[Received February 9—3:10 p. m.]

576. Your B-477, February 8, 7 p. m. The Ambassador's statement seems incredible. For months I have acted as intermediary in the exchange of prisoners and dealt with the Government through the Foreign Minister <sup>72</sup> and Giral <sup>73</sup> in charge of that work. Months ago Del Vayo assured me they would gladly exchange Italian Legionnaires

<sup>71</sup> Not printed.

<sup>72</sup> Julio Alvarez del Vayo.

<sup>73</sup> Spanish Minister without Portfolio.

for the Americans. Some as you know were thus exchanged. Del Vayo assured me the Government was ready to continue this process.

Negotiations were begun some weeks ago with Marquis de Rialp, the Franco Commissioner, since in the light of Del Vayo's positive assurances I assumed that our problem was with the Franco people exclusively. When the matter first was broached, De Rialp expressed complete willingness provided the Italians had not made other arrangements about their men. When the Italian Ambassador wrote me he was urging our exchange I informed De Rialp that I knew this to be true. He promised to act. After many days he came here and said he had been so swamped he had not yet taken the matter up but would at once. Since then I have reminded him and asked a report. Have been expecting to see him any minute.

Under these circumstances I am at a loss to learn from the Ambassador that we are expecting to negotiate with his Government on something on which there has been an agreement for months. Suggest you call De los Rios and frankly tell him of my report and request an explanation.

BOWERS

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852.2221/1488

*Memorandum of Conversation, by the Chief of the Division of  
European Affairs (Moffat)*

[WASHINGTON,] February 16, 1939.

Mr. Truelle, Counselor of the French Embassy, telephoned to say that the Ambassador was in receipt of a telegram from the Friends of the Abraham Lincoln Brigade protesting against the detention in refugee camps of some sixty American volunteers from Spain. He asked if I knew the organization. I replied yes, that they had assumed charge of the repatriation of the American volunteers. Naturally these men having enlisted against the policies of this Government, we could do nothing to repatriate them. The Friends had taken over this work and done a good job. Furthermore, I said that while I understood the confusion that must exist along the border, nevertheless the sooner these men were returned the better it would be. There was always the risk of incidents, recrimination, and publicity while they remained abroad. He said he would recommend that his government do something about it.

PIERREPONT MOFFAT



852.2221/1496

*The Ambassador in Spain (Bowers), Then in France, to the Secretary of State*

No. 1671

ST. JEAN DE LUZ, February 16, 1939.

[Received February 24.]

SIR: I have the honor to report that, with the fall of Catalonia, a large number of prisoners held by the Government, including a large number of Italians, were released. This leaves us with a much smaller number of foreign prisoners held by the Loyalists on which to draw for the exchange of the Americans. There are, or until recently were, a large number of Italian legionnaires in the Valencia-Madrid section. I am assured this morning by the Marques de Rialp, the Franco agent in the exchange of prisoners, that he will inform me within a few days of the disposition of the Italians, and will be ready to act. With this assurance I shall get in contact with the Government at Madrid which has always assured me of its willingness to exchange the Italians for the Americans and which has acted on that assurance in the past.

We cannot agree to an exchange of Americans for the Spaniards in the various legations and embassies in Madrid, since, under the agreement, the foreigners are returned to their homes and the Spaniards may remain in Spain. This, at any rate, is a matter for the Spanish Government to decide. I merely mean that it would be most tactless for us to suggest such an exchange.

Respectfully yours,

CLAUDE G. BOWERS

852.2221/1505 : Telegram

*The Ambassador in Spain (Bowers), Then in France, to the Secretary of State*

ST. JEAN DE LUZ, February 28, 1939—1 p. m.

[Received 2:55 p. m.]

586. Marquis de Rialp has finally informed me that he is ready to deliver the 81 American prisoners at the frontier as soon as the Loyalists agree to an exchange. The situation of the Spanish Government is such just now as to make this difficult of realization but I am asking Del Vayo in Paris to transmit the proposition to Negrin.<sup>74</sup>

BOWERS

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<sup>74</sup> Spanish Prime Minister.

852.2221/1508 : Telegram

*The Ambassador in Spain (Bowers), Then in France, to the Secretary of State*

ST. JEAN DE LUZ, March 2, 1939—1 p. m.

[Received March 2—10:41 a. m.]

589. My telegram No. 586, February 28, 1 p. m. Del Vayo telegraphs from Madrid:

"The Spanish Government is pleased to give Your Excellency the fullest assurances and facilities for the realization of the exchange referred to in your telegram of today. We shall have the prisoners at the disposition of an American ship which should come to get them at Alicante, requesting that you advise us beforehand of its arrival."

Since exchange proposition comes from De Rialp no doubt on suggestion of Italian Embassy assurances regarding ship can be secured from Burgos. Would like to see these Americans out and hope boat can be sent from Villefranche. International Red Cross notified and asks to be informed when boat will arrive.

BOWERS

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852.2221/1508 Telegram

*The Secretary of State to the Ambassador in Spain (Bowers), Then in France*

WASHINGTON, March 2, 1939—8 p. m.

B-488. Your 589, March 2, 1 p. m. We do not fully understand your telegram since it appears that it is proposed that an American naval vessel be used to transport Italian prisoners in the hands of the Spanish Government from Alicante to some other place. If this is, in fact, the case you should make it clear that this Government cannot authorize the use of American naval vessels for the transportation of Italian combatants from Spain. In this connection it would seem that arrangements might be made between the two sides in Spain, either directly or through some interested organization such as the International Red Cross, for the transportation of Italian prisoners of war from Spain, especially in view of your indication that assurances regarding the ship would probably be given by the Burgos authorities.

HULL

852.2221/1508 : Telegram

*The Acting Secretary of State to the Chargé in Spain (Thurston),<sup>75</sup>  
Then in France*

WASHINGTON, March 14, 1939—8 p. m.

B-492. Reference Department's telegram B-488, March 2, 8 p. m. The announcement in the press some days ago that arrangements had been completed for the exchange of the American prisoners in the hands of General Franco has led to many inquiries. It would be helpful in replying to these inquiries if you could ascertain, perhaps through the representative of the International Red Cross or other organization interested in facilitating the exchange of prisoners, whether it has been possible to effect any practical arrangements with respect to these Americans. We realize, of course, that the current developments in Spain may have created serious difficulties in this connection.

WELLES

852.2221/1532 : Telegram

*The Chargé in Spain (Thurston), Then in France, to the Secretary  
of State*

ST. JEAN DE LUZ, March 18, 1939—3 p. m.

[Received March 18—11:45 a. m.]

597. Department's [B-]492, March 14, 8 p. m. The "arrangement" for the exchange of American prisoners held by Franco for Italian prisoners held by the Government is merely an agreement by each side to effect the reciprocal release of those prisoners. It is quite simple for the Franco regime to do this, as the prisoners it holds can be brought to the French frontier at any time and turned over to some responsible agency. The position with respect to the Government however is quite otherwise. The prisoners it holds must be embarked at seaport. I doubt very much whether the International Red Cross is taking any steps to provide such transportation, or that the Government is either—under present circumstances. As we cannot provide transportation the exchange will not be consummated unless some other agency intervenes.

The indicated agency for this task is of course the so-called Friends of the Abraham Lincoln Brigade, and I would suggest that the subject be discussed with them. They might be able to work out an

<sup>75</sup> Ambassador Bowers had been called to Washington for consultation and was absent from St. Jean de Luz from March 3 to April 15, leaving Mr. Thurston in charge.

arrangement with Sherover<sup>76</sup> whereunder one of his ships could convey the Italians to Marseille. Both parties named however probably would reject such a suggestion. The alternative is to await the end of hostilities, following which it is to be assumed that Franco will be disposed to relinquish the Americans.

THURSTON

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852.2221/1534 : Telegram

*The Chargé in Spain (Thurston), Then in France, to the Secretary of State*

ST. JEAN DE LUZ, March 20, 1939—10 a. m.

[Received 11:55 a. m.]

601. Embassy's 597, March 18, 3 p. m. In response to an inquiry addressed to Wallner<sup>77</sup> regarding the possibility of arrangements being made at Valencia for the removal of the Italian prisoners, I have received from him the following telegram:

"19. March 18, noon. Your March 15, 11 a. m., apparently concerns a proposed exchange under the auspices of the International Red Cross of 170-odd Italians against an equal number of International Brigade prisoners in which 41 Americans are included. The Negrin Government suspended all exchanges late in February and the International Red Cross delegate in Madrid has asked the consent of the National Defense Council to the departure of the Italians. If the Council agrees the Italians will be carried to Palma de Mallorca by British naval vessel."

I am informing Wallner that the exchange affects 81 Americans, in order that he may so advise the International Red Cross delegate in Madrid to the end that if necessary the number of Italians be increased to balance this figure.

THURSTON

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852.2221/1574a : Telegram

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

WASHINGTON, April 4, 1939—8 p. m.

234. Department's 233, April 4, 7 p. m.<sup>78</sup> For Matthews. As soon as possible after your arrival in Spain it is desired that you take up

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<sup>76</sup> Miles M. Sherover, president of the Hanover Sales Corp., who had been acting for the Spanish Government as fiscal and purchasing agent in the United States.

<sup>77</sup> Vice Consul at Valencia.

<sup>78</sup> Not printed; it transmitted the designation of H. Freeman Matthews as First Secretary of Embassy in Spain and the information that General Jordana, the Minister of Foreign Affairs at Burgos, had been requested to receive Matthews as Chargé d'Affaires ad interim (123M431/166).

with the appropriate authorities the question of the release of the American prisoners held by General Franco. Thurston reported on April 2<sup>79</sup> that he had discussed this matter with the Marquis de Rialp, who expressed the opinion that these Americans would be released in accordance with the original program, which contemplated the reciprocal release of Italian prisoners in the hands of the Loyalist authorities, even though it had not been possible to carry it out before final occupation of the country by Franco. Rialp appeared to believe that this would be done as an indication of the friendly attitude of the Nationalist Government, and promised Thurston that he would do everything possible to obtain such action.

It is suggested that you consult with Thurston by telephone before proceeding to Spain, with a view to taking such action thereafter as may be practicable and feasible to obtain the release of these Americans.

HULL

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852.2221/1589 : Telegram

*The Ambassador in Spain (Bowers), Then in France, to the Secretary of State*

ST. JEAN DE LUZ, April 20, 1939—6 p. m.

[Received April 20—4:50 p. m.]

627. From Matthews:

"19. April 20, 11 a. m. My telegram No. 12 of April 17, 1 p. m.<sup>80</sup> The question of the prisoners' release is one which seems to become more confused. The Marques de Rialp still tells me that he 'thinks' they will be released this week as does the representative here of the International Red Cross. I am inclined to fear, however, that at least a further few days will elapse before they are finally taken to the border.

1. Rialp in whose hands the problem rests is either by nature or intent, I am not yet sure which, extremely vague. Furthermore, because of the transport question, et cetera, he seems for the present unwilling in spite of all efforts of persuasion to let our prisoners go until arrangements have been completed for those of other nationalities now in San Sebastian. He says that all is ready for the Danes; that the Swedish Minister has been away in Madrid and only returns here today, whereupon clearance for the Swedish prisoners, he hopes, will be promptly made (I shall call upon my Swedish colleague at the earliest possible moment); that so far the Cuban Consul at Biarritz with whom he has been dealing 'has not yet answered to his letter'

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<sup>79</sup> Telegram No. 607, not printed.

<sup>80</sup> Not printed.

concerning the Cuban prisoners he presumes because he has not yet heard from his Government. I am proceeding to Saint Jean de Luz this morning and will endeavor to communicate with the Cuban Consul. Rialp has also mentioned to me twice how he could not understand why Cuba had not yet recognized this government—a factor which may well enter into this matter.

2. Personal animosity between Rialp and the International Red Cross representatives who have in the past handled the mechanics of the exchange of prisoners is admitted.

3. The British still have about 20 prisoners scattered about Spain none of whom are in San Sebastian. They are naturally insisting that these be released immediately. The British Embassy takes the position that the British arranged for the release of the 167 Italian prisoners held by the Loyalist Government and that inasmuch as there were then only some 60 British prisoners they were glad to make up the remainder of this man-for-man exchange with Americans, that now, however, they are insisting with the Italian Embassy that since their ships saved the lives of the Italian prisoners it is up to the Italians to see that the other side of the bargain is carried out and the British prisoners promptly released. The Italian Embassy according to the British says that the Spanish Government has an 'agreement with the Chilean and Cuban Governments' with respect to their prisoners (no Chileans are now in San Sebastian). While the British say they would prefer to have all our prisoners included and the Cubans and Chileans omitted, they made it clear that they are naturally in any event going to insist upon the release of their own nationals. Just how far the Italian Embassy really does come into the picture I am not yet sure, but Rialp did vaguely mention its 'interest' in the matter. I understand that before approaching the British, the Italians through the Red Cross and Rialp made urgent appeals for American ships to take off from Alicante their nationals who were prisoners and whose lives they feared were in imminent danger. I fully comprehend the Department's weighty reasons for not complying with this request. We can hardly expect, however, in view thereof that Italian influence here will be exerted in favor of the prompt release of American prisoners.

4. It would seem of course entirely logical now the war is over that the Spanish Government would be glad to release all foreign prisoners of war (not tried or convicted on other counts) immediately. Such is apparently far from the case, however, and I sense a desire on the part of the authorities to take their own good time on this and other questions. This applies particularly to those whom they feel declined to help them—at the very least—in their hour of need.

I have gone into this question at length because I feel the Department should have the full picture in weighing future developments. I shall keep after the question as far as the dictates of good judgment will permit and shall keep the Department informed. If it appears desirable to discuss the question at Burgos again I shall immediately go there.[?]

Copy to Paris.

BOWERS

852.2221/1600

*Memorandum of Conversations, by the Chief of the Division of European Affairs (Moffat)*

[WASHINGTON,] April 21, 1939.

Bob Murphy<sup>81</sup> telephoned me from the Embassy in Paris to say that it now appeared that the 81 American prisoners would be released from Spain tomorrow. The Friends of the Abraham Lincoln Brigade which had guaranteed to us their repatriation, had suddenly informed Mr. Murphy that they were "broke". If their transportation expenses out of France could not be guaranteed, the French would refuse to admit these men and they might be returned to Spanish prisons for an additional three or four months.

I asked how the Friends could have gone "broke" when as recently as a week or ten days ago they had ample funds. Mr. Murphy said that they had had to pay up large sums in advance for the maintenance of the 120 aliens who were waiting at Le Havre for their papers to be in order. In other words, they were penalizing the Americans for the benefit of the aliens. Mr. Murphy agreed that this was true, but said that the tragedy of not getting them out of Spain would be so great that every effort must be made to induce the Friends to obtain and provide the funds by tomorrow morning. He suggested that there might be one or two "angels" that would help. For instance, Mr. Robert Strauss had expressed interest and likewise Mr. Bernard Baruch. As I understood Mr. Murphy, at first, he was suggesting that we contact these individuals. It later became clear, however, that he was merely suggesting that the Department urge the Friends of the Abraham Lincoln Brigade to make these contacts this very afternoon. I told Mr. Murphy that we would get in touch with the Friends without delay.

Mr. Dunn,<sup>82</sup> who has been dealing with this organization, telephoned. Mr. McKelvey White was out but he spoke to Mr. John Gates. Gates replied that he knew the story,—was that minute expecting a call from his Paris representative,—and that they could obtain the funds. He promised to telephone back later in the afternoon.

At about four Mr. McKelvey White, the President, telephoned back to Mr. Dunn that they had enough funds provided the men were not delayed in France owing to troubles in documentation. He understood that the government had no money to meet these expenses and agreed to telegraph the Paris agent at once.

<sup>81</sup> First Secretary of Embassy and Consul at Paris.

<sup>82</sup> James Clement Dunn, Adviser on Political Relations.

Mr. Wendelin<sup>83</sup> then took up with Mrs. Shipley<sup>84</sup> the question of documentation and found that the papers of 68 out of the 81 were in order, but that 13 were still in doubt but most of these were Puerto Ricans. They agreed to get off a telegram tomorrow morning which would speed the documentation and facilitate their immediate trans-shipment.

PIERREPONT MOFFAT

852.2221/1590 : Telegram

*The Chargé in Spain (Matthews) to the Secretary of State*

SAN SEBASTIAN via PARIS, April 21, 1939—1 p. m.  
[Received April 22—6:30 a. m.]

20. My telegram No. 19, April 20, 11 a. m.

1. The Cuban Consul has received authorization to accept responsibility for the five Cuban prisoners. That fact I communicated to Marquis de Rialp last evening. He then indicated that it might be impossible to arrange transportation, et cetera, immediately.

I telephoned him again this morning. He then frankly told me of the position taken by the British and the Italians as reported in numbered paragraph 3 of my telegram No. 19. He stated that in view of British insistence and the fact that it was the British who actually took off the Italian prisoners and in view of the further fact that the exchange agreed upon was strictly on a man-for-man basis the number of prisoners of other nationalities must accordingly be reduced. He said that therefore the number of Americans who will be permitted to leave is 71 instead of 81. He asked me especially to explain to the Department that while he personally believed, also, foreign prisoners would be released in the relatively near future he could get no guarantee with respect to the remaining 11 Americans. He stated furthermore that this completed his part in the arrangements for the exchange of prisoners.

Feeling that rather than delay further indefinitely the departure of the 71 prisoners and seeing that further demands for the release of the entire 81 would produce such delay, I insisted that the 71 in question be released immediately and he has promised definitely that they will be taken to the frontier at 10 o'clock tomorrow morning.<sup>85</sup> I de-

<sup>83</sup> Eric C. Wendelin, of the Division of European Affairs.

<sup>84</sup> Ruth B. Shipley, Chief of the Passport Division.

<sup>85</sup> In his telegram No. 22, April 22, 3 p. m., the Chargé reported that the 71 Americans had been released and sent across the French border (852.2221/1592).



clined of course to give any indication as to which 71 should be selected for release.

I shall take up the question of the remaining 10 with the authorities at Burgos next week.

MATTHEWS

852.2221/1621 : Telegram

*The Ambassador in Spain (Bowers), Then in France, to the Secretary of State*

ST. JEAN DE LUZ, May 1, 1939—6 p. m.

[Received May 1—3:55 p. m.]

634. From Matthews:

33. My 30, April 25, 8 p. m.<sup>86</sup> I was very cordially received by Barcenas, the Under Secretary of State, at Burgos, Thursday morning. I said that quite frankly I was interested in doing all I could to improve relations between our two countries; that for this reason I was most anxious that public opinion in my country should have a better understanding of "the new Spain". I then explained the great interest at home in the question of American prisoners of war and the Department's position with respect thereto. I said that I felt that the prompt release of the 10 remaining Americans against whom no charges are pending (and who have now been brought back to Burgos where they say incidentally they are better fed) would constitute a gesture which would be much appreciated in the United States. (Possibly Cardenas<sup>87</sup> might issue some statement when the release is effected.) I believe that Barcenas was impressed with this reasoning and at any rate he promised to do all he could to obtain the prisoners' early release. It is quite obvious, however, that the matter is not primarily in the hands of the Foreign Office. It is also quite obvious that resentment is still strong over the attitude of public opinion in the United States with respect to the Nationalists and at our "delay" in extending recognition. (For instance, when I entered his office Barcenas said with a smile when I told him I was enjoying Spain "you see we are not the terrible people you thought us in the United States. Frankly, you have never understood our cause, et cetera.")

I feel that for the present the method of approach which I took is the one most likely to produce early results. If the delay is long the Department may then give consideration to different tactics. It would be difficult to exaggerate, however, the existing feeling of self-assurance in Nationalist Spain today especially in military circles. With that feeling goes the extremely bitter thought that Spain's "rebirth" was accomplished to say the least without the aid of the United States and the cost thereof in Spanish lives greatly increased by the brigades of which our unfortunate prisoners were members. [Matthews.]

Copy to Paris.

BOWERS

<sup>86</sup> Not printed.

<sup>87</sup> Juan Francisco de Cárdenas, Spanish Chargé at Washington.

852.2221/1631 : Telegram

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

WASHINGTON, May 10, 1939—7 p. m.

10. For Matthews:

Your 45, May 8, 11 a. m.<sup>88</sup> It is desired that inquiry be made of the appropriate authorities with a view to ascertaining the actual status of all cases of American citizens still under imprisonment in Spain, and that efforts be made to obtain their release. Consuls at Seville, Malaga, Vigo, and Barcelona have been instructed to transmit to you all data in their possession regarding cases of American citizens under imprisonment in their districts, since it appears that no action can be taken locally toward effecting their release. It is requested that a consolidated list of the names of all American citizens known to be under imprisonment in Spain be prepared for submission to the Department as soon as possible after receiving the foregoing data from the Consuls. The list should include the full names of the persons mentioned, reference to passport or citizenship records, and a summary of the present status of each case.

HULL

852.2221/1645 : Telegram

*The Chargé in Spain (Matthews) to the Secretary of State*ST. JEAN DE LUZ [*sic*], May 16, 1939—5 p. m.

[Received 7:05 p. m.]

54. Department's telegram No. 9 [10], May 10, 7 p. m. I formally requested full information concerning all American prisoners of war in Spain and likewise again asked for their early release.<sup>89</sup> I also propose to discuss the matter again with Under Secretary Barcenas at Burgos tomorrow.

I sent Crain<sup>90</sup> to Burgos yesterday to interview the prisoners personally and to obtain as much data as possible to substantiate their American nationality. He was permitted by the prison authorities to talk to the prisoners for about an hour and to make such notes as he desired. He found them in reasonably good health and spirits and states that they did not show signs of undernourishment though they expressed some complaint at the prison fare. I have sent them some cigarettes and a small sum of money (for which they expressed their appreciation) to enable them to purchase additional foodstuffs and other necessities which they are in general permitted to buy at the prison canteen. They are permitted to spend their days in a large

<sup>88</sup> Not printed.<sup>89</sup> Note No. 50, dated May 13, to the Foreign Minister at Burgos, not printed.<sup>90</sup> Third Secretary of Embassy in Spain.

open air enclosure some ten or more acres in extent without any very strict surveillance. Crain explained to them the efforts which the Department and the Embassy are making and will continue to make to arrange their release. He indicated, however, that we could make no promise as to date and this they seemed to understand. Their only specific request was for money, soap and underclothing. If their friends and relatives in the United States arrange to transmit funds therefor through the Department the Embassy can make the desired purchases and/or transmit the money to the prisoners. As he was leaving the prison, commander volunteered the personal opinion to Crain that the prisoners there at San Pedro de Cardena "would soon be released" and the prisoners themselves seem to feel that the concentration camp was about to be closed.

[Here is omitted data regarding individual prisoners.]

This preliminary report will be supplemented as soon as more complete data is available. Copy to Paris.

MATTHEWS

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852.2221/1651 : Telegram

*The Chargé in Spain (Matthews) to the Secretary of State*

SAN SEBASTIAN, May 22, 1939—1 p. m.

[Received May 23—7:18 a. m.]

56. My telegram Number 54, May 16, 5 p. m. I again took up with Under Secretary Barcenas at Burgos on May 17 the question of the release of American prisoners of war still held in Spain. I again expressed the strong hope that their release could be arranged in the very near future and pointed out that the civil war had terminated almost two months ago. Barcenas concurred fully as to the desirability of granting them their freedom at an early date and promised to take the matter up personally with General Franco as soon as he saw him following the Madrid victory celebrations. He said that he believed the question would be settled "very soon" but again expressed his inability to make any promise to this effect.

MATTHEWS

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852.2221/1682 : Telegram

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

SAN SEBASTIAN, via PARIS, June 22, 1939—9 p. m.

[Received June 23—7:30 a. m.]

88. Embassy's telegram 86, June 20, 7 p. m.<sup>91</sup> In my conversation today with the Minister for Foreign Affairs in Burgos I also spoke at

<sup>91</sup> Not printed.

some length of American citizens still under imprisonment in Spain. I told the Minister that the number of these I understood to be limited, that their release would seem to mean little to his Government, while such a gracious gesture would have favorable repercussion in the United States. I added that their further detention meant continuous pressure from relatives and others in the United States and offered a fruitful cause of irritation, and from this latter standpoint gave the matter an importance in the relations of the two countries which a problem so easily solved did not merit.

I also pointed out that the Embassy's note of May 23 [13],<sup>91a</sup> requesting names, whereabouts and release of prisoners remained unanswered and that this was regrettable; that if, as had been intimated to me (by the Under Secretary) the difficulty arose in the military branch of his Government he, as diplomatist and soldier speaking both [apparent omission] arrange matters; I followed this up by asking him flatly if he would not give the whole subject his personal attention.

The Minister replied by stating that he would give immediate consideration to the matters I brought up, although declaring that any prisoners under condemnation for offenses were in a different category, concluding by remarking that he "hoped for" an early solution of the difficulty.

WEDDELL

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852.2221/1704a : Telegram

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

WASHINGTON, July 26, 1939—7 p. m.

63. Your 136, July 25, 3 p. m.,<sup>92</sup> last paragraph. David McKelvey White, National Chairman of the Friends of the Abraham Lincoln Brigade in New York, has advised Department that he hopes to be able within 2 or 3 days to deposit sufficient funds with Department to cover cost of repatriation of volunteers who may be released by Spanish authorities. Upon receipt of funds you will be advised and Embassy in Paris will be authorized to draw drafts and make necessary arrangements for transportation of men from frontier at Hendaye.

HULL

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<sup>91a</sup> Not printed.

<sup>92</sup> Post, p. 841.

852.2221/1712 : Telegram

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

SAN SEBASTIAN, August 14, 1939—6 p. m.

[Received August 14—3:35 p. m.]

154. Embassy has received a note from the Foreign Office to the effect that orders have been issued to collect the American prisoners in a jail San Sebastian from which point they will be delivered to the Embassy representative on the International Bridge at Irun. The Embassy has not been informed as to when the prisoners will be brought to San Sebastian or their names but will inform Paris as soon as details are available.

WEDDELL

852.2221/1714 : Telegram

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

WASHINGTON, August 18, 1939—6 p. m.

73. Embassy at Paris urges that individual certificates of identity and registration be issued to American prisoners released by Spanish authorities prior to their departure from Spain, in order to avoid possibility that any of them may prove unable to qualify for reentry into the United States after their arrival in France, such as was the case with a number of aliens included in group released last April. Since only persons whose American citizenship has been established on the basis of the Department's telegram No. 67 of August 2, 8 p. m.<sup>93</sup> are now in question, it would not appear that such a contingency could arise in the present instance. Nevertheless it is essential that everything possible be done to expedite return of these American citizens once they are released, and you are therefore authorized to issue individual certificates of identity and registration to them before their departure from Spain valid only for travel to the United States. Since the men in question are being assembled at San Sebastian, it would seem that this could be done without difficulty as soon as the identity of the persons to be released has been established on the basis of the information in your possession.

The documents should be turned over to a representative of Paris Embassy for delivery to Consul at port of embarkation.

WELLES

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<sup>93</sup> Not printed.

852.2221/1719 : Telegram

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

SAN SEBASTIAN, August 24, 1939—11 a. m.

[Received 11:25 a. m.]

159. Referring to my telegram Number 157, August 22, 5 p. m.,<sup>94</sup> in calling on the new Minister of Foreign Affairs at Burgos yesterday I took occasion to point out that only 11 prisoners had been sent here for repatriation although I knew of the presence in Spanish prisons of at least 8 others notwithstanding that General Franco had told me that all prisoners of war would be released and that I hoped these 8 men would be placed at my disposition.

I remarked further that there were perhaps other Americans held by the military authorities but of this I could not be certain as my requests for a full list had been fruitless. To this latter statement the Minister instantly responded by sending for the Sub-Secretary and directing that the appropriate official in the Ministry of War be immediately communicated with and declaring that he would endeavor to meet my wishes in this respect at the earliest possible moment.

The Minister then remarked that while not fully conversant with the matter it might be that the 8 prisoners to which I referred were charged with crimes. I replied that the promise of Franco to release the prisoners had been unconditional and that I accepted this declaration and promise as all inclusive since the pardoning power lay entirely with the Chief of the Spanish State. This point seemed to impress the Minister who repeated the argument to the Sub-Secretary in my presence and promised me a prompt reply to my verbal request for the release of the remaining prisoners. I left in his hands a note listing the 8 prisoners referred to above; meanwhile preparations have been completed to send into France tomorrow morning the 11 prisoners now here.

WEDDELL

852.2221/1725 : Telegram

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

SAN SEBASTIAN, September 4, 1939—8 p. m.

[Received September 5—7:05 a. m.]

177. Referring to my 159, August 24, 11 a. m., I inquired of the Minister for Foreign Affairs at Burgos today what decision had been

<sup>94</sup> Not printed; it reported that 11 American prisoners of war who had been confined at the concentration camp at San Pedro de Cardena had arrived at San Sebastian (852.2221/1717).

reached regarding our remaining prisoners of war. I recalled that General Franco had assured me that all our prisoners would be liberated and I urged that those still in custody be released without further delay. The Minister replied that he was having the dossiers of the prisoners examined and that he would let me have a reply to my *démarche* within a few days.<sup>95</sup> He stated that it was possible that some of these men were under sentence to which I again stated it was my understanding that even if this were true it was the intention of the Generalissimo to exercise executive clemency and release them all. The Minister, however, while not committing himself definitely clearly gave me the impression that there is little hope for the time being of securing the release of those under sentence.

WEDDELL

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852.2221/1749 : Telegram

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

MADRID, November 4, 1939—noon.

[Received 7:40 p. m.]

220. Referring to my No. 195, September 22, 5 p. m.,<sup>96</sup> during a recent conversation with the Minister for Foreign Affairs concerning our prisoners of war the Minister said to me textually:

"We have some 80,000 prisoners of war to be tried for offenses; there is frightful congestion in the military tribunals. I beg you to be patient."

To this I replied by pointing out that I had been patient; that at the end of 6 months I was still ignorant, despite repeated efforts, of what the 8 American prisoners were accused or if they were accused of anything. I repeated my former statements to the effect that these prisoners were of no importance to Spain and constituted points of irritation in my country; that I had understood the Caudillo to promise me all my prisoners but up to date only 11 had been released.

Following this the Minister instructed the Under Secretary to follow up the matter.

Since the above interview the Embassy has been in almost daily contact with the Foreign Office and the present status of the matter

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<sup>95</sup> However, on September 12 the Ambassador was informed that the Minister for Foreign Affairs was unable to give him a reply on account of General Franco's absence in Galicia.

<sup>96</sup> Not printed; it conveyed information from the Minister for Foreign Affairs that no decision would be taken regarding American prisoners of war until the government moved to Madrid (852.2221/1736).

is that the military officer in charge of prisoners has been discussing the matter with the Minister for Foreign Affairs. I regret to say however that in spite of my many representations there does not appear to be any disposition to release the prisoners prior to their cases having been tried.

Our remaining prisoners were all visited recently by a member of the Embassy staff and although they are apparently being well treated they are suffering from lack of warm clothing. I am personally purchasing warm clothing for them and will make certain that it reaches them within the next few days.

I will of course continue my efforts to expedite this matter.

WEDDELL

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852.2221/1751

*Memorandum of Conversation, by the Under Secretary of State  
(Welles)*

[WASHINGTON,] November 7, 1939.

The Spanish Ambassador called to see me this afternoon. I said to the Ambassador that I wanted to have a very frank conversation with him and that I wished to emphasize very vigorously my serious dissatisfaction by reason of the fact that the Spanish Government had not as yet released eight American citizens, prisoners of the Spanish Government who had been captured fighting on the side of the Loyalist Government during the civil war. I gave the Ambassador the following summary of what had transpired in connection with this matter:

[Here is omitted the summary of efforts from May 13 to November 4, reported in telegrams printed *ante*.]

In conclusion I said to the Ambassador that, as he well knew, the Department of State had gone out of its way during recent months to evidence in every practicable way its desire to cooperate in a friendly manner with the Spanish Government and to pave the way for the creation of those cordial relations between the two countries in which both the Ambassador and I were so deeply interested. I said, however, that in this case, notwithstanding the formal assurances given both by General Franco and the Minister of Foreign Affairs, four months had elapsed without any sign of interest on the part of the Spanish Government in releasing these prisoners. I said I felt that this attitude on the part of the Spanish Government was inexplicable. The Ambassador would readily appreciate, I remarked, what harm it would do to relations between our two countries if these facts were ventilated in the American press, and such a possibility was of course



great. On the other hand, I said, what possible benefit to the Spanish Government derived in keeping these men in prison for this long a period. I said I felt it consequently indispensable to good relations between the two countries that the Spanish Government immediately make good the assurances previously given and turn over these remaining eight prisoners to our Ambassador on the French frontier.

I also took occasion to express my great dissatisfaction at the failure of the Spanish Government to take any satisfactory action with regard to American citizens held in jail in Spain for alleged offenses, not of a military character, and I likewise expressed my particular concern by reason of the failure of the Spanish Government as yet to work out any satisfactory solution of the problems of the International Telephone and Telegraph Company in Spain.

The Ambassador stated that he agreed with me 100 percent in what I had said, and that if I would send him a memorandum covering the data which I had relayed to him he would immediately telegraph his Government and follow up such a telegram with a most emphatic despatch urging that preferential attention be given to a prompt and satisfactory solution of all of these questions.

I expressed my appreciation of the Ambassador's attitude and said I hoped his representations would bring early results.

S[UMNER] W[ELLES]

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852.2221/1758

*Memorandum of Conversation, by the Under Secretary of State  
(Welles)*

[WASHINGTON,] November 29, 1939.

The Spanish Ambassador called to see me this morning. The Ambassador said that he was very much disquieted and disappointed by his inability so far to obtain action from his own Government providing for the release of the remaining American prisoners of war in Spain. He said that in accordance with his promise to me he had cabled his Government and had written fully urging that this action be taken immediately since the retention of the American prisoners in Spanish prisons was of no benefit whatever to the Spanish Government and naturally and inevitably created a very bad impression in the United States. He stated that in reply to his cable his Government had telegraphed saying that the assurances given to Ambassador Weddell last summer had covered solely those prisoners who are not awaiting trial and that no assurances had been given to Mr. Weddell covering the American prisoners against whom charges are pending and who are awaiting trial. I told him that Ambassador Weddell had cabled textually the assurances given him at the time by General

Franco and by the Minister of Foreign Affairs, and that there was no indication whatever that in these assurances any distinction had been made between any categories of American prisoners. The Ambassador said that he fully shared my own opinion, and that he was doing everything within his power to obtain a favorable decision.

The Ambassador said he had received a telegram from the Spanish Minister of Commerce asking what terms could be obtained here for the purchase by the Spanish Government of 200,000 tons of wheat. I told the Ambassador that I would be glad to consult the Secretary of Agriculture and other authorities of the Government and let him know what the situation might be.

The Ambassador spoke with great apprehension and disquiet regarding the European situation. He said that, while naturally any sympathy that had previously existed in Spain for Germany had immediately ceased upon the announcement of the German-Russian alliance, he nevertheless feared that Russian and German propagandists in Spain were utilizing Red Spanish elements who had entered the Falange after the end of the civil war in order to spread dissension and to try and obtain from the Spanish Government some attitude favorable to Germany. The Ambassador stated that it was inconceivable that his Government could ever undertake a policy of friendship with Germany under existing circumstances, and that he was confident, after his own contacts with Spain last autumn, that the Spanish Government would maintain an attitude of rigid neutrality and would try and work out satisfactory economic agreements with France and Great Britain. He was extremely depressed as to the economic situation in Spain which he said was naturally deteriorating on account of the war situation and which made it easier for propagandists to stir up malcontents.

S[UMNER] W[ELLES]

852.2221/1755 : Telegram

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

MADRID, December 1, 1939—6 p. m.  
[Received December 1—5:17 a. m.]

242. My 220, November 4, noon. On November 27 I again took up the question of our remaining prisoners of war with Barcenas. He agreed entirely with my arguments as to the desirability of releasing the prisoners stating that both the Minister and himself had done everything possible to this end. He added however that "although I suppose the prisoners will sometime be released neither the Min-

ister nor I have been able to achieve this even though we are 100 per cent in accordance with your views".

In view of the apparent inability of the Foreign Office to take effective action I requested the Military Attaché to take up the matter with the Chief of Staff of the Spanish Army, which he did yesterday. The Military Attaché furnished the Chief of Staff with a complete list showing the places of confinement and the status of each prisoner as far as the Embassy records show. The Chief of Staff promised to investigate the matter and inform the Military Attaché as soon as possible.

WEDDELL

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REPRESENTATIONS TO THE SPANISH GOVERNMENT REGARDING  
AMERICAN INTERESTS IN THE SPANISH NATIONAL TELEPHONE  
COMPANY

852.75 National Telephone Co./253 : Telegram

*The Chargé in Spain (Matthews) to the Secretary of State*

SAN SEBASTIAN via ST. JEAN DE LUZ, May 11, 1939—10 a. m.  
[Received May 12—9: 12 a. m.]

47. I feel that the time has come when I should lay before the Department the attitude of the Spanish Government toward the interests of the International Telephone and Telegraph Corporation and towards Colonel Sosthenes Behn <sup>97</sup> personally. The implications behind this attitude I believe can hardly be viewed with optimism by that concern and a situation in some way similar to that which arose in 1931 <sup>98</sup> may be in the making.

Early in March Colonel Behn filed with Quinones de Leon <sup>99</sup> an application for permission to enter Spain. That application has not yet been acted upon (though one for another American in his company filed simultaneously was granted 10 days ago). The representatives of his company in Spain were then orally and informally advised by the Nationalist authorities that he should expect no favorable reply until recognition of their Government by the United States (It is my belief that this statement was largely a mere excuse which was intended to and did serve to forestall further efforts for the time being to obtain Colonel Behn's entry permit.) Following recognition and my arrival here, the company's representatives under the direction of Caldwell <sup>1</sup> vigorously renewed their efforts through many sources

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<sup>97</sup> President of the Corporation.

<sup>98</sup> See *Foreign Relations*, 1932, vol. II, pp. 560 ff.

<sup>99</sup> Representing Franco in France until April 1939.

<sup>1</sup> Fred Caldwell, Madrid manager of the company.

to invoke action. As I have been doing in the case of other Americans desiring to enter or leave Spain and in accordance with the procedure suggested to me on my first visit to Burgos, I addressed a *note verbale* to the Foreign Office on April 15 requesting that Colonel Behn, an American citizen with important business interests in Spain requiring his personal attention, be permitted to enter the country. The company's representatives ascertained that the Colonel's case was a special one receiving the Government's careful attention and was not merely the usual case of routine delay. On April 27, having received no reply to my note, I discussed the matter with the Under Secretary for Foreign Affairs at Burgos. Barcenas confirmed to me the strong character of Behn's application and the fact that there was opposition in Government circles to granting it. He added that Behn had been "maladroit" in implying at the time of his application that once in Spain he might be able to hasten our recognition of the National Government, an implication which seriously offended Spanish pride and sensibilities. (I subsequently discussed this point with Colonel Behn and am inclined to believe that this unfortunate approach was due in part at least to overzealousness on the part of Quinones de Leon at the time of forwarding the application.) Barcenas added that there was also certain resentment against the Telephone Company's attitude during the war and mentioned that Colonel Behn had "twice gone to Barcelona". The Under Secretary while making it clear that the matter "was not in his hands" said that the question was to come before a Cabinet meeting the following day on the basis of my note and that he was hopeful that he would be able to give me a favorable reply thereafter. I waited a further 10 days and on May 6th sent a carefully worded and extremely polite personal letter to Barcenas reminding him of our conversation and inquiring as to the status of the case. I added that if the Government did not feel that it could act favorably on the application I should appreciate being informed of that attitude and the reason therefor, as I naturally felt that I should communicate the facts to my Government. I have, to date, received no reply to that letter. On May 7, a representative of the company saw Colonel Ungria, Chief of the Spanish Police and Military Intelligence, with whom he is on the closest personal terms. Ungria, who enjoys an excellent reputation, who is high up in Government counsels and who is a loyal friend of Behn, told this representative in confidence after earlier investigation that there was nothing further he could do on the case and that "it was now up to Washington".

The steps which I have taken on Colonel Behn's behalf have been on my own initiative. I have, however, informed him thereof and have consistently urged him to be patient. I do not believe, however, that

I can in fairness ask him any longer to refrain from taking the matter up with the Department and I presume the International Telephone and Telegraph Corporation officials will shortly call at Washington to explain the company's position during the war and request the Department's assistance.

Of more importance than the personal inconvenience to Colonel Behn is the question of the Spanish Government's motives and intentions. It has seemed clear to me from the outset that behind the refusal to let Colonel Behn into the country probably lay far reaching intentions affecting the future position of the International Telephone and Telegraph interests in Spain. Colonel Behn was quite a figure here and I suppose that stories of his influence and of persuasion must be almost legendary. It is but logical, therefore, that if the Government or certain members thereof have plans for the future of the Telefonica which are prejudicial to the company's existing contracts they should feel that these plans may best be matured with Colonel Behn outside of Spain and the company's interests here in less competent or authoritative hands. Given the intensely nationalistic feeling of "the new Spain" and their ambitious program of reform it is but natural to suppose that they must cherish the thought of "freeing" the country from the "foreign monopoly which controls their vital communication system". Just how far they may intend to go or what means they may intend to apply I do not know and I doubt if they have as yet formulated any definite program in this respect. In fact I have no real tangible evidence that they harbor any such designs whatever. Since the fall of Madrid however they have permitted no Americans or other foreign officials of the Telefonica to have anything whatsoever to do with the company's operation or administration. They orally stated when they first [omission?] requested Caldwell and his associates to leave the building immediately after [apparent omission] curtly that it was merely "pending recognition by the United States". Following our recognition they stated that the Government's operation of the Telephone Company would continue "during the existence of a state of war". It is perhaps significant that on the other hand no effort has been made to interfere in any way with the operation of the company's manufacturing subsidiary, the Standard Electrica de Espana, which is in no sense a public utility. (There is though apparently a tendency to place orders for needed material with other concerns rather than entirely with that company as was heretofore the case for certain types of equipment.) There has also apparently been some criticism in the Government of the existing contract between the Telefonica and the International Telephone and Telegraph Company of Spain whereunder the former pays the latter

4½ percent its gross revenues or approximately 60 [omission?] pesetas per annum (based on the first 6 months of 1936).

It is only fair to say that at first neither Colonel Behn nor his representatives here were inclined to share my views as to the Government's intentions.

They were reluctant to believe that this Government could contemplate any serious measures against the company and were more inclined to attribute the refusal to admit Colonel Behn to the general scramble for jobs and intrigues now going on within the company's Spanish personnel under the guise of "*depuracion*" and particularly to the desire of the Government's appointed manager to retain his position of authority. (The latter a man named Mestre formerly managed the company's small Canary Islands plant where he developed a close and loyal friendship for General Franco which after the war broke out resulted in his being given control of the Telephone Corporation in Nationalist Spain.) I think now however that Colonel Behn is coming to agree with me on the motives behind his exclusion and is coming to realize the unpopularity of the Telefonica and the resentment in Nationalist Spain of its failure to do more "to help their cause in the hour of need".

The question of how much foreign, especially German, influence may have to do with the matter of course comes to mind. Behn and his associates are inclined to think that the "critical internal situation" may be a factor in the Government's desire to retain administrative control of the company. Personally I am much inclined to doubt this (and Ungria said the idea was "childish") for the simple reason that if war broke out the Government could immediately resume administration of the company without difficulty. On the other hand it seems probable that the Germans for their own end may have encouraged the Spanish Phalangists in their nationalistic ambitions with respect to the company particularly, as the opposition to Colonel Behn's entry appears to lie primarily with Serrano Suner<sup>2</sup> and Colonel Fuset (Judge Advocate of the army and close personal adviser to General Franco). I think, however, the real motives behind the Government's attitude at present arises first from an intention to restrict the rights or privileges hitherto enjoyed by the company (refraining from even toying with the idea of Government acquisition of the telephone system) and secondly from definite animosity against the company for its "failure to help in the war".

I have given this lengthy background to prepare the Department for the company's call upon it and to request such further instructions

<sup>2</sup> Spanish Minister of Interior.

as it may care to send me. If it desires to press the issue of Colonel Behn's entry as I believe it should, it may wish to discuss the matter with Cardenas simultaneously with such further representations as it may wish me to make.

Copy to Paris.

MATTHEWS

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852.75 National Telephone Co./254 : Telegram

*The Secretary of State to the Chargé in Spain (Matthews)*

WASHINGTON, May 16, 1939—6 p. m.

11. Your 47, May 11, 10 a. m. Mr. Frank Page of the International Telephone and Telegraph Corporation discussed the matter of Colonel Behn's application with us yesterday and requested that we do everything possible to assist in obtaining permission for him to enter Spain. The steps which you have taken thus far in this connection are approved and you are authorized to take whatever further action you believe may be advisable under the circumstances to facilitate issuance of the necessary permit. We assume that in doing so you will consult with Colonel Behn.

It is noted from your telegram that in your letter of May 6 to Barcenas you asked to be given the reason for delaying Colonel Behn's permission to enter Spain. As the Department is at a loss to understand the attitude of the Spanish Government in this matter we wish you to continue to endeavor to ascertain the reason for the delay.

We shall appreciate information as to whether Americans connected with the Telephone Company are receiving treatment different from that accorded others. We should also like to know whether difficulties in obtaining permission to enter Spain still exist with reference to all nationalities, as reported in your no. 34 of May 1, noon,<sup>3</sup> and if so what action may have been taken by other Governments on behalf of their nationals.

HULL

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852.75 National Telephone Co./257 : Telegram

*The Chargé in Spain (Matthews) to the Secretary of State*

ST. JEAN DE LUZ [*sic*], May 21, 1939—9 p. m.

[Received May 23—12:11 p. m.]

55. My telegram No. 47, May 11 and Department's telegram No. 11, May 16, 6 p. m. At his request I called on Under Secretary Barcenas on Wednesday en route to Madrid. He said that he had not answered

<sup>3</sup> Not printed.

my letter concerning Colonel Behn because of the reference therein to his confidential statement to me that the question of his entry into Spain was to come before a Cabinet meeting. (He confirmed that it had been discussed therein.) Inasmuch as this statement had been made personally and off the record he did not feel that he could make a reply in writing. He went on to say in friendly fashion that he personally would do all he could to facilitate the entry into Spain of Colonel Behn and hoped for support in this from Ambassador Cardenas on his early return here on a visit. For the present however he could only strongly counsel patience on the part of Colonel Behn and urge the company to cease its efforts through many sources to force the issue. He emphasized the feelings in some quarters (he was not specific) that while Colonel Behn had visited Republican Spain several times during the war he had never once come near the Nationalist side; that if he had waited this long to get in touch with this Government there would seem to be no reason for urgency in his coming to Spain now. Barcenas then referred to the newly authorized visa procedure (my telegram No. 53, May 16, noon <sup>4</sup>) and read me extracts from confidential instructions to Spanish consulates to refuse visas to "officials, executives and technicians" of companies with interests in Spain which during the war had cooperated with the Republican Government "particularly if these executives and technicians had made no effort to get in touch with or cooperate with" the Nationalist Government. Barcenas said that in spite of these instructions Colonel Behn might of course inadvertently be granted a visa and be permitted to enter Spain; that in such case the situation "might become embarrassing" and he felt that Colonel Behn would in any case wish to enter Spain "by the front door".

I pointed out that Behn as president of a concern with very important investments in Spain was naturally desirous of giving these his personal attention and that if permitted to come in he could presumably satisfactorily explain the position which his company had taken during the war. Barcenas replied that the company was well represented here by Mr. Caldwell and others of its American staff who could deal with such questions as might arise and reiterated the unwisdom of pressing the matter now. I inquired whether some other high official of the company would be permitted to enter Spain in the interim (Colonel Behn had mentioned to me the possibility of sending Mr. Stockton if it appeared that the existent animosity was against him rather than against the company) and Barcenas advised that no such request should be made.

I asked what in addition to what he had told me really lay behind Colonel Behn's exclusion. He said "Frankly I do not know. If I did I would tell you."

<sup>4</sup> Not printed.



I am still convinced that the motives behind and sources of the opposition to Colonel Behn's admittance are as set forth in my telegram 47 (Barcenas would not admit—he may not know that any plans of Government policy vis-à-vis the company are in progress). Whatever the propriety and legality of the International Telephone and Telegraph Company's position in Spain during the war the fact remains that there is much bitterness against them here for their cooperation with the Republican Government and their failure to do more to help the "cause of Nationalist Spain". I believe that the full force of this bitterness is not yet fully realized by Colonel Behn or his officials here. Caldwell has now for the first time learned from Mestre, present head of the Telefonica under Government administration, that during the latter's conversation with General Franco several weeks ago in which he claimed to have pleaded for Behn's entry the General replied "it cannot be permitted" and himself added that during continuation of "the state of war" the Telephone Company must remain in the hands of the Government. I also learned that a fortnight ago from two separate sources, namely General Jordana as Vice President of the Council of Ministers and the Minister of Finance, the Government asked the company for copies of the contracts between the Compania Telefonica Nacional de Espana and the International Telephone and Telegraph Company de Espana as well as those between the former and the Government. The company has confirmation that these are being carefully studied. Furthermore by a law published on May 12 through appointive powers on the boards of directors of three Spanish privately owned railways the Government has assumed control thereof pending preparation of "a permanent statute".

While those railways have owed the Government large sums of money since the 1920's and their case is not therefore parallel to that of the International Telephone and Telegraph Company, this action might well be considered a straw in the wind indicating the trend of future governmental policy with respect to public service corporations. (I wish respectfully to refer to the last sentence of the penultimate paragraph of my telegram No. 47.)

There is a question in my mind (and apparently Caldwell is beginning to feel somewhat the same way) whether unless the Department wishes to make a serious issue of this question it would not better serve the company's interests as well as our own to exercise considerable patience as suggested by Barcenas on the logical wisdom of Behn's entry into Spain. I believe that it would certainly be advisable for the company to cease its "pressure activities" on various fronts and I am so informing both Behn and Caldwell.

In specific reply to the second paragraph of the Department's telegram No. 11, with the exception of Colonel Behn I believe Americans of the Telephone Company are receiving and will continue to receive the same treatment accorded others as regards entry into the country. (As previously reported they are permitted to take no part in the company's administration during continuance of "the state of war".) I believe that the difficulties and delays in obtaining permission to enter Spain previously reported have continued with respect to all nationalities; the action taken by other governments on behalf of their nationals has been similar to that which I have followed, though the French went so far as to threaten at one time to exclude all Spaniards from France and the British to impose rigid visa requirements if the situation was not remedied. Unquestionably the continued pressure from governments has been largely responsible for the adoption of the new visa procedure reported in my telegram 53, May 16, noon. It remains to be seen how this new procedure will work out in practice.

Copy to Paris.

MATTHEWS

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652.1115/15½

*Memorandum of Conversation, by the Acting Secretary of State*

[WASHINGTON,] May 29, 1939.

The Spanish Ambassador called to see me this morning at my request. I commenced the conversation by asking the Ambassador what the situation might be with regard to his negotiations with the Export-Import Bank for the facilitation of credits to the Spanish Cotton Syndicate for the purchase of American cotton amounting to 300,000 bales. The Ambassador said that he had heard nothing further from the Export-Import Bank in the matter in the last few days and that he was beginning to get very concerned lest this Government was not anxious to conclude these negotiations. I told the Ambassador that I had just spoken with Mr. Pierson<sup>5</sup> on the telephone and that Mr. Pierson had told me that he was trying to locate the Ambassador in order to have an immediate interview with him and that I would consequently send word to Mr. Pierson that the Ambassador would call to see him after leaving the Department of State.

The Ambassador said he was very glad to know this since the matter in his opinion was one of very vital importance to the Spanish Government itself and one which would have a very great bearing

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<sup>5</sup> Warren Lee Pierson, president of the Export-Import Bank of Washington.

upon that betterment of relations between the Spanish Government and the United States which he had so much at heart. He told me that his Government was confronted with financial difficulties which made it absolutely imperative that it obtain at least a two years credit for the purchase of the 300,000 bales of American cotton desired. I told the Ambassador that while of course I was not familiar with the details which had been discussed by officials of the Export-Import Bank and the Spanish Embassy, I did know that it was difficult for these officials to understand why the Spanish Government should be able to pay for cotton from other cotton producing countries on ninety day terms and yet insisted that they could only pay for American cotton on two year terms. The Ambassador replied that he understood that his Government had only purchased from other sources some fifty thousand bales and that this quantity would have been purchased in the United States if our own officials had been able to assure him that there was that amount of cotton available in the free market here. He admitted readily, however, that his Government should have informed him of these purchases made from other sources and expressed his regret that they had not.

I then said to the Ambassador that I was very anxious that this cotton transaction be concluded promptly on terms satisfactory to both sides and that I was sure he had already gained the impression that this Government desired to do what it could to smooth the way for a resumption of friendly and advantageous relations between the two countries. In view of that situation, I said, I had asked him to come in this morning in order to talk with him in complete frankness with regard to the situation that apparently was developing in connection with the treatment by the Spanish Government of the International Telephone and Telegraph Company. I said that in March Colonel Behn, the President of the Company, then in Paris had requested permission to visit Spain in order to discuss with the members of the Spanish Government the many questions that had arisen with regard to the Company's properties in Spain. At that time he had been informed that permission would not be accorded until after recognition had been granted by the United States to the Spanish Government. I said that recognition had been accorded soon thereafter, but that during the eight weeks that had subsequently elapsed the Spanish Government had made it very clear that it had no present intention of granting Colonel Behn the right of entering Spain for the purpose indicated. I said I wished to make the position of this Government very clear and that was that Colonel Behn was a reputable American citizen representing the American owners of the International Telephone and Telegraph Company which Company in turn held properties valued at a very great amount in Spain. I said

that this Government had every intention of upholding the legal rights of these American investments in Spain with exactly as much decision and exactly as much interest as it had in the past and that it could not admit that a refusal to admit Colonel Behn to enter Spain for a legitimate purpose in representation of these American interests was consistent with accepted international practice or with the ordinary standards of international equity.

Furthermore, I said I could not help but be disturbed by the apparent lack of candor on the part of the Spanish Government in approaching the problem presented by the interests of the Company in Spain. I said that all of this doubt and uncertainty and ground for suspicion which now existed with regard to this matter could be promptly cleared up if Colonel Behn were permitted to enter Spain without further delay to discuss with the appropriate Spanish authorities in a frank and friendly manner the matter in which the Company was interested and if the Spanish Government were then prepared to state unequivocally its intention of respecting fully, in accordance with the accepted standards of international law and practice, the legitimate and legal rights of this Company. I said that just as I was interested in doing what I appropriately could in furthering the successful conclusion of the cotton transaction, I trusted that the Ambassador would do what he could in clearing up the problem which I had outlined to him.

I stated that I wished to request that he communicate to his Government what I had just stated to him and I informed him that similar instructions had been sent by telegraph to Ambassador Weddell so that the latter might take the matter up also immediately after presenting his letters of credence.

The Ambassador said that he would make every effort to press for a satisfactory solution of the matter I had mentioned. He said that he would do so not only because of his recognition that the matter was one which had great importance in the eyes of this Government and on the part of public opinion in the United States, but also because of his personal conviction that what was asked was fair and reasonable and in the best interests of Spain. The Ambassador said, however, that he had not been aware of the incidents involved in the delay in granting Colonel Behn the right to enter Spain. I asked the Ambassador if he had any personal objection to Colonel Behn or if he knew of any reason why Colonel Behn should not be permitted to enter Spain. The Ambassador replied that on the contrary he believed Colonel Behn to be an extremely able man, an excellent "diplomat" and one against whom no legitimate question could be raised by the Spanish authorities. I said to the Ambassador that I was well aware that the criticism had been made by some of the Franco authorities

that Colonel Behn had not permitted the Company to give any assistance to the Franco side during the civil war. I said, however, that Colonel Behn had not permitted the Company to give aid to the Loyalist government either and that it seemed to me that he had taken the only proper attitude for a representative of a foreign company doing business in Spain during a time of civil war, namely, to give assistance to neither side.

I could find no sign of prejudice against the Company or against Colonel Behn on the part of the Ambassador. He was exceedingly frank and outspoken in his statement that he felt the Company's properties should be respected and that Colonel Behn should be permitted to enter Spain without further delay.

S[UMNER] W[ELLES]

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852.75 National Telephone Co./265 : Telegram

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

WASHINGTON, May 29, 1939—2 p. m.

383. For Ambassador Weddell: Continued refusal of the Spanish authorities to permit Colonel Behn to enter the country cannot fail to give rise to the suspicion that the Spanish Government's attitude toward the International Telephone and Telegraph Company, toward its huge investments in Spain, and toward its contractual rights lacks frankness. The desire of Colonel Behn to protect the American rights and interests involved, to establish personal dealings with the Spanish authorities, and to negotiate claims and counterclaims rising out of the civil strife is entirely legitimate and merits our full support. When Colonel Behn first applied for permission in March, the intimation was given to him that his application would not be acted on favorably prior to recognition of the Nationalist Government by the United States. But after recognition when the American Chargé d'Affaires took up the matter with the Under Secretary of State, the latter advanced a series of reasons in justification for continued refusal which frankly we have found unconvincing. (See Matthews' telegrams 47 and 55.)<sup>5a</sup>

The present attitude of the Spanish Government is the less understandable in that it has adopted an intransigent attitude toward a large American interest at the very moment when it is asking the Government of the United States to extend it favors in the form of credits for purchases of needed raw materials.

<sup>5a</sup> *Ante*, pp. 820 and 824.

I feel that you should make it abundantly clear that this Government intends to uphold the legal rights of American business interests in Spain with as much emphasis as in the past. More immediately, this Government considers that the refusal to admit Colonel Behn is inconsistent with international practice and equity if for no other reason than that it deprives him of the opportunity to deal with the appropriate Spanish officials with regard to the interests he represents.

We are informing Cardenas in this sense and trust that you will take the first appropriate opportunity after you have presented your letters to set forth the position of the United States on these points.

WELLES

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852.75 National Telephone Co./268

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

WASHINGTON, June 2, 1939.

SIR: Reference is had to the Department's telegram no. 383 of May 29, 2 p. m. via the Embassy at Paris, regarding the attitude of the Spanish Government in refusing permission to Colonel Sosthenes Behn, President of the International Telephone and Telegraph Corporation, to enter Spain for the purpose of representing American interests in the National Telephone Company of Spain (Compañía Telefónica Nacional de España).

As stated in the Department's telegram under reference, the present attitude of the Spanish Government indicates at the least a lack of frankness. Such an attitude is bound to give rise to the suspicion that some action prejudicial to the rights of the National Telephone Company of Spain, and consequently to the American interests represented therein, may be under consideration. Under the circumstances it would seem highly desirable that the attitude of the Spanish Government toward the National Telephone Company should be clarified as soon as possible. To this end it would be helpful if the Spanish Government were to make a statement of its intention to respect fully the rights of the National Telephone Company of Spain legally acquired under the terms of its contract with the Spanish State.

You are authorized in your discretion and in such manner as you may deem advisable to bring the position of this Government with respect to the protection of American business interests in Spain to the attention of the Spanish Government, with a view to eliciting assurances along the lines indicated.

There is enclosed for your confidential information a memorandum of a conversation at the Department on May 29, 1939, between the

Under Secretary and the Spanish Ambassador <sup>6</sup> on the general subject of the relations between the Spanish Government and the National Telephone Company of Spain, in which the position of this Government with respect to the American interests involved is set forth. There is also enclosed for background information a memorandum prepared in the Department summarizing the position of the International Telephone and Telegraph Corporation in Spain.<sup>7</sup> Further information on the subject will be found in the files of the Embassy.

Very truly yours,

For the Secretary of State:  
SUMNER WELLES

652.1115/21

*Memorandum of Conversation, by the Adviser on International  
Economic Affairs (Feis)*

[WASHINGTON,] June 12, 1939.

The Spanish Ambassador called upon Mr. Welles to discuss the possible financing of cotton sales to Spain. I was present.

The Ambassador related the course of his recent dealings with Mr. Jesse Jones.<sup>8</sup> He said that at a previous meeting with Jones, it had been indicated to him that the Export-Import Bank would be willing to enter into the financing arrangements for 300,000 bales of cotton for Spain on the following terms; that the credit for 150,000 bales should be a two-year credit, that the credit for the other 150,000 bales should be on an amortized scale under which the Spanish Government would begin paying for each shipment three months after shipment. The Ambassador said that in his most recent talk with Mr. Jones he had come with his Government's counter proposal, to wit, 180,000 bales on the two-year basis and 120,000 bales on the amortized basis.

He related that now Mr. Jones had brought to the front the question of the suits of the Spanish Government against the Treasury arising out of the purchases of Spanish silver,<sup>9</sup> saying that the Treasury still was taking a firm position in the matter and asking the Ambassador whether the Spanish Government would be willing to drop these suits if this financing deal was consummated. The Ambassador had replied that this was a political matter which he felt could only

<sup>6</sup> *Ante*, p. 827.

<sup>7</sup> Not printed.

<sup>8</sup> Chairman of the Reconstruction Finance Corporation and member of the board of trustees of the Export-Import Bank.

<sup>9</sup> Suits instituted by the Spanish Nationalist Government in June 1938 to recover some 15,000,000 ounces of silver acquired in 1938 by the United States Treasury from the Spanish Republican Government. The suits were dismissed by the New York Federal Court July 14, 1939.

properly be discussed with the State Department. The discussion seems to have come to a halt on this point—though the Ambassador said that Mr. Jones had put forward another possibility, to wit, that the discussion for the moment be limited to the possible financing of 50,000 bales of cotton on arrangements similar to those summarized above.

Mr. Welles said that he wished to repeat what he already said to the Ambassador, that it was the President's decision that the question of the silver suits should not be brought forward in connection with this matter of cotton financing. He told the Ambassador that he would again discuss this with the President on the President's return, and endeavor to get it finally clarified and would then get in touch with the Ambassador again. The Ambassador expressed satisfaction.

Mr. Welles then said that he wished to repeat those general reflections and ideas which he had already expressed to the Ambassador on the matter of the relationships between Spain and the United States. The Department was interested in this Spanish financing as a step towards the renewal and resumption of normal and satisfactory commercial and economic relationships between the two countries, and that if we undertook it it would be on the supposition that the Spanish Government shared the same wish and purpose, and that accordingly it would grant to American property in Spain and other American interests the same friendly and cooperative consideration which had been received in the past. The Ambassador said that he understood this and had presented this attitude to his Government.

I interjected myself into the conversation for the purpose of underlining a little bit further the idea expressed by the Under Secretary. I said that perhaps what Mr. Welles had in mind were preoccupations similar to those which I knew were in the minds of various people in the Department, including the Secretary, to wit, that the refusal of the Spanish Government to admit Colonel Behn into Spain so that he could deal with his Company's affairs was creating apprehension lest it signify an intention on the part of the Spanish Government to create difficulties for that Company. I stated that the Ambassador would realize that if this Government undertook this financing and then shortly afterwards the Spanish Government used its power or influence adversely to affect American property interests in Spain, or in Latin America, our action in financing this cotton sale would obviously be subject to criticism. The Ambassador stated he understood our feeling in the matter and had advised his Government of it. He expressed a conjecture as to whether the difficulties put in the way of Mr. Behn's entry might be of a personal character rather than indicative of any policy in regard to the country. He referred to certain stories—the truth or significance of which he said he had no way of



knowing—to the effect that Behn and other officials of the Telephone Company had been on congenial terms with officers of the Republican Spanish Government and that the Telephone Company had been of use in bombardment activity. Mr. Welles clearly expressed the view that the Telephone Company had handled itself completely properly, dealing as any American Company would have had to deal in the circumstances with both sides, and in an impartial fashion.

The conversation ended with an understanding that Mr. Welles would communicate again with the Ambassador.

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852.75 National Telephone Co./273: Telegram

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

SAN SEBASTIAN via PARIS, June 22, 1939—8 p. m.

[Received June 23—9:34 a. m.]

87. Department's unnumbered mail instruction of June 2d and telegraphic instruction No. 383 May 29, 2 p. m. In conversation today in Burgos with Minister of Foreign Affairs I brought out the arguments and statements contained in the above instructions emphasizing the seeming lack of frankness on the part of the Spanish Government. I remarked that Spain could hardly be afraid of an individual of Behn's merited position in the financial world even though bearing a military title, and emphasized the intention of our Government to uphold legal rights of Americans in Spain as in the past. To his remark that Behn "had not been to see them" during the war I observed that he was not a Spanish citizen and that as far as I could learn his entire neutrality in the recent conflict had been correct. I also called attention to the inconsistent attitude of the Spanish Government in excluding an American citizen while pressing for cotton credits.

The Minister interrupted me here to begin a monologue on how vital it was to Spain to have this cotton in order to start spindles in Catalonia.

To this I observed that while there was no apparent relation between the two subjects yet one could sharply react on the other as was apparent in this case. To this he seemed to assent.

I then urged on the Minister to have his Government clarify its position regarding the Telephone Company and what it would do about Behn, and asked him if he would not give me a statement that I might be fully informed. He replied that he would do this in a few days (*en estos días*) but a little later rather qualified his promise by saying that naturally this memorandum would be "in the language of diplomacy".

In conclusion the Minister said that he was hopeful of favorable action on the Behn case "adjusted" but could say nothing definite now. I remarked that Behn had already been waiting permission since March, and that the whole subject was "inexplicable" to me and to my Government.

In our conversation the Minister showed a distinctly reserved attitude and either because [*became?*] mute or else endeavored to initiate a new subject when pressed especially when I endeavored unsuccessfully to extract from him the reason for Behn's exclusion. (From various colleagues I learn that this evasive attitude is the one usually resorted to by this official.)

WEDDELL

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852.75 National Telephone Co./275 : Telegram

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

WASHINGTON, July 1, 1939—3 p. m.

46. Your 87, June 22, 8 p. m. For your information and background, the Under Secretary saw the Spanish Ambassador in Washington on June 28.<sup>a</sup> Cárdenas was perplexed and disturbed by the long delay in the course of the negotiations which he has undertaken with the Export-Import Bank for the facilitation of credits to the Spanish cotton syndicate for the purchase of 300,000 bales of American cotton. He read a telegram from his Government stating that as a result of this delay Spanish textile industry was largely paralyzed and directing him to report by telegraph the reasons for the delay. His Government further informed him that if the reasons for the delay could be solved by action on the part of the Spanish Government such action would be taken, but if they were insuperable the Government would be obliged to modify drastically its policy with regard to cotton purchases. The Ambassador said he was much discouraged because he sincerely believed that the success of this negotiation would be a practical demonstration to the moderates of the present Spanish Government that the United States was willing to cooperate with it and that it would not be necessary for them to throw themselves completely into the arms of Germany and Italy. In his judgment the granting of the cotton credit would have an influence on Spanish policy altogether incommensurate with the intrinsic importance of the cotton deal.

The Under Secretary told the Ambassador that while it was impossible at this stage to explain to him in detail the reasons for the delay, certain obstacles had arisen which could only be surmounted

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<sup>a</sup> Memorandum of conversation not printed.

by the President himself. He said, however, that the Ambassador could not overlook or ignore the great importance of the statements he had made to the Ambassador upon repeated occasions as to the lack of confidence which existed generally in Washington with regard to the policy which his Government would pursue with regard to legitimate American interests in Spain. He said that reports had reached him that the element in the Spanish Government which represented the Falange were determined to pursue a policy of nationalization and that if this policy included the confiscation of the properties of the American Telephone Company as well as other legitimate American investments in Spain, there would, of course, be little logical reason why this Government should proceed with the granting of credits to a government which intended to confiscate American properties. He urged him once more to obtain a categorical statement from his Government with regard to American interests in Spain along the lines he had previously indicated, including the pressing need for permission to be granted to Colonel Behn to enter Spain in connection with the telephone properties and he said that if such assurance were forthcoming the impression created here would necessarily be exceedingly beneficial.

As stated in the Department's telegram 383 of May 29, 2 p. m. to you via Paris, the Department felt that the Spanish authorities' attitude towards the International Telephone and Telegraph Company lacked frankness. The statements of the Foreign Minister reported in your 87 of June 22, 8 p. m., make the Spanish position in the matter even more confusing. If upon receipt of this telegram you have heard nothing further on the subject from the Spanish, you are requested to seek a convenient opportunity to broach again to the Minister of Foreign Affairs the subject of a declaration of the Spanish Government's attitude towards American interests in Spain, including Colonel Behn's admission to that country.

HULL

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852.75 National Telephone Co./274: Telegram

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

SAN SEBASTIAN via PARIS, July 3, 1939—7 p. m.

[Received July 4—9:18 a. m.]

104. The Department's 46, July 1, 3 p. m. On June 30 I sent a letter to Jordana reminding him of the memorandum he promised me on June 22 reported in my telegram 87, June 22, 8 p. m. I have had no word from him as yet and frankly fear his lack of power to do anything regarding the case of Colonel Behn or the Telephone Company. Consequently if I receive nothing from Jordana by the end

of this week and unless the Department perceives objection I intend to make a formal request to see Franco as soon as possible to discuss these matters.<sup>10</sup>

WEDELL

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852.75 National Telephone Co./277 : Telegram

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

SAN SEBASTIAN via PARIS, July 9, 1939—noon.

[Received July 10—9:45 a. m.]

112. I today talked in St. Jean de Luz with Behn who has just returned from Berlin. All he heard on this visit makes him feel that war is expected and will probably break out in August. He also learned while in Berlin from Siemens Halske and other and semiofficial sources that German influences are back of his exclusion from Spain, that the Spanish Government is now discussing with the German Government the installation of a telephone-telegraph network, German technicians and German material to be employed therein and that he is not wanted in Spain until all arrangements have been concluded.

The desire to forestall this general plan and to arrive in Spain before the outbreak of a general European conflict make him anxious to enter promptly.

Behn states he is immediately returning to Berlin "to see Goering" and feels that in his discussions with German authorities concerning his interests in other countries, Rumania for example, he would be embarrassed were he to assert their helplessness in the matter of entry into Spain since they would probably seize on this to bargain and this he wished to avoid, the seeming implication of his remarks being that he might be forced to do this. He added that Siemens Halske told him that on account of their cartel arrangements with his company they are not sympathetic to the policy of their Government in Spain in this matter but were powerless.

I told Behn of the interest of our Government in his cause and of my intention to interview the Chief of the State on the subject for which, as for the Embassy's previous efforts, he expressed lively gratitude, but reiterated his uneasiness lest such an arrangement as outlined above be concluded between Spain and Germany or that a war break out or both before he was admitted, a situation which he would deplore.

WEDELL

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<sup>10</sup> In telegram No. 48, July 5, 6 p. m., the Department expressed approval of the Ambassador's idea to go to Franco direct, but suggested that he make formal request without waiting until the end of the week (852.75 National Telephone Co./276).

852.75 National Telephone Co./278 : Telegram

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

SAN SEBASTIAN via PARIS, July 20, 1939—9 p. m.

[Received July 21—6:35 a. m.]

128. I saw Behn in St. Jean de Luz yesterday evening. He has just returned from Berlin where he did not see either Goering or the Minister of Posts, the former being absent and the latter he was informed being "disinclined to see him" although his informants said this could be arranged if he insisted.

Behn was informed by highly reliable sources in Berlin that the commission which went from Germany to Spain last January to study the consolidation of telegraph and telephone lines, et cetera, had submitted its report which was now under study in the Spanish Ministry of the Interior and that an early decision was anticipated.

Behn expressed a growing uneasiness lest a decree issue defining and restating relations between Government and company which would *inter alia* eliminate all Americans from the management.

WEDDELL

852.75 National Telephone Co./280 : Telegram

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

SAN SEBASTIAN via PARIS, July 20, 1939—10 p. m.

[Received July 21—10:20 a. m.]

129. Scotten<sup>11</sup> saw Barcenas Monday and again today and discussed at length the question of Behn's return to Spain as well as the release of the American prisoners. During the first conversation Barcenas although personally friendly was cool and noncommittal regarding both questions. When Scotten asked him what had happened to the Ambassador's request for a list of the prisoners he replied that the military did not want to furnish one. Barcenas stated he had spoken to the Minister of the Interior the previous week regarding Behn and had been told not to meddle with such matters. Scotten thereupon said he wondered whether the Spanish Government was fully cognizant of the great importance which our Government attached to the return of Colonel Behn to Spain. He explained to Barcenas the tenor of the conversation between Mr. Welles and Cardenas as outlined in the Department's 46, July 1, 3 p. m. and inquired whether Cardenas had not fully informed his Government regarding the conversation. Barcenas replied that Cardenas had merely telegraphed the general hope of our Government that American interests here

<sup>11</sup> Robert M. Scotten, Counselor of Embassy in Spain.

would be fully protected! He added that perhaps Cardenas had been afraid to report this conversation fully! Scotten thereupon stressed the fact that the connection between the permission for Behn to return to Spain and the granting of the cotton credits had become increasingly close and added that although not speaking officially he felt that should permission be granted for Behn to return to Spain it could not help but facilitate the granting of the cotton credits.

Today Barcenas opened the conversation by stating "I think I can say that if you can arrange for the cotton credits, the Generalissimo will not only agree for Behn to return but will authorize the release of your prisoners." Scotten inquired whether he could take this as an official statement to which Barcenas replied: "No, but that is my personal impression. I think however that it would be useful for your Ambassador to see General Jordana next week and I will telephone you on Monday regarding the time. I hope that you will meet us halfway regarding these matters so that we can settle them all at once."

Scotten received the impression that, although Barcenas claimed to be speaking unofficially, he had nevertheless discussed these matters with Jordana and that the latter may very possibly make a definite proposal to me along these lines when I see him next week.

While I can readily understand and share the general reluctance of the Department to enter into a bargain to obtain what we regard as our indubitable right, nevertheless, from the tenor of the Department's 46 July 1, 3 p. m. the question of the cotton credits and Colonel Behn's return to Spain appear to be linked together. If this be true and if the Department will authorize me to accept the proposition mentioned unofficially to Scotten by Barcenas in case Jordana does broach it officially and gives definite assurances it will be carried out I feel we have an opportunity to settle at least two of our outstanding questions with the Spanish Government.

I would appreciate the Department's instructions by Monday if possible as I may be asked to proceed to Burgos on Tuesday.

WEDDELL

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852.75 National Telephone Co./281 : Telegram

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

WASHINGTON, July 22, 1939—1 p. m.

61. Your 129, June [July] 20, 10 p. m., and 131, July 21, noon.<sup>12</sup> It is believed that the opportunity which you will be afforded of talking with General Franco on July 24 will be exceedingly useful.

<sup>12</sup> Latter not printed.

You should, of course, make it clear that this Government cannot consent, directly or indirectly, to bargain for the release of the American prisoners, for the entrance of Colonel Behn into Spain, nor for fair and equitable treatment of American interests in Spain on the basis of a conclusion of the cotton credits requested by the Spanish Government, or any other basis. You should say that when this Government was approached by representatives of the Spanish Government with a view to obtaining credits for the purchase of American cotton, this Government expressed its willingness to give favorable consideration to the proposal because of the fact that normal and friendly relations existed between the two Governments and because of its belief that if an agreement were found possible, such agreement would be of value to the commercial interests of the two nations. It assumed that the Spanish Government was animated by the same desire and that the Spanish Government would be willing to signify this desire in a practical manner by expediting the release of the American prisoners still under the jurisdiction of the Spanish authorities, by granting Colonel Behn permission without further delay to enter Spain in order to attend to legitimate interests of his company, and, finally, that the Spanish Government would be willing to give assurances that fair and equitable treatment would be accorded all American interests in Spain in accordance with the generally accepted principles of international law.

You may further state that you are informed that the Export-Import Bank has reached an agreement in principle with the Spanish Ambassador in Washington covering the conclusion of credits for the purchase of American cotton, and that without recognizing that any question of *quid pro quo* is involved your Government is sure that the Spanish Government, in the same friendly spirit by which your Government is guided, will undertake immediately a favorable solution of the three questions in which this Government is interested, as indicated above.

For your information, the Spanish Ambassador has informed me that he is specifically authorized by his Government, upon the conclusion of the cotton credit negotiation, to state upon a reciprocal basis that the Spanish Government intends to give fair and equitable treatment to American interests in Spain in accordance with the generally recognized principles of international law and with those governing the friendly relations between the two nations.

For your further information, I am informed by the President of the Export-Import Bank that the following are the bases of the understanding reached by the Spanish Ambassador and by the Export-Import Bank for the cotton credit: <sup>13</sup>

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<sup>13</sup> Announcement of the arrangement was made by the president of the Export-Import Bank on August 7, 1939.

"Credits will be provided for the purchase of 250,000 bales of cotton to be delivered in approximately equal monthly instalments over a 1-year period. The procedure will be as follows:

In connection with each shipment shippers draw series of eight sight drafts on Banco Espagnol de Credito or Banco Hispano Americano payable at 6, 9, 12, 15, 18, 21, 24, 27 months respectively with instructions to present for acceptance on arrival of steamer carrying merchandise. Documents to be surrendered against acceptance of Bank and endorsement of Ministry of Commerce and Industry. General condition precedent to be a communication from Spanish Exchange Control agreeing to register acceptances as presented and to furnish dollars to cover acceptances at respective maturities.

Each of the first four drafts to represent 10% of the price and each of the last four, 15% of the price of the cotton. Interest at the rate of 3½% per annum.

The arrangement is subject to written assurances from the Spanish Ambassador in the name of his Government that

1) the cotton shall be exclusively for domestic use in Spain; and

2) payments for the cotton will be made according to the terms of the agreement and that no claims will be asserted by the Spanish Government, the Bank of Spain or any Spanish financial or other interests against such payments for any reason resulting from the acquisition by the Government of the United States during 1938 of silver of Spanish origin."

A prompt and satisfactory solution by the Spanish Government of the questions in which this Government is primarily interested will of course be most helpful in establishing friendly relationship between the two countries.

HULL

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852.75 National Telephone Co./283 : Telegram

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

SAN SEBASTIAN via PARIS, July 25, 1939—3 p. m.

[Received July 26—10:40 a. m.]

136. Department's 61, July 22, 1 p. m. I was cordially received yesterday afternoon at Burgos by Franco with whom I went over the points brought out in the Department's telegram under reference.

Franco said that as regards Behn he thought the matter of his entrance would be favorably settled "in a day or so," that he knew him and had a good opinion of him but that he had been denounced by various people and that it had been necessary to investigate these denunciations. Franco added that however the investigations "had been delayed too long".



Franco then stated with reference to the American prisoners of war that he thought there was no objection now existing to their prompt release.

To all the foregoing I countered that while I was gratified yet he had given me nothing of a definite character.

Franco replied to this by saying that the Minister for Foreign Affairs was fully informed and that I should see him. I thereupon requested him to arrange an interview for me with Jordana and this very day; this he said he would do and instructed his secretary accordingly.

I went immediately to call on the Minister for Foreign Affairs. As I began to go over the same ground as with his chief he interrupted me to say that he was fully informed as he had just been talking by telephone with Franco. I again urged the point that I be given some definite statement on the questions at issue to which he replied "the American prisoners are at your disposition; where do you wish them delivered?" I said that I would promptly consult my Government and inform him.

Referring to Behn, the Minister said that his "activities" had been under investigation by their secret police and that a report had been promised him last week which in view of Franco's statements would doubtless be a favorable one; that he would endeavor to expedite this report and would try to communicate with me later in the evening wishing to clinch matters. I then called on the Under Secretary who as I entered remarked "I congratulate you on your victory", adding after a pause "and I also congratulate myself a little" adding that he had always been a partisan of the idea of Behn's prompt entry. I said I was glad but that I really had nothing definite concerning his entry but that the Foreign Office had told me he would try to let me know that night; the Under Secretary remarked that he too would do his best.

About 10:30 the Under Secretary called at my hotel saying he came to inform me that I was authorized to inform my Government that Behn would be permitted to enter the country and that the Spanish Consul at Hendaye was being instructed to issue him a *visa* any day after Thursday the 27th. I am today informing Behn of this.

As I desire to liquidate the matter of the prisoners as soon as possible I would appreciate a reply to my telegram 124, July 17, 5 p. m.,<sup>14</sup> and information regarding payment of their transportation subsistence from the time they cross the frontier (presumably at Irun). Although I will endeavor to secure the release of as many as possible the Government may well refuse to release some who have been sentenced on account of specific charges. For this reason I suggest that

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<sup>14</sup>Not printed.

the Department inform me as to the amount I can use for each individual rather than a lump sum to cover an indefinite number. If the Department prefers these funds could be placed at the disposition of the Consulate at Bordeaux and an officer of that Consulate be instructed to receive the prisoners at the frontier and handle their transportation et cetera from that point.

WEDDELL

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852.75 National Telephone Co./296

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

No. 154

SAN SEBASTIAN, September 26, 1939.

[Received October 24.]

SIR: I have the honor to refer to the Embassy's telegram No. 155, August 23 [22], 3 p. m.,<sup>15</sup> regarding the situation of the Telephone Company, and to report certain interesting developments which have occurred recently as regards the relations between the Telephone Company and the Spanish Government.

As reported in the telegram under reference, in spite of the physical presence of Colonel Behn in his office in the Telephone Building in Madrid and the fact that he has been allowed to attend meetings, etc., the management of the Company has not in fact been returned to the majority stockholders of the Spanish Company, that is to say, the International Telephone and Telegraph group. The Spanish authorities have been maintaining entire control of the operations of the company, and Colonel Behn and his American collaborators have been given practically no say in its management. While Colonel Behn has seen the Minister for Foreign Affairs on two occasions and endeavored to impress upon him the desirability of returning the management of the company to the American group, his representations have met with evasive replies on the part of the Minister for Foreign Affairs, and no real progress appears to have been made.

On September 21st, however, Colonel Behn called at the Embassy and explained that he had seen the Minister of Finance at Madrid and, what was more important, the Minister of Commerce and Industry at Bilbao. He stated that he had informed the Minister of Commerce that providing the Government would turn over the management of the company to him—in other words, place it in the same status it occupied before the Spanish Civil War—he was prepared to take certain measures which would be of distinct benefit to Spain. These measures would consist of expanding the production capacity of the manufacturing plants owned by the I. T. & T. at Madrid and San-

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<sup>15</sup> Not printed.

tander to the extent of quadruplicating the number of employees in the Madrid plant and practically doubling the employees at the Santander plant. This would involve a great increase in the exportation of products from these plants resulting not only in benefit to Spanish labor but to an improvement in the foreign exchange situation of Spain. Colonel Behn stated that he had discussed this matter at some length with the Minister of Commerce, who appeared to be greatly interested in the proposition, and that he had left a complete memorandum with him dealing with the subject.

I should add parenthetically that Colonel Behn explained to me confidentially that should he receive the cooperation of the Spanish authorities it is his intention to bring certain equipment from the Paris factory of the I. T. & T., principally consisting of dies, to Madrid and utilize the Madrid plant for supplying the needs of the I. T. & T. throughout Latin America. He explained that the Paris factory of the I. T. & T. is now devoted wholly to supplying war materials to the French Government.

Colonel Behn informed me that the Minister of Commerce had stated that he would proceed to Madrid on September 23rd and would present this matter to General Franco and that it would in all probability be discussed at the meeting of the Council of Ministers to be held at Burgos on September 25th. Behn was extremely anxious that, without in any way sponsoring his proposition, the Embassy should indicate to the Ministry for Foreign Affairs the interest of the American Government in the obtaining of an equitable settlement of this problem. As I had planned to leave San Sebastián the morning of September 23rd for a motor trip to Vigo, Salamanca and Madrid, lasting approximately one week, and as it was consequently necessary for Mr. Scotten to remain in San Sebastián, I requested Mr. Ackerman, the Commercial Attaché, to proceed to Burgos and explain to the Under Secretary for Foreign Affairs my hope for an equitable arrangement of the problem of the Telephone Company. Mr. Ackerman consequently called upon Señor Bárcenas, the Under Secretary for Foreign Affairs, on September 22nd, and explained these matters to him. Señor Bárcenas explained at the outset that Colonel Behn had already discussed the matter with him and that he and the Minister for Foreign Affairs were very much interested in an arrangement of the difficulties of the Spanish company and that Colonel Behn kept him informed of all the developments. Bárcenas added that he, and he believed he was expressing the viewpoint of the Minister, was convinced that a settlement of the difficulties was in the best interest of Spain as well as the United States. He added that his interest led him to keep in close touch with Colonel Behn and that he would advise, as he has advised in the past, that this matter be handled tactfully

and that efforts be made to avoid too much or too sudden pressure. He indicated that he was inclined to think there was strong opposition in certain parts of the Government and he thought it might be a question of personalities. Although Mr. Ackerman attempted to draw him out on this point, Señor Bárcenas would not elaborate on this statement further but merely indicated that tact was essential and that progress must be made slowly.

As Señor Bárcenas appeared to be fully aware of the proposed arrangement for increasing manufacturing in the Spanish plants of the I. T. & T., Mr. Ackerman did not go into the details regarding this matter but stated that the American Ambassador wished the Minister to know of his personal interest and the deep interest of the Government of the United States that an equitable arrangement be made at the earliest possible moment, so that the Minister could convey this statement to the Cabinet when it met on September 25th. Bárcenas replied that he would immediately bring this to the attention of the Minister and he was glad to have this statement so that the Minister might be aware of it when the subject was discussed at the Cabinet meeting.

Colonel Behn is entirely satisfied with the action taken by the Embassy and is hopeful that it will produce the results he desires. However, he explained that his proposal to the Spanish Government is his last trump and if it does not produce results he is at somewhat of a loss to know what further action to take. He has not been able to see Serrano Suñer since his return to Spain on July 30th, and he explained that unless he is able to see him in the very near future in order to discuss the affairs of the Telephone Company, he will probably request the Embassy to arrange this interview for him.

Respectfully yours,

For the Ambassador:  
**ROBERT M. SCOTTEN**  
*Counselor of Embassy*

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852.75 National Telephone Co./294 : Telegram

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

SAN SEBASTIAN, October 2, 1939—3 p. m.

[Received 8 p. m.]

202. Referring to my No. 155, August 12 [22], 3 p. m.,<sup>16</sup> although Behn has been actively at work in endeavoring to adjust the status of the Telephone Company with the Government his efforts have not been satisfactory as yet. The Department will be apprised in detail

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<sup>16</sup> Not printed.

of the situation upon the receipt of my despatch No. 154 dated September 26.

On September 29 during a visit to Madrid I was approached by the Under Secretary for Foreign Affairs who told me the Government would shortly make a decision regarding this matter and he strongly advised me to see the Minister for Foreign Affairs and re-emphasize my Government's interest in the attainment of an equitable solution. I accordingly called on the Minister for Foreign Affairs on September 30 and went over the whole matter. I stressed our Government's generous attitude towards Spain recalling that for example while we could have used the cotton credits as a bargaining point we had not done so. I called the Minister's attention however to the fact that before many months the present cotton credits would be exhausted, that the United States would be perhaps the only source of supply and that without equitable treatment of American interests the Spanish Government could not without rather poor grace solicit further help from us. The Minister appeared to assent and asked me what I thought constituted equitable treatment of the Telephone Company to which I replied that the management of the company be where it belonged, namely, in the hands of the majority of the stockholders, in a word that it be master in its own house. The Minister again assented and stated that he would do all he could to promote Colonel Behn's desires and that he was optimistic of favorable results. He explained that the long delay in settling the affairs of the company appeared to have been provoked by certain minor officials of the company who were ex-soldiers who feared to lose their places if the management were returned to Behn. The Minister then informed me that the whole situation has been referred for final decision to the Sub-Secretary of the Presidencia who will make his report on October 3. The Minister hoped that this report would be satisfactory to the Telephone Company.

WEDDELL

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852.75 National Telephone Co./295

*Memorandum of Conversation, by the Chief of the Division of  
European Affairs (Moffat)*

[WASHINGTON,] October 18, 1939.

During the course of a conversation this afternoon with the Spanish Ambassador, I asked him what progress he had been able to report concerning the International Telephone and Telegraph Company in Spain. He said that he had made quite an effort on behalf of the Company when he was in Burgos. The situation, however, was about

as follows. The contract between the Company and the Spanish subsidiary was so onerous that it would have to be modified. It contained provisions regarding management, earnings and gold payments, which, in effect, meant that all Spain was working for the benefit of the Company.

The whole business had been started in the wrong order. The Spanish State, instead of giving the concession to the Spanish Company, which, in turn, could make terms with the I. T. and T., had given the concession to the I. T. and T., which had then been able to impose its terms on the Spanish Company. The Company was undoubtedly unpopular throughout Spain, as despite the protestations of complete neutrality on the part of Colonel Behn, the public at large felt that he had been a little too favorable to the Loyalist side. Cárdenas said that a great deal of this was not Colonel Behn's fault, but having remained so long in Madrid in 1936, having had to entertain Loyalist generals, having had to see the telephone building used for artillery spotting, et cetera, the impression could not be lightly destroyed.

With this background, Cárdenas found two points of view in existence in Spain. He had taken the position that the Spanish Government must come to an amiable understanding with the Company for the modification of the contract or it would lose all support in the United States. He had spoken even with Franco personally. For my confidential information and not to be repeated to Colonel Behn or Mr. Page, he found considerable personal feeling against Colonel Behn on the part of Franco. This apparently had resulted from a promise Colonel Behn had made to Franco as far back as 1934 that if ever Spain needed help he would be prepared to give it; Franco felt that Colonel Behn's unfavorable reception of one or two messages he had sent him during the hostilities was tantamount to a breach of this personal promise. On the other hand, Cárdenas did not feel that General Franco would allow this personal feeling to color his judgment, and there were four officials in Spain—the Under Secretary of the Foreign Office, the Secretary of the Presidencia, the Minister of Finance, and the Vice Minister of Finance—all of whom were in favor of coming to an amicable understanding with the Company.

Mr. Cárdenas knew that the matter had dragged on a long time, but said he had done as much as he could without destroying his influence by being considered "more American than the Americans". He said that Mr. Page was going to call on him in a day or two and I told him that he could talk to Mr. Page frankly and freely, as he was in the immediate personal entourage of Colonel Behn, and enjoyed his complete confidence.

PIERREPONT MOFFAT

852.75 National Telephone Co./300 : Telegram

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

MADRID, November 19, 1939—9 a. m.

[Received 3:50 p. m.]

232. My telegram No. 202, October 2, 3 p. m. Colonel Behn informs me that there has been no change in the relations between the Government and the Telephone Company since his arrival here on July 30. He has talked with the former and present Ministers for Foreign Affairs, the Minister of Finance, the Minister of Commerce and Industry, the Sub-Secretary for Foreign Affairs, the Sub-Secretary of the Presidency. While the attitude of these officials appears to be friendly, he had been told that the final decision rests with the Minister of the Interior. Although Behn has made every possible effort since July 30 to see the Minister of the Interior, he has not succeeded and was informed only yesterday that the Minister of the Interior refuses to see him at the present time. Behn has now requested through the Sub-Secretary of the Presidency either an interview with General Franco or that he designate a committee of three or four Cabinet Ministers to receive Behn and discuss the basic question of the Telephone Company with him. He expects an answer on November 22 to this request. Behn states, and I concur, that this is the final effort which he is able to make on his own behalf to straighten out this highly unsatisfactory situation through friendly negotiations. He adds that if this last effort fails he sees no possible alternative except to request diplomatic intervention on the part of our Government either through the Spanish Ambassador in Washington or through this Embassy.

I am convinced that Behn evidenced not only patience but that he has acted with tact and discretion and that he has met with the maximum of procrastination and evasiveness on the part of the Spanish officials. The refusal of the Minister of Interior even to receive him and discuss the basic question cannot I believe be explained on any grounds other than the intention of this Government to retain the control and management of the Spanish Telephone Company and to ignore the legal rights of the majority stockholders, namely, the International Telephone and Telegraph Company.

I will report next week the results of Behn's *démarche* through the Sub-Secretary of the Presidency together with my suggestions for possible action by the Department.

In the meantime Behn informs me that he has received confidential advices that Ambassador Cardenas has asked to see Warren Pierson, president of the Import-Export Bank. Although the Embassy has received no official intimations that the Spanish Government is seeking credits in the United States, the visit of Cardenas to Pierson may well be for that purpose. If this be true, I venture to suggest that the

Department request Pierson to make no commitments whatsoever pending a final solution of this telephone question or at least pending a further report from me in line with the above.

WEDDELL

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852.75 National Telephone Co./301 : Telegram

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

MADRID, November 30, 1939—noon.

[Received 11:49 p. m.]

241. My 232, November 19, 9 a. m. Colonel Behn informs me he was received last evening by Serrano Suner and conversed with him for over 1 hour. The interview was most cordial and Colonel Behn is much encouraged. Suner opened the conversation by stating that although he had previously been opposed to the contract between the Telephone Company and the Government he had since examined it and considers it entirely practical and that it adequately protects the interests of the Government. He added that Behn could rest assured that the American interests in the company would be respected.

From this point the conversation led to a question of personalities in the management of the company. Suner assured Behn that the Americans will be reinstated with the exception of one or two whose cases will be jointly examined by Behn and Suner. Behn insisted on his right of appointing Spanish officials in superior posts in the company and this inevitably led to a discussion of Mestre, the general manager. This matter was left for further discussion. While Behn insisted on his right to appoint officials in the high posts he assured Suner that he had no intention of appointing any person who has not the entire confidence of Franco and Suner. Suner promised to receive Behn again within the next few days at which time they will settle and attempt to settle not only the question of the Americans referred to above but the high Spanish officials in the company.

While Behn does not consider that this interview is conclusive as regards settling the difficulties of the Telephone Company, he is more hopeful than at any time since his arrival in Spain on July 30.

WEDDELL

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852.75 National Telephone Co./303 : Telegram

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

MADRID, December 14, 1939—7 p. m.

[Received December 15—6:30 a. m.]

252. Although as stated in my 240 [241], November 30, 10:00 a. m. [noon], Serrano Suner promised to receive Behn again within a few



days he only received him last evening, the interview lasting only a few minutes. Behn states that Suner's previous cordial attitude had completely changed and the interview was most unsatisfactory. Suner refused to discuss the question of reinstating the Americans, stating that he could do nothing until he received a report from the bureau which was investigating their previous activities in Spain. He also refused to discuss the question of the Spanish officials of the company. He gave Behn the distinct assurance that he has no desire or intention to arrive at a settlement of the status of the Telephone Company.

Behn is convinced that Suner was annoyed at having to receive him and had only done so on account of direct orders to this effect from Franco which in turn resulted from the personal intervention of Colonel Galarza, the Sub-Secretary of the Presidency, who has been very helpful to Behn and seems favorably disposed toward the interests of the Telephone Company.

Suner gave Behn a vague promise that he would see him again during the course of this week but refused to fix a time for the interview. Behn feels that he must wait until the end of the week to see whether Suner will receive him or not.

If Suner does not receive him Behn then feels his only recourse is to ask me to approach the Minister for Foreign Affairs and request that General Franco receive him. I told him I would be glad to do this whenever he requested it.

Behn is convinced that all of the other members of the Cabinet are favorably disposed and that the principal stumbling block lies in the fact that Suner on several occasions previously had stated publicly that the American employees of the company would never again be allowed to have any say in its management and he is now loath to take any decisive action which would place him in a position of having to retract these statements.

In the course of our conversation Behn informed me that he has learned on indisputable authority that the Spanish Army needs various supplies badly and is contemplating in the near future requesting through the Spanish Ambassador in Washington that the Export-Import Bank arrange to extend credits in order to enable Spain to make these purchases. If this be true, I venture to repeat the suggestion made in my telegram 232, November 19, 9 a. m., that the Department request Pierson to make no commitments whatsoever pending a final solution of the telephone question or at least pending a further report from me.

WEDDELL

852.75 National Telephone Co./303: Telegram

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

WASHINGTON, December 18, 1939—6 p. m.

19. We have sent paraphrases of your telegrams nos. 232 and 252 dated respectively November 19, 9 a. m. and December 14, 7 p. m. to Pierson for his information. Cardenas has made no approach to Export-Import Bank since the cotton credit, but it is obvious that the treatment accorded legitimate American enterprise in Spain will always be an important factor in any consideration given to requests of this kind. We approve your actions in helping Behn and trust that both Franco and Serrano Suñer appreciate the importance we attach to a friendly solution of the telephone company's difficulties.

HULL

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852.75 National Telephone Co./305: Telegram

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

MADRID, December 22, 1939—11 a. m.

[Received December 23—3:15 a. m.]

258. Referring to the Embassy's No. 245, December 4, 6 p. m.<sup>17</sup>

1. Behn informs me that on December 18, during a conversation with Colonel Galarza, the Sub-Secretary of the Presidency, he informed the latter of his intention to place the matter of the Telephone Company's situation with this Embassy. Colonel Galarza advised him before doing so to see the Minister of Finance which he did the same evening. The Minister of Finance at first expressed sympathy with the case of the Telephone Company and then expressed himself as being bitterly disappointed at the failure of the United States Government to expedite the question of coinage for the Spanish Government mentioned in the telegram under reference. The Minister of Finance added that he had hoped and expected to have the contract for this coinage signed by January 1st to permit him to make a public announcement to this effect. He explained that this would have had a very good effect politically and that furthermore the Spanish Government expected to make a large profit from this *seignorage* which could be shown in the next budget. He added that as regards the Telephone Company the various Ministers of the Cabinet had different opinions

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<sup>17</sup> Not printed; it concerned an undertaking by the United States Mint to supply a large amount of coinage for the account of the Spanish Government (852.515/70).

and that he looked to Colonel Behn to furnish him with "arguments" which he might use in sponsoring the case of the Telephone Company with the other Ministers. Behn inferred by this that the Minister was requesting him to use his influence with this Embassy to expedite action on the coinage of the money for Spain.

Behn considers the Minister's remarks to be in the nature of blackmail, his inference being that unless the American Government makes this coinage available to the Spanish Government the Minister rests with the case of the Telephone Company.

Behn stated emphatically that he believes the Spanish Government is greatly in need of this coinage and that although the Minister of Finance stated the Government was "disposed" to pay for it when the conditions of payment are actually discussed Behn believes the Government will ask for credits. Behn has calculated roughly that this coinage will cost the Spanish Government somewhere in the neighborhood of 8 million dollars and he feels that putting the deal through would be another favor granted by our Government to the Spanish Government similar to the cotton credits. Behn considers the attitude of this Government as regards the Telephone Company and all other American interests here to be one of "horse trading" and he urged that the Department make it clear to the Spanish Government that no consideration will be given to the sale of the coins to Spain until the status of the Telephone Company is definitely settled. He believes that Spain cannot obtain these coins elsewhere and that if used as a trading proposition we have a powerful lever on the Spanish Government.

I informed Behn that up to the present the question of payment for the coinage had not been discussed and that if the Spanish Government was disposed to pay cash for the coins I doubted whether the Department would use this question for bargaining purposes. On the other hand I felt that should the Spanish Government request the extension of a credit to pay for the coinage the Department might be disposed to make the return of the management of the Telephone Company to its rightful owners a *sine qua non*. Behn reiterated however that even if the Spanish Government was disposed to pay for the coins their supply to the Spanish Government was still in the nature of a great favor extended by our Government and he urged that we should refrain even from doing this prior to the solution of the Telephone Company's difficulties. I promised Behn that I would place this whole matter before the Department exactly as he had explained it to me for its consideration and comment.

WEDDELL

852.75 National Telephone Co./306 : Telegram

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

MADRID, December 22, 1939—noon.

[Received December 23—3:20 a. m.]

259. Department's 19, December 18, 6 p. m. Colonel Behn now informs me that he has been advised by Colonel Galarza, Sub-Secretary of the Presidency, not to attempt to see General Franco as the latter has consistently refused to take any part in administrative matters pertaining to the Government and would most certainly not receive him even though the request were made through this Embassy.

Colonel Behn has asked me to abstain from making this request but feels, and I concur, that the time has now come when the only hope of a solution of the telephone matter lies in the presentation of an emphatic note to the Ministry for Foreign Affairs. If the Department concurs I suggest I be authorized to submit the following note:

“Excellency: Acting under instructions from my Government I have the honor to recall a conversation which I had with Your Excellency at Burgos on September 29 during which I stressed my Government's interest in attainment of an equitable solution of the status of the management of the National Telephone Company of Spain (Compania Telefonica Nacional de Espana). At that time Your Excellency seemed to agree with my view that equitable treatment of the American interests in the company would consist in returning the management to its majority stockholders.

I regret to inform you that since my conversation no progress appears to have been made in this matter notwithstanding the fact that for more than 4 months the representative of the American majority stockholders, Colonel Sosthenes Behn, has patiently endeavored to reach a settlement with the various Spanish authorities to whom he has been successively referred. My Government directs me therefore to express to Your Excellency its deep concern at this situation and to express its hope that in view of the Spanish Government's previous assurances of its desire to treat American interests in Spain justly and equitably the Spanish Government will give its early attention to the question of a settlement of the status of the management of the Telephone Company which will fully protect the American interests involved.

I avail myself, et cetera.”

Behn left today for France. He says he will promptly return when his presence is required.

WEDDELL

852.75 National Telephone Co./307 : Telegram

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

MADRID, December 22, 1939—4 p. m.

[Received 11:38 p. m.]

260. The matters discussed in the Consulate General's telegram of December 20, 4 p. m.,<sup>18</sup> to the Department have not been mentioned to the Embassy by any member of the Spanish Government. I am unable to account for this curious method of approaching our Government on an important matter and I will of course take no action whatsoever prior to its being brought to my attention through the proper channels. Parenthetically, my views as to the extension of credits to Spain as expressed in the Embassy's 232, November 19, 9 a. m., and 252, December 14, 7 p. m., are further strengthened by the situation portrayed in my telegram 258, December 22, 11 a. m., and 259, December 22, noon.

Repeated to Consul General.

WEDDELL

852.51/468 : Telegram

*The Secretary of State to the Consul General at Barcelona (Bucknell)*

WASHINGTON, December 23, 1939—1 p. m.

68. Your 72, December 20, 4 p. m.<sup>18a</sup> It is not clear to us whether in making this approach the Spanish authorities are interested in obtaining private loans or credits in the United States or desire to obtain credits through American governmental agencies as in the case of the cotton credits made available through the Export-Import Bank last July.

If private loans or credits are desired no reason is perceived why negotiations to that end cannot be initiated by the Spanish authorities through private banking channels in the usual manner. The Department knows of no legal prohibitions or restrictions upon the extension of private American loans or credits to Spain. There is no requirement or customary procedure whereby the consent and approval of this Government must be asked.

It may be observed that the prospect of obtaining a loan or credits through agencies of this Government, if this is what the Spanish authorities have in mind, at least in anything like the amount mentioned, is believed to be slight, and is certainly not improved by the

<sup>18</sup> Not printed. In this telegram the Consul General at Barcelona reported that the Civil Governor at Barcelona, after a conversation with Serrano Suñer, Spanish Minister of the Interior, had approached him as to the possibility of a loan for essential foodstuffs and raw materials in the amount of approximately \$160,000,000 (852.51/468).

<sup>18a</sup> Not printed.

uncooperative attitude which those authorities have shown with respect to the treatment of American interests in Spain since the extension of the cotton credit.

Repeat to Embassy.

HULL

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852.51/469 : Telegram

*The Consul General at Barcelona (Bucknell) to the Secretary of State*

BARCELONA, December 24, 1939—10 p. m.

[Received 11 : 25 p. m.]

73. Department's 68, December 23, 1 p. m. While I have refrained from any discussion of the matter with the Spanish authorities since receiving your telegram, my impression is that while they would be interested in a loan or credits through a governmental agency if other means failed, they would prefer to obtain private loans and credits in the United States. In this connection, however, it is thought that, in view of the amount of American capital already "frozen" in Spain, the present treatment of American interests in this country and the multitude of existing barriers to free exchange and trade, that they might hesitate to initiate negotiations for the desired loan or credits through private banking channels in the United States, unless they had received some prior assurances of at least the indirect assistance and the tacit approval of the United States Government in this regard. It may also be possible that the Spanish authorities in making the present approach may have anticipated the necessity of including an effort to put government relations on a more satisfactory basis with any negotiations they may be able to undertake with American financial interests, private or governmental. In this connection see last paragraph my telegram No. 55, October 8, 11 a. m.<sup>19</sup>

Please instruct me by telegram whether or not I am to bring the views set forth in your telegram to the attention of the Civil Governor.

Repeated to the Embassy.

BUCKNELL

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852.75 National Telephone Co./318 : Telegram

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

WASHINGTON, December 27, 1939—5 p. m.

24. Your 260, December 22, 4 p. m. Department concurs in your opinion that no action should be taken by Embassy unless and until the matter is brought to your attention through the proper official

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<sup>19</sup> Not printed.

channels. Referring to Consulate General's telegram number 73 of December 24, 10 p. m. to the Department, please inform Bucknell that views set forth in Department's telegram number 68 of December 23, 1 p. m. to Barcelona should not be brought to the attention of Civil Governor unless in your discretion you later decide that this would be desirable and so instruct him.

HULL

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852.75 National Telephone Co./305 : Telegram

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

WASHINGTON, December 28, 1939—6 p. m.

26. Your 258, December 22, 11 a. m. and 259, December 22, noon. The delay of which Minister of Finance complains has been due to necessity of obtaining information from the American Company which would supply the nickel blanks to the mint. An estimate by this Company has in turn been delayed because of its inability to obtain price quotations on the nickel which would have to be imported from Canada. The mint has now furnished us with an estimate of the cost of the work which would be done by it. By far the greater part of the total cost, however, will be represented by the cost of the nickel and the preparation therefrom of the blanks by the American manufacturer. We are informed that the manufacturer is expected to submit an estimate of these costs in a few days. The Department, therefore, hopes to be able to transmit detailed information on this subject for the Minister of Finance very shortly.

You are authorized to submit the note proposed in your no. 259 to the Minister of State. If you believe it advisable you should present the note personally to the Minister and take the occasion to emphasize that at the very moment that the Spanish Government is requesting our cooperation on various matters of importance to it, it is showing no disposition to accord to American interests in Spain the treatment to which they are entitled, specifically in the case of the telephone company and of the American prisoners still under detention.

HULL

## SWEDEN

### CONVENTION BETWEEN THE UNITED STATES AND SWEDEN FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE ESTABLISHMENT OF RULES OF RECIPROCAL ADMINISTRATIVE ASSISTANCE IN THE CASE OF INCOME AND OTHER TAXATION, AND PROTOCOL, SIGNED MARCH 23, 1939<sup>1</sup>

811.512358 Double/36

*Press Release Issued by the Department of State, March 23, 1939*

A convention between the United States and Sweden for the avoidance of double income taxation was signed at 4 p. m. on March 23, 1939, by Mr. Sumner Welles, Acting Secretary of State, and Mr. W. Boström, Minister of Sweden at Washington.

This convention is the first of a new series of income tax conventions which this Government hopes to conclude in a program to relieve American business interests and investors of the burdens of international double taxation. The convention provides likewise for the relief of Swedish enterprises and investors in the United States from taxation on the same investments on which they are taxed in Sweden. The convention also contains provisions for assistance by each country to the other country in the prevention of fiscal evasion.

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<sup>1</sup> For text of convention, see Department of State Treaty Series No. 958, or 54 Stat. 1759.



## SWITZERLAND

### EFFORTS OF THE SWISS GOVERNMENT TO ARRANGE FOR SECURING WAR EMERGENCY SUPPLIES FROM THE UNITED STATES

854.24/31

*Memorandum by Mr. Roy Veatch of the Office of the Adviser  
on International Economic Affairs*

[WASHINGTON,] May 1, 1939.

Representatives of the other interested agencies of the Government, as well as members of various divisions in the Department of State, met with Mr. Sayre on the afternoon of May 1 to discuss a confidential mission being undertaken in this country by representatives of the Government of Switzerland. The Minister of Switzerland, Mr. Marc Peter, accompanied the special representatives of his Government, Dr. Felix Somary, a confidential economic and financial adviser of Federal Counselor Obrecht, the chief of the Swiss Federal Department of Public Economy, and Mr. Ernest Liechti, director of the Swiss Cooperative Society of Cereals and Fodder Materials. The following officials of this Government were present:

- Mr. F. H. Rawls, Assistant Director, Bureau of Foreign and Domestic Commerce, Department of Commerce;
- Mr. Louis Domeratzky, Chief, Division of Regional Information, Bureau of Foreign and Domestic Commerce, Department of Commerce;
- Mr. Leslie A. Wheeler, Chief, Foreign Agricultural Service, Department of Agriculture;
- Mr. Huntington T. Morse, Assistant to the Chairman, United States Maritime Commission;
- Mr. Francis B. Sayre, Assistant Secretary of State;
- Mr. Herbert Feis, Adviser on International Economic Affairs, Department of State;
- Mr. Paul T. Culbertson, Assistant Chief, European Division, Department of State;
- Mr. Jacques Joseph Reinstein, Division of Trade Agreements, Department of State;
- Mr. Roy Veatch, Office of the Adviser on International Economic Affairs, Department of State.

At Mr. Sayre's request, Dr. Somary summarized the principal features of his mission, in much the same terms as set forth in the back-

ground memorandum<sup>1</sup> furnished those present in advance of this discussion. He stressed particularly the difficulties which would be experienced by Switzerland in securing essential foodstuffs and raw materials in the event of a general European war, the desire of his Government, therefore, to secure binding contracts for the supply of American commodities during such periods and the chartering of American vessels for the transportation of these commodities, and the hope that this Government would be able to offer some assurance that the fulfilment of such contracts would not be made impossible by Government action.

Dr. Somary recognized that this Government could not be fully committed in this respect unless an agreement were to be drawn up and approved by Congress. Since his Government was anxious to avoid all publicity regarding the matter, however, a treaty is out of the question and he desires to secure, therefore, merely a statement of policy or intention on the part of the Executive.

Following Dr. Somary's summary Mr. Sayre expressed what he was sure would be the sympathetic interest of this Government and its desire to cooperate in whatever way would prove to be possible. It seemed to him, however, that it would be impossible for the Executive to make any binding commitments if the possibility of a treaty is to be ruled out; not only would the Executive be unable to control Congress, but the present Executive would be unable to control the next Executive. Mr. Sayre asked, therefore, whether it would not be desirable, from the standpoint of the Swiss Government, merely to seek a mutual understanding of the problems and needs outlined by Dr. Somary and of the position of each Government with respect to those needs.

Dr. Somary understood that the Department of State would be unable to make any binding commitments, but he expressed the hope that the Department, and eventually the President, would be prepared to make a declaration that, so far as it would not be prevented by law, the Executive would allow these contracts to be carried out. Dr. Somary felt that if his Government had some such statement as this from the Department, with the President's approval, he would consider it worth while to go ahead with his program of securing contracts with American concerns. He suggested further that each contractor should furnish the Department of State with a copy of the contract so that the matter might be brought directly to the attention of the Department; this would be done without any knowledge on the part of the contractors of the discussions or understandings reached with the Department of State.

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<sup>1</sup> Memorandum of April 28, by Mr. Veatch, not printed.

Mr. Sayre pointed out that the entire subject of the neutrality legislation was under consideration in Congress at the present time and that the President would be in no position to say what American policy will be until this question is decided. At this point Dr. Somary made it clear, however, that he desired no commitments with respect to laws, but only a declaration that, so far as the President would have executive discretion, he would refrain from placing impediments in the way of the contracts to be negotiated by Switzerland.

Mr. Sayre then asked if the best arrangement would not be for the Government of Switzerland to inform the United States Government of the contracts which it negotiates, expressing the hope that so far as possible any action would be avoided that would prevent the fulfillment of these contracts. He went on to say that in its reply this Government would take note of the information supplied by the Swiss Government, might express the sympathy and goodwill of the United States toward Switzerland, and then might say that, in the event of general warfare in Europe, this Government would hope to assist the Swiss Government, in connection with its supply problems, in such way as would prove possible.

Mr. Sayre and Mr. Feis spoke in favor of such an arrangement in preference to any "understanding" which might be considered secret and be misinterpreted by Congress. In Mr. Feis' opinion the contracts with private American interests would almost surely become known to the press so that secrecy would be impossible in any event.

There was general agreement on the part of the representatives of this Government present that such an exchange of communications would be the best way of handling the problem. Mr. Sayre expressed the opinion that in any event the Secretary and the President would not wish to go further.

Dr. Feis suggested that from the point of view of Switzerland greater certainty with respect to necessary supplies might be achieved through the creation of reserve stock-piles of required commodities in Switzerland. In commenting on this suggestion Dr. Somary pointed out, however, that the Swiss Government under its constitution has no authorization to buy goods and thus to engage directly in trade except in time of war. He felt that his Government would not wish to raise the constitutional and political questions involved at the present time, especially in view of its desire to avoid publicity. Furthermore, he pointed out that there is no further storage space available in Switzerland, or in France for that matter, and that therefore stocks acquired would have to be warehoused in the United States.

At Mr. Sayre's invitation, Dr. Somary next outlined or summarized the plan to secure option contracts for the chartering of American vessels, especially tankers, in time of war. He said that his Govern-

ment had already made inquiries in order to learn what vessels might be available in case of a European conflict and had found that British, Dutch, and French vessels would be available only for the carriage of goods exchanged between these countries or their dependencies and Switzerland. It had been learned that only the Greek and Norwegian merchant marines would be available, and his Government feared that Greece might become involved, leaving only Norway as a source of supply. Since his Government would be in particular need of tankers to transport the all-important petroleum products, it was particularly anxious to make all necessary arrangements in the United States. His Government was particularly concerned regarding the availability of such vessels in the event that the American Government should follow a "cash and carry" policy as a means of protecting its neutrality in time of war or in the event that the United States should become engaged in war and therefore impose restrictions upon the use of American shipping. He also mentioned the desire of his Government to operate the chartered American vessels under the American flag, at least to the extent that these vessels would be engaged only in the transportation of American goods; otherwise it would be necessary to place the American vessels under another flag, which would be unwelcome from the point of view of the Swiss Government.

Mr. Sayre again mentioned the fact that neutrality legislation is still under consideration; it was still too early to know what form this legislation would take, but he would not be surprised if the "cash and carry" policy should be continued. Until this legislation was decided upon, he felt the President could not commit himself, and that even then there would be the undetermined problem of our own needs for tonnage in the event of war. Mr. Sayre went on to say, however, that it would not necessarily be impossible for Switzerland to secure American shipping in times of emergency, for there would always be considerable pressure here to sell American surpluses abroad, the neutrality or shipping policy of this Government might be reconsidered, and in any event no doubt more ships would be built in time of need.

Mr. Morse added that American ships would probably be required to carry essential imports to the United States, and that therefore tonnage might be allotted to neutrals for exports from this country so that the vessels would not have to go in ballast on the outward journey. He went on to say, however, that it would be impossible to make advance commitments on tonnage. There is a statutory provision<sup>2</sup> that

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<sup>2</sup> Sec. 9, 39 Stat. 730; see General Order 18, *Federal Register*, 1937, vol. 2, pt. 2, p. 2540.

the Maritime Commission must approve the charter of vessels or the transfer of flag for any period longer than twelve months.

Dr. Somary was asked whether the Swiss Government would be prepared to offer guarantees that the supplies secured from this country would not be transshipped to belligerents. In reply he said that his Government would be prepared to guarantee that not a ton of these supplies would reach a combatant; its good faith could be tested by reference to the amounts of each commodity required, which obviously would be sufficient only to meet the minimum needs of Switzerland.

Mr. Domeratzky inquired as to whether the Swiss Government could guarantee that imported supplies would not be confiscated by the government through whose territory they would be carried from the port of arrival. On this point Dr. Somary said that of course his Government would be in no position to offer guarantees. His Government anticipated no difficulty, however, since the French Government, which would make a port available to Switzerland, had raised no difficulties during the last war when Switzerland had secured its supplies through the French port of Cette.

Mr. Sayre suggested, and it was agreed, that the problem of shipping might be covered in a general way in the suggested exchange of notes between the two Governments. He added that whatever was said in these notes would not be of great importance in any event. The important thing was that the Swiss Government could count upon a cooperative spirit on the part of the American Government and people. He would expect that when hostilities should break out, representatives of the two countries would get together and work out ways and means of getting American surpluses to Switzerland.

It was agreed that an exchange of notes, following the lines suggested, should be drafted for consideration by Dr. Somary and the Swiss Minister and by the Department.

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854.24/37

*Memorandum by Mr. Roy Veatch, of the Office of the Adviser on International Economic Affairs, to the Economic Adviser (Feis)*

[WASHINGTON,] May 3, 1939.

MR. FEIS: The Swiss Minister, Dr. Somary, and Mr. Liechti came to the Department Tuesday morning to discuss the drafting of a statement along the lines suggested by Mr. Sayre in our Monday afternoon conference. After discussion, they expressed their desire to handle the matter in the following way:

1. The Minister would address to the Secretary a communication setting forth the nature of Dr. Somary's mission, including the desire

of the Swiss Government to secure optional contracts for the supply of foodstuffs and materials (with the proposed list and amounts annexed) and for the charter of certain vessels. The letter would inquire then as to whether the Department saw objection to the negotiation of such contracts with private business interests in this country covering "any and all conditions which might arise." The letter would then state the difficult position of Switzerland in case of a European conflict and the necessity of securing supplies from the United States. It would then raise the principal point in somewhat the following form:

"We would be very much interested to know the attitude of the United States Government regarding the execution of such contracts. In view of the dependence of Switzerland upon American supplies in such an emergency, we hope that nothing will be done by the American Government to prevent the carrying out of these contracts."

The Minister's letter would then close with an offer to supply this Government with copies of all contracts negotiated with American concerns, and a statement that the negotiators would be glad to suggest that the American concerns also supply the Department with copies of the contracts if the Department so desires.

2. The nature of the Department's reply to such a letter from the Minister was discussed. Apparently Dr. Somary and the Minister would be pleased with a reply along the lines of the attached draft.<sup>3</sup>

3. I have agreed to go over this draft with them before sending it around the Department, although I stated that I would, of course, bring it to your attention first. They are now drafting their letter and intend to bring it to the Department as soon as it is ready.

4. We will then discuss the two drafts and after any desirable changes have been made, it is the plan to circulate both drafts in this Department for comment and criticism.

5. When both letters are in a form approved by the Department, then the Swiss Minister will send his letter to the Secretary.

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854.24/27

*The Swiss Minister (Peter) to the Secretary of State*

WASHINGTON, May 26, 1939.

SIR: On behalf of my Government regarding the mission of Dr. Felix Somary and Mr. Ernest Liechti, I have the honor to inform you that the Federal Council of Switzerland is contemplating the conclusion of "option contracts" lasting several years, with American leading firms, for the purchase of foodstuff and raw materials of which

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<sup>3</sup> Not attached to file copy of this document.

the specification and quantities are listed in the attached document,<sup>4</sup> and, furthermore, the conclusion of "charter contracts" for vessels, also with an option for several years.

All these agreements are framed in binding terms, without any qualification for all possible events, including an international conflict, as they are especially framed for these eventualities. The Government of Switzerland desires particularly to bring to the knowledge of the American Government these plans before entering into negotiations with the firms concerned.

Because of her location in Central Europe, without access to the sea, because of her highly developed national economy and of her old free trade traditions opposed to any autarchy tendencies, Switzerland depends on world economy more than any other country. Swiss foreign trade exceeds per capita that of any other nation. With not much more than 4 million inhabitants in a small area, Switzerland has nearly the same value of exports as the great Russian empire with 160 million inhabitants. Switzerland must import raw materials and foodstuff and export mainly manufactured goods. Switzerland is, therefore, disturbed more than any other country by international troubles. Considering the eventuality of troubles in our times, it is feared that the traffic with the countries East of Switzerland and in the Mediterranean Sea could be entirely interrupted, and so, Switzerland would be deprived of her normal supplies. Therefore, the only possible way of replacing these imports would be an extension of the trade with the United States. Mention should be made that Switzerland would limit the proposed contracts with concerns in the United States to foodstuff and raw materials, excluding war materials. Besides, Switzerland would guarantee not to re-export any of these imported goods to belligerent countries.

The Swiss Government is asking the Government of the United States whether it would have any objections to the negotiation of such option contracts. The contracts are to be made on a cash and not a credit basis. It is to be noticed that Switzerland has no financial engagements with the United States, has never failed in her obligations and has repaid all the loans issued in the United States or in other countries.

Switzerland is prepared to send copies of all these agreements to the State Department.

Switzerland is also compelled to make option contracts for vessels. So far, the negotiations with other great Powers on that line have not been successful, because they all declared they would need all their vessels themselves. Switzerland must, therefore, have the possibility to obtain also American tonnage, especially for the transportation of

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<sup>4</sup>Not printed.

American goods. Eventual option contracts for vessels, which would likewise be on a cash and not a credit basis, would also be brought to the knowledge of the State Department.

Switzerland has good reasons to believe that ports would be especially placed at her disposal by her neighbors for her foreign trade. From these ports, the goods would be transported to Switzerland with Swiss railroad material. The supply of these goods is of vital interest for the Swiss people and for maintaining the national economy of Switzerland. The Government of Switzerland has, therefore, a high interest to know the attitude of the American Government concerning the fulfilment of these proposed contracts. It is indeed exceedingly important for Switzerland to know in advance that if some difficulties should arise which would endanger in any way the fulfilment of these contracts, the Swiss Government could be assured that the American Government would insofar as possible endeavor to render assistance in overcoming these difficulties, so that Switzerland could obtain from the United States the commodities necessary for her existence.

Accept [etc.]

MARC PETER

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854.24/27

*The Secretary of State to the Swiss Minister (Peter)*

WASHINGTON, May 27, 1939.

SIR: Most sympathetic consideration has been given to your note of May 26, 1939 transmitting information regarding arrangements contemplated by the Federal Council of Switzerland for securing certain supplies from the United States.

I have noted your statement of the desire of the Federal Council of Switzerland to negotiate option contracts with American concerns for the supply of certain foodstuffs and raw materials to Switzerland in the event of a general European conflict. You inquire as to whether there would be any objection on the part of this Government to the negotiation of such contracts, and I am glad to be able to state that so far as this Department is aware there would be no objection, provided, of course, that the proposed transactions would not be in conflict with the rules and principles of international law or statutory enactments, regulations, or treaty obligations of this Government.

I have noted also your statement that the Government of Switzerland would likewise desire to negotiate option contracts to charter certain American vessels in the event of a general European conflict. You also inquire if there would be any objection on the part of the American Government to such contracts, and, again, I can assure you that so far as this Department is aware there would be no objection, provided that the contractual obligations assumed by the American



concerns, and the actual carrying out of the plan, would not conflict with the rules and principles of international law, or statutory enactments, regulations, or treaty obligations of the United States.

I need not assure you that in the future as in the past, both the Government and the people of the United States will have the steady desire to maintain the friendliest and fullest possible commercial relations with the Government and people of Switzerland. This desire, I am confident, will be present under all circumstances. The action that this Government, however, may be compelled to take under any future sets of circumstances cannot be determined in advance and would have to fall within the rules of international law and the course of domestic legislation.

Accept [etc.]

CORDELL HULL

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854.24/46

*The Swiss Minister (Bruggmann) to the Secretary of State*

WASHINGTON, November 28, 1939.

SIR: The European war has created for Switzerland the situation which had been foreseen when, with the knowledge of the Department of State, option contracts for the purchase of different important commodities have been concluded in 1939 between the Swiss Government and outstanding American suppliers.

With your note of May 27, 1939, you gave the assurance that in the future as in the past, both the Government and the people of the United States will have the steady desire to maintain the friendliest and fullest possible commercial relations with the Government and the people of Switzerland. You expressed confidence that this desire would be present under all circumstances. Your assurance has been highly appreciated by the Swiss Government and has no doubt influenced the intention of my country to purchase and to store in the United States an important reserve of commodities most vital to its existence.

Relying on these option contracts with American suppliers and on this assurance of the Department of State, the Swiss Government is disposed to begin now the necessary purchasing transactions. Simultaneously, it is weighing the creation in the United States of an organization with the purpose of supervising these purchases as well as the necessary storing transactions in this country and the transportation of such commodities oversea.

To secure a useful operation of the organization which the Swiss Government has in mind, it seems to me very desirable that the United States Government would agree to examine and discuss appropriate steps with a view to keeping itself in permanent touch with

such a Swiss organization and to consider all matters of mutual interest in order to eliminate as far as possible difficulties that may arise in connection with the organization's operations.

Arrangements to this effect would undoubtedly materially influence the extent of Swiss purchasing transactions in this country.

Accept [etc.]

BRUGGMANN

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854.24/46

*The Secretary of State to the Swiss Minister (Bruggmann)*

WASHINGTON, November 30, 1939.

SIR: In your note of November 28, 1939 you inform me that the Swiss Government is disposed to begin the purchase in the United States of various commodities under option contracts concluded earlier in this year. I also note that the Swiss Government is considering the creation in the United States of an organization for the purpose of supervising these purchases and the storage and transportation of the commodities so acquired.

You suggest that it seems to you desirable that the United States Government should agree to examine and discuss appropriate means by which this Government could keep in permanent touch with the projected Swiss organization. This Government will be glad through appropriate channels to maintain contact with the Swiss organization to consider all matters of mutual interest in order to eliminate, as far as possible, difficulties that may arise in connection with the organization's operations. The specific transactions of purchasing, storage and transportation would, of course, be matters between the Swiss Government and private American interests.

So far as I understand the nature and general terms of the proposed transactions, they would appear to encounter no difficulty by reason of any existing legislation in the United States. As I stated in my note to you of May 27, 1939, it is the desire of the Government and people of the United States to maintain the friendliest and fullest possible commercial relations with the Government and people of Switzerland. As I stated at that time, however, the action that this Government may be compelled to take under any future sets of circumstances cannot be determined in advance and would have to fall within the rules of international law and the course of domestic legislation.

Accept [etc.]

CORDELL HULL

**UNION OF SOVIET SOCIALIST REPUBLICS**

(See *Foreign Relations*, The Soviet Union, 1933-1939,  
pages 731-1013.)

VATICAN

APPOINTMENT BY PRESIDENT ROOSEVELT OF MYRON C. TAYLOR AS  
THE PRESIDENT'S PERSONAL REPRESENTATIVE TO POPE PIUS XII <sup>1</sup>

121.866A/1a

*The Under Secretary of State (Welles) to President Roosevelt* <sup>2</sup>

WASHINGTON, August 1, 1939.

MY DEAR MR. PRESIDENT: Some weeks ago the Secretary and I were speaking of the advantage which might be gained by this Government if we had direct diplomatic relations with the Vatican. I think it is unquestionable that the Vatican has many sources of information, particularly with regard to what is actually going on in Germany, Italy, and Spain, which we do not possess, and it seemed to us that the question of whether it would be desirable for our Government to obtain access to this information was of considerable importance.

At Mr. Hull's suggestion I wrote a personal letter to Bill Phillips <sup>3</sup> asking his opinion. I have this morning received Bill's reply under date of July 19 and I am sending you a copy of his letter <sup>4</sup> for your information.

Believe me [etc.]

SUMNER WELLES

121.866A/Original

*Memorandum by President Roosevelt to the Secretary of State*

[WASHINGTON,] October 2, 1939.

This is a wholly original thought with me and I have discussed it with no one else.

<sup>1</sup>The sending of a special representative to the Vatican had evidently been considered by the President for some time. The letter of August 1, 1939, from Under Secretary of State Welles to President Roosevelt and the correspondence with Ambassador Phillips at Rome therein referred to appears to be the earliest record of consideration by the Department of State of such representation.

<sup>2</sup>Photostatic copy obtained from the Franklin D. Roosevelt Library, Hyde Park, N. Y.

<sup>3</sup>Ambassador in Italy.

<sup>4</sup>Not printed. Ambassador Phillips' conclusions were stated as follows: "To sum up, I believe that the resumption of diplomatic relations with the State Department would be a new source of political information of the highest importance. I believe, too, that by renewing our relations we would be supporting the Holy See in its well-known efforts to preserve peace in Europe at a moment of great tension." (711.66A/23)

We have, I think, all of us the thought that at the termination of the European War, whether it comes soon or next Summer or three years or five years from now, there will be a very large number of refugees—refugees of various Christian faiths, as well as Jewish—refugees coming not from one country but from many countries, including even England and France and Italy.

These people may be refugees because the place they live in will no longer allow them to stay; or they may be refugees whose homes and property have been utterly destroyed and have no chance to start life anew in the old setting; refugees who for reasons of conscience, Christian and Jewish, feel that they can no longer tolerate the civilization in which they have been brought up; refugees whose family ties have been destroyed and who want to start life in a wholly new environment.

It is my personal belief that there will be, in all probability, more Christian refugees than Jewish refugees.

A problem is, therefore, raised as to whether, because a very large number of them will be Catholics, the Vatican itself may not desire to take an active interest in helping the Catholic refugees to find homes in wholly new surroundings.

I am wondering, therefore, if you and I should not begin the consideration, *while the war is still on*, of discussing the whole subject with the Vatican and with the representatives of the Federal Council of Churches in America and some similar organizations in Europe.

The contact with the Jews has already been made through the Myron Taylor Committee, which will meet here in October, and which has concerned itself directly with the Jewish problem.

The contact with Protestant churches can readily be made in this country and with the equivalent organizations abroad.

But a contact with the Catholic Church ought to be made directly with the Vatican itself, because this question is of infinitely more importance to European Catholics than to American Catholics.

It is my thought, therefore, that while there is no particular reason for haste, we might give consideration to sending at a later date a special Minister or Ambassador on *Special Mission to the Vatican*, in order that we could have a direct system of communication covering the subject of European Catholic refugees.

I am inclined to think that this is not only a practical idea but that it also puts the whole refugee problem on a broad religious basis, thereby making it possible to gain the kind of world-wide support that a mere Jewish relief set-up would not evoke.

You might think this over and talk with me about it at your convenience.

F[RANKLIN] D. R[OOSEVELT]

740.00119 European War 1939/208

*President Roosevelt to Pope Pius XII*

WASHINGTON, December 23, 1939.

YOUR HOLINESS: Because, at this Christmas time, the world is in sorrow, it is especially fitting that I send you a message of greeting and of faith.

The world has created for itself a civilization capable of giving to mankind security and peace firmly set in the foundations of religious teachings. Yet, though it has conquered the earth, the sea, and even the air, civilization today passes through war and travail.

I take heart in remembering that in a similar time, Isaiah first prophesied the birth of Christ. Then, several centuries before His coming, the condition of the world was not unlike that which we see today. Then, as now, a conflagration had been set; and nations walked dangerously in the light of the fires they had themselves kindled. But in that very moment a spiritual rebirth was foreseen—a new day which was to loose the captives and to consume the conquerors in the fire of their own kindling; and those who had taken the sword were to perish by the sword. There was promised a new age wherein through renewed faith the upward progress of the human race would become more secure.

Again, during the several centuries which we refer to as the Dark Ages, the flame and sword of barbarians swept over Western civilization; and, again, through a rekindling of the inherent spiritual spark in mankind, another rebirth brought back order and culture and religion.

I believe that the travail of today is a new form of these old conflicts. Because the tempo of all worldly things has been so greatly accelerated in these modern days we can hope that the period of darkness and destruction will be vastly shorter than in the olden times.

In their hearts men decline to accept, for long, the law of destruction forced upon them by wielders of brute force. Always they seek, sometimes in silence, to find again the faith without which the welfare of nations and the peace of the world cannot be rebuilt.

I have the rare privilege of reading the letters and confidences of thousands of humble people, living in scores of different nations. Their names are not known to history, but their daily work and courage carry on the life of the world. I know that these, and uncounted numbers like them in every country, are looking for a guiding light. We remember that the Christmas Star was first seen by shepherds in the hills, long before the leaders knew of the Great Light which had entered the world.

I believe that while statesmen are considering a new order of things, the new order may well be at hand. I believe that it is even now be-

ing built, silently but inevitably, in the hearts of masses whose voices are not heard, but whose common faith will write the final history of our time. They know that unless there is belief in some guiding principle and some trust in a divine plan, nations are without light, and peoples perish. They know that the civilization handed down to us by our fathers was built by men and women who knew in their hearts that all were brothers because they were children of God. They believe that by His will enmities can be healed; that in His mercy the weak can find deliverance, and the strong can find grace in helping the weak.

In the grief and terror of the hour, these quiet voices, if they can be heard, may yet tell of the rebuilding of the world.

It is well that the world should think of this at Christmas.

Because the people of this nation have come to a realization that time and distance no longer exist in the older sense, they understand that that which harms one segment of humanity harms all the rest. They know that only by friendly association between the seekers of light and the seekers of peace everywhere can the forces of evil be overcome.

In these present moments, no spiritual leader, no civil leader can move forward on a specific plan to terminate destruction and build anew. Yet the time for that will surely come.

It is, therefore, my thought that though no given action or given time may now be prophesied, it is well that we encourage a closer association between those in every part of the world—those in religion and those in government—who have a common purpose.

I am, therefore, suggesting to Your Holiness that it would give me great satisfaction to send to you my personal representative in order that our parallel endeavors for peace and the alleviation of suffering may be assisted.

When the time shall come for the reestablishment of world peace on a surer foundation, it is of the utmost importance to humanity and to religion that common ideals shall have united expression.

Furthermore, when that happy day shall dawn, great problems of practical import will face us all. Millions of people of all races, all nationalities and all religions may seek new lives by migration to other lands or by reestablishment of old homes. Here, too, common ideals call for parallel action.

I trust, therefore, that all of the churches of the world which believe in a common God will throw the great weight of their influence into this great cause.

To you, whom I have the privilege of calling a good friend and an old friend, I send my respectful greetings at this Christmas Season.

Cordially yours,

FRANKLIN D. ROOSEVELT

121.866A/2a : Telegram

*The Secretary of State to the Ambassador in Italy (Phillips)*

WASHINGTON, December 23, 1939.

164. The President is making public Sunday, December 24, the following Christmas letter to the Pope:

[Here follows text of letter printed *supra*.]

For your information similar letters were sent to the President of the Federal Council of the Churches of Christ in America<sup>6</sup> and to Rabbi Cyrus Adler, as a recognized leader of the Jewish faith, except that instead of appointing a representative, these men were asked to confer from time to time with the President in Washington.

The President will likewise announce that he has appointed Mr. Myron C. Taylor as his representative at the Vatican to take up questions arising out of the abnormal situation. The President contemplates that this representation will be for the duration of the war and to handle problems arising out of it. Mr. Taylor advises that because of his health, he will be unable to sail for some weeks, probably in February. It is planned that he will have merely the title of "Representative of the President", with the rank of Ambassador but without title. Unless problems require his continuous attendance in Rome, it is assumed that he will be able to spend most of his time at his villa in Florence, maintaining continuous office arrangements in Rome and coming there when needed.

HULL

121.866A/2

*President Roosevelt to Mr. Myron C. Taylor*WASHINGTON, December 23, 1939.<sup>7</sup>

MY DEAR MR. TAYLOR: Reposing special faith and confidence in you I am asking you to proceed at your early convenience to Italy, there to act as my personal representative, with the rank of Ambassador, to His Holiness, Pope Pius XII. My purpose in entrusting you with this mission was set forth in my letter of December 23, 1939 to the Pope, a copy of which is enclosed.<sup>7a</sup> I am also asking you personally to convey a further communication to His Holiness.<sup>8</sup>

<sup>6</sup> George A. Buttrick.

<sup>7</sup> File copy dated December 23, 1939, but letter was not sent until February 4, 1940.

<sup>7a</sup> *Ante*, p. 871.

<sup>8</sup> Presumably letter dated February 14, 1940, not printed.



I may from time to time request you to serve as the channel of communication for any views I may wish to exchange with the Pope. You will, of course, communicate to this Government any matters which may come to your attention in the performance of your mission which you may feel will serve the best interest of the United States.

With all best wishes for the success of your mission, I am,

Very sincerely yours,

FRANKLIN D. ROOSEVELT

121.866A/1 : Telegram

*The Ambassador in Italy (Phillips) to the Secretary of State*

ROME, December 24, 1939—noon.

[Received December 24—10:05 a. m.]

566. For the President. Please accept my heartiest congratulations on your Christmas letter to the Pope and appointment of Myron Taylor. This is a splendid and timely move which will be immensely appreciated over here. Christmas greetings.

PHILLIPS

121.866A/2 : Telegram

*The Ambassador in Italy (Phillips) to the Secretary of State*

ROME, December 24, 1939.

[Received December 24—9 p. m.]

568. My number 566 of December 24. The Pope today after referring to a violation of "international and divine laws" told the Sacred College of Cardinals that he was deeply gratified by the appointment of Myron Taylor to the Vatican. "We could not deprive ourselves of the joy of announcing it to you Reverend Brethren and dearly beloved sons". He then went on to express the belief that the paths to peace were still open at an opportune moment through the offices of "responsible men" and defined as his criterion of the basis necessary for a lasting peace the right to live and the independence of all nations, great and strong, small and weak. Returning to the Taylor appointment the Pope remarked "This is Christmas news which could not be more welcome since it represents on the part of the eminent head of a great and powerful nation a worthy and promising contribution to our desires for a just and honorable peace and for a more effective work toward alleviating the sufferings of the victims of the war. Hence we are anxious to express here and now our felicitations and our spirit for this generous act to Roosevelt."

PHILLIPS

## YUGOSLAVIA

### PROPOSALS FOR THE REGULATION OF COMMERCIAL RELATIONS BETWEEN THE UNITED STATES AND YUGOSLAVIA<sup>1</sup>

611.60H31/173

*The Secretary of State to the Minister in Yugoslavia (Lane)*

No. 133

WASHINGTON, August 29, 1939.

SIR: Reference is made to the Legation's telegram no. 52, March 30, 6 p. m. and despatches no. 555, April 21 and no. 570, May 4, and to the Department's telegram no. 15, April 15, 1 p. m.<sup>2</sup>

For your information, the Yugoslav Minister<sup>3</sup> called at the Department on March 15 and 16 to inquire as to the Department's views regarding the possibility of initiating trade-agreement negotiations between the United States and Yugoslavia. In reply, it was indicated that this Government was ready to give sympathetic consideration to such a possibility and it was agreed that the next step would be for the Minister to suggest to his Government the formulation of a proposal in that connection. Mr. Fotitch requested and was given copies of our standard general provisions for transmittal to his Government, a copy of which, together with new standard quota and exchange articles, is enclosed.<sup>4</sup>

It would appear that there probably is a basis for a mutually profitable trade agreement between the two countries as far as schedules of concessions are concerned. A cursory examination of items imported into the United States from Yugoslavia indicates that this Government might be in a position to consider the possibility of granting concessions on some seventeen commodities, the imports of which from Yugoslavia in 1937 constituted approximately 22 percent of all United States imports from that country. It is believed that the chief obstacle to finding a basis for negotiations would be the reluctance of the Yugoslav Government to accept publicly our standard general provisions, particularly the articles relating to quantitative and exchange controls.

It is thought that the Yugoslav Minister may have approached the Department on his own initiative and without the prior authorization

<sup>1</sup> Continued from *Foreign Relations*, 1938, vol. II, pp. 688-704.

<sup>2</sup> None printed.

<sup>3</sup> Constantin Fotitch.

<sup>4</sup> Not attached to file copy of instruction.

of his Government, and hence it is not at all certain that the Minister's move will be followed by the submission of a trade-agreement proposal from his Government.

Meanwhile, particularly in view of the fact that the Yugoslav import control list has been expanded to cover approximately 92 percent (based on 1935 imports) of Yugoslav imports from the United States, it would appear to be desirable for you to resume your discussions with the Yugoslav authorities with a view to obtaining satisfactory assurances of non-discriminatory treatment for imports from the United States.

In this connection, it is not felt that the most recent statements of the Yugoslav officials, as reported in your despatch no. 555 of April 21, to the effect that "the National Bank is at present granting permits for the import of American goods on the control list (other than automobiles and films) in amounts equal to the imports from the United States of those articles in 1935" offer the equivalent of non-discriminatory treatment.

It is possible that in taking the position referred to above the Yugoslav authorities had in mind the discussions in Washington in 1937 in connection with a proposal transmitted to the Department through the Yugoslav Minister offering the United States quotas for controlled articles equivalent to the actual amounts of such articles imported from the United States in 1935. Sympathetic consideration was given to the proposal at that time because, with the exception of automobiles, the greater part of imports from the United States was free of import control and was to be assured of such a status for the duration of the Yugoslav commitment. Moreover, again with the exception of automobiles, the specific amounts of the controlled items imported from the United States in 1935 seemed to offer the possibility for a substantial improvement in the American trade. Any such proposal could have been accepted then only as a temporary measure.

The Department does not believe that it would be practicable or desirable to accept such a proposition at the present time not only because of the increased scope of the Yugoslav import control but also because the proposition falls considerably short of the well-recognized requirements of our commercial policy. Moreover, as pointed out above, an examination of the trade statistics indicates that the year 1935 cannot be accepted as a representative period for all the products whether for calculating ratios or as the basis for the minimum quotas suggested by the Yugoslav officials. Finally, the Yugoslav commitment with respect to automobiles and trucks would appear to indicate the possibility of that Government's acceding to requests for proportional treatment for other products of interest to the United States.

While the Department concurs with your view that it would be impracticable at this time to urge the Yugoslav Government to enter into a published agreement, such as the *modus vivendi* previously suggested by the Department, containing only the principles of non-discriminatory treatment, it would be highly desirable to obtain a Yugoslav commitment which would assure United States trade the essence of most-favored-nation treatment with respect to quantitative restrictions. Thus although the Yugoslav Government may not be in a position to publicly agree to a statement of the principles of non-discriminatory treatment, it should be able to agree to accord the substance of such treatment to the United States by allotting quotas for imports from the United States based on fair and equitable proportions of total current imports of the products in question into Yugoslavia. The Yugoslav authorities took a step in this direction in according the United States ratios for automobiles and trucks, although the ratios were smaller than seemed justified by our showing in the trade and although the ratios were to be applied to total Yugoslav imports in the previous period rather than to total permitted imports for the current period.

In your discussions with the Yugoslav authorities you should point out that this Government considers proportional treatment to be the closest equivalent, which it is possible to formulate, to the most-favored-nation principle in the application of quantitative import controls. When a country has been allotted an equitable share of the total imports of a particular product, it has the opportunity to participate in increases which may take place in the trade in that product. It is also affected, proportionately, by any decreases which may occur in total permitted imports.

The Department notes that the Yugoslav officials have taken the position (Legation's despatch no. 555, April 21, page 5) that their Government is now according the United States what amounts to preferential treatment in some cases, and that in general it should be compensated for the measures which are being taken with respect to American trade. It should be pointed out of course that the American Government has on no occasion requested what might be considered preferential treatment. This Government has requested no more than equitable ratios based upon this country's position in the Yugoslav market in past years.

Such requests cannot properly be considered to afford grounds for requesting compensation beyond the non-discriminatory treatment already accorded by the United States to Yugoslav trade. They are not quota concessions of the kind included in trade agreements to which the United States is a party. The United States seeks in general the exemption from quota restrictions of all items contained in

the trade-agreement schedules of duty concessions. In the case of those items which have been the subject of quantitative restriction and on which quota-free treatment is not possible, the United States requests minimum quotas representing increases over the current trade in the articles in question. Such minimum quotas may properly be considered "quota concessions". The guarantee of proportional treatment, in such cases, operates above but not below the minimum amounts specified.

The Department therefore desires you to take up with the Yugoslav authorities the question of according to the imports of controlled products from the United States fair and equitable ratios based upon this country's position in the total trade in the respective products in a representative period. This would require a careful examination of the trade, product by product. In this connection there is enclosed a table,<sup>5</sup> based on the one prepared by the Consul at Belgrade (enclosed with your despatch no. 570 of May 4) which includes pertinent trade figures on each of the controlled items considered to be of substantial interest to the United States, and suggestions as to what year or years might be considered an acceptable basis for a representative period. For your information there is also enclosed a copy of a report by the Department of Commerce entitled "Imports into Yugoslavia of Principal Articles from the Standpoint of United States Interest".<sup>5</sup> You should refer to the Department's telegram no. 15, April 15, 1939, 1 p. m. for a discussion of the basis for determining a representative period.

It should be noted that the term "proportional treatment" as used by this Government refers to a proportion of *prospective* total imports in a particular period. To that end, the policy of this Government as expressed in the standard quota provision as recently revised is to seek assurances that if a restriction is imposed on imports from either country by the other the total quantity of such article permitted to be imported during a specified period, or any change in such quantity, shall be established and made public. If a share of such total quantity is allotted by either country to a third country a share shall also be allotted to the other country (unless it is mutually agreed to dispense with such allotment) equivalent to the proportion of the total imports supplied by the other country in a previous representative period.

The above procedure, which calls for the establishment of global quotas and allows the interested importers to participate currently in changes which may be taking place in the total permitted imports, is more satisfactory than a procedure (such as provided by the present

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<sup>5</sup> Not printed.

arrangement with Yugoslavia with respect to automobiles and trucks) whereby a ratio is applied to total actual imports from all countries in the previous period instead of to a global quota representing total prospective imports. The difficulty with the procedure for basing the proportion on imports in the previous period is particularly serious in the case of a commodity subject to wide seasonal variations or to an unusually large current demand but might be important in the case of any commodity.

With respect to the assurance given by the Yugoslav Government that it would permit the importation in the first half of 1939 of American automobiles to the extent of 11,015,400 dinars and American trucks to the value of 10,695,300 dinars, the Legation is requested to ascertain and transmit to the Department as soon as available the monthly figures for total imports and imports from the United States into Yugoslavia of automobiles and trucks as well as the quotas being accorded the United States in the second half of 1939. The Legation should also report any other available information which would give a further indication of the treatment being accorded imports of these products from the United States.

With respect to your request, in the despatch no. 570 of May 4, 1939, for the Department's views as to the method of determining a quota for the grouped items, it is felt that this is a matter which logically follows a resolving of the basic question, namely, whether the Yugoslav Government is prepared to accord proportional treatment to imports from the United States.

Although in the table prepared in the Department, referred to above, no distinction has been made between the grouped and individually important items, this does not imply that there is any objection to grouping certain items, in your discussions with the Yugoslav authorities, when the determination of individual ratios does not seem feasible. When a grouping of certain items appears necessary, a single ratio for the group may be determined by calculating on a value basis the proportion which the imports from the United States bear to total imports of all the items in the group.

It is the understanding of the Department that the quotas to be accorded the United States would represent amounts for which import permits would be freely granted and for which exchange would be forthcoming (as provided in the standard Article concerning exchange restrictions).

Since the effectiveness of any arrangement with respect to quotas and the amount of exchange to be made available for imports from the United States will depend to an important extent on the *rate* at which such exchange will be made available (as compared with the rates for the equivalent of the dollar in other currencies), it would

appear essential that assurances be obtained from the Yugoslav Government that the United States will receive unconditional most-favored-nation treatment in that regard. In the absence of such assurances, the rate for dollar exchange could be so high as to seriously impair or even completely nullify the benefits accruing from otherwise favorable treatment.

It is understood that the Yugoslav Government exercises a control over exchange rates, but the Department does not know to what extent such control has affected imports from the United States. Moreover, there is a lack of information here as to the rates at which exchange is now being made available for imports into Yugoslavia from the United States. Such information is needed to enable the Department to answer inquiries as to treatment being accorded various imports from the United States as well as for its own information.

It may be recalled that Mr. Joseph L. Ryan of the Royal Typewriter Company has been in communication with the Department with respect to the regulations affecting Yugoslav imports of American typewriters. It will be noted that in recent letters to Mr. Ryan, copies of which are enclosed,<sup>6</sup> it was indicated that the Department expected to be in a position shortly to give him some information concerning Yugoslavia exchange rates.

It would be very helpful, therefore, if the Legation would transmit to the Department all available information with respect to the Yugoslav system of exchange control. Such a report should contain all information pertinent to the present situation that has been included in previous reports. The Department particularly has in mind the following questions:

1. To what extent, if any, is the rate of exchange at present an obstacle to the importation of American goods. In other words, is the rate charged importers of American goods so high in relation to the rate charged importers of similar articles from third countries as to make importation of particular American products unprofitable?

2. What rates (official or otherwise) are actually available to importers of American goods and to importers of similar products from other countries in the following cases:

- a. For items described in paragraph 5 of the public statement of March 2, 1939 by the Yugoslav National Bank, namely automobiles, tires, and tubes, radio apparatus, motorcycles, typewriters and other office machinery, etc.

- b. For other items for which exchange must be obtained at the National Bank.

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<sup>6</sup> Not printed.

c. For items for which exchange must be obtained, at the Bourse rate of exchange, from the Bourse or through normal banking channels.

Very truly yours,

For the Secretary of State:  
HENRY F. GRADY

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611.60H31/182 : Telegram

*The Minister in Yugoslavia (Lane) to the Secretary of State*

BELGRADE, September 18, 1939—6 p. m.

[Received 8:30 p. m.]

276. Department's instruction No. 133 of August 29.

1. Since the despatch of the above instruction the control list has been extended to cover all articles.

2. Because of the present international situation it is doubtful whether we shall be successful in persuading the Government to devote time to the careful study of the question of individual quotas (despite several representations we have not yet received from the Foreign Office the figures regarding imports of automobiles and trucks for the first 6 months of 1939).

3. With the exception of raw materials, such as cotton, it is doubtful whether there will be further demand for American products here unless the foreign exchange situation should improve.

4. We consider that it is going to be increasingly difficult to obtain foreign exchange, especially if as now seems probable, Yugoslavia's economic dependence on Germany is increased.

5. My opinion is that any advantage to be obtained by an agreement such as the arrangement regarding automobiles and trucks would be academic. The ability of the Yugoslav Government to fulfill commitments at this time is highly questionable. Furthermore, any protracted negotiations with Pilja<sup>7</sup> would seriously handicap us in our reporting and protection activities.

6. Under the circumstances may I defer initiating negotiations? Please telegraph.

LANE

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<sup>7</sup> Miliwoje Pilja, Yugoslav Assistant Minister for Foreign Affairs.



611.60H31/182: Telegram

*The Secretary of State to the Minister in Yugoslavia (Lane)*

WASHINGTON, September 21, 1939—2 p. m.

45. Your 276, September 18, 6 p. m. Under the circumstances you may defer initiating discussions proposed in Department's instruction.

HULL

611.60H31/183: Telegram

*The Minister in Yugoslavia (Lane) to the Secretary of State*

BELGRADE, September 21, 1939—11 p. m.

[Received September 21—7:20 p. m.]

283. My 276, September 18, 6 p. m. Prince Paul<sup>a</sup> this afternoon spontaneously brought up the question of increasing Yugoslav trade with the United States. I told him frankly that I personally was not disposed to initiate negotiations in the face of the lack of interest which the Foreign Office has shown as evidenced by their failure to furnish us with figures regarding the import of automobiles and trucks for the first 6 months of the year. I said furthermore that conversations with Pilja are apt to be theoretical and long drawn out and that I could ill-afford the time during this crucial period if there was no possibility of reaching an agreement. The Prince said that he would appreciate it as a personal favor to him if I were to receive Pilja and endeavor to negotiate as it is highly essential for Yugoslavia to find markets in the United States for its products. He said that he would see that suitable instructions were given to Pilja to get in touch with me.

Should I be approached by Pilja I feel that I cannot in view of the Prince's interest decline to initiate negotiations. Unless instructed to the contrary therefore, I shall proceed in accordance with the Department's instruction 133, August 29.

LANE

611.60H31/183: Telegram

*The Secretary of State to the Minister in Yugoslavia (Lane)*

WASHINGTON, September 28, 1939—5 p. m.

47. Your 283, September 21, 11 p. m. Department's instruction No. 133, August 29, and telegram 45, September 21, 2 p. m. The Yugoslav Minister has been back in Washington since August 10 but

<sup>a</sup> Member of the Yugoslav Council of Regency.

has not as yet submitted any trade-agreement proposal on the part of his Government. However, the Counselor of the Legation under instruction from his Foreign Office called at the Department on September 20 to inquire as to the possibility of making a separate arrangement whereby Yugoslav hops could obtain the rate of duty previously provided by the Czechoslovak trade agreement. The Counselor stated that hops were to be included in the prospective trade-agreement negotiations between the two countries, but that his Government was anxious to obtain some immediate relief since this is the shipping season for hops. He was informed in reply that there was no way by which such a special arrangement might be undertaken.

In your forthcoming discussions with Pilja you may refer to the information given in the above paragraph and point out that a commitment to modify a rate of duty can be given only in connection with the negotiation of an agreement under the Trade Agreements Act.<sup>9</sup> The negotiation of such an agreement requires in accordance with law certain procedural steps here, including public notice and hearings. In order to avoid the taking of such steps without assurance that there is a reasonable prospect for successful negotiations, it is our practice to attempt to reach, in advance of giving public notice, an understanding with the government concerned as to the general basis on which an agreement might be concluded, although no commitment can be given as to the concessions which we might grant in an agreement.

The basis for the negotiation of such an agreement includes on the one hand acceptance by both countries of the principle of unconditional most-favored-nation treatment with respect to all forms of trade control as expressed in the general provisions contained in the trade agreements negotiated so far by the United States and on the other hand a realization by the Government of the other country that the United States is not in general in a position to grant concessions to the other country on products of which that country is not the principal or an important supplier.

You may indicate that in view of the present international situation there had been some doubt whether the Yugoslav Government would be prepared to enter into a discussion of a possible trade agreement with the United States or to conclude such an agreement. Moreover, it was thought from the previous discussions concerning the application of the Yugoslav import control to American products that the Yugoslav Government would not be willing to conclude an agreement with the United States containing the general provisions contained in trade agreements concluded by this country. However, if the Yugoslav Government is prepared at this time to offer a

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<sup>9</sup> Approved June 12, 1934; 48 Stat. 943.

proposal for trade-agreement negotiations between the two countries, with the considerations mentioned in the preceding paragraphs in mind, it would be given careful consideration by the Government of the United States.

For your information, it would appear that the feasibility of negotiating a successful agreement with Yugoslavia rests largely upon the Yugoslav Government's ability to accord the products of this country non-discriminatory treatment in the application of all aspects of the Yugoslav import control, as outlined in the Department's instruction No. 133, and its willingness to enter into a published agreement containing general provisions providing for such treatment.

HULL

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[Discussions with the Yugoslav Government regarding a possible trade agreement were not continued.]

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**ACTION BY THE DEPARTMENT OF STATE TO FACILITATE THE PURCHASE OF WAR MATERIALS IN THE UNITED STATES BY THE YUGOSLAV GOVERNMENT**

860H.24/114

*Memorandum of Conversation, by the Chief of the Division of Controls (Green) to the Secretary of State*

[WASHINGTON,] September 19, 1939.

THE SECRETARY: The Yugoslav Minister<sup>10</sup> called at my office this afternoon by appointment. He said that he had received instructions from his Government to call on me to request that he be furnished with information to facilitate the purchase in this country by his Government of arms, ammunition, and implements of war as follows:

[Here follows list of war material similar to that given in note of September 19, 1939, from the Yugoslav Minister, printed *infra*.]

He said that he wished to proceed with negotiations with manufacturers as soon as possible as he had been instructed to close contracts for the purchase of the articles on this list. He asked whether I thought it probable that his Government could obtain credit from American banks or from American manufacturers or whether it would be obliged to pay cash for the proposed purchases.

I told the Minister that, in view of the present situation in Europe, I doubted very much whether any American bank or any American manufacturer would be willing to extend credit for the purchase of arms by a European Government.

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<sup>10</sup> Constantin Fotitch.

The Minister said that he had expected that answer. He said that he realized that it was hardly to be expected that anyone should advance credit to the government of one of the smaller countries of Eastern Europe in view of the fact that a large and powerful country of Eastern Europe had been completely demolished within a period of two weeks. He said that his Government should have no difficulty in arranging to pay cash as it had removed its entire gold reserve to London last June and that reserve was ample to pay for the intended purchases.

The Minister asked a number of questions in regard to the laws and regulations governing the exportation of arms and I gave him the desired information.

I suggested to the Minister that he immediately address a note to the Secretary, stating that the arms which he proposed to purchase were for the use of his Government only and not for reexportation, and requesting that the necessary export licenses be issued when they were applied for.

The Minister said that he would comply with my suggestion.

I explained to the Minister that the artillery and ammunition in the above list were not at present manufactured by any American manufacturer; that no American manufacturer possessed the necessary plans and specifications to produce such artillery and ammunition; and that arrangements would have to be made with the War Department for that Department to make available plans and specifications to those manufacturers with whom he might enter into contracts for the purchase of those items. I explained that the War Department would undoubtedly be prepared to discuss such arrangements with him as soon as it was assured by the Department of State that the Legation would address to the Secretary of State such a note as that which I had suggested. I said that the War Department would also give him lists of manufacturers of the several items listed with whom he might wish to communicate with a view to the negotiation of contracts.

The Minister said that he would like to take up this matter with the War Department without delay and that he would prepare immediately such a note as I had suggested. He asked whether there would be any impropriety in his communicating a copy of his note to the War Department.

I replied that he was entirely at liberty to give a copy of his note to the War Department. In his presence, I called Colonel Louis Johnson, Assistant Secretary of War, by telephone, told him briefly of my conversation with the Minister, requested that he facilitate the Minister's mission in so far as such action was consistent with the prac-

tices of the War Department, and made an appointment for the Minister to see Colonel Burns of the Office of the Assistant Secretary of War tomorrow morning.

JOSEPH C. GREEN

860H.24/114

*The Yugoslav Minister (Fotitch) to the Secretary of State*

WASHINGTON, September 19, 1939.

EXCELLENCY: Acting on instructions of my Government I have the honor to inform Your Excellency that the Royal Government contemplates purchasing in the United States certain military equipment and ammunition.

Before undertaking the negotiations with the individual companies in the United States, the Royal Government are desirous to know if the corresponding export licenses will be issued for the material purchased and ordered. In connection with the contemplated purchase, may I be permitted to assure Your Excellency that this material will be strictly and entirely for the use of the Yugoslav Army.

The material to be purchased is as follows: 30 howitzer batteries; 30 anti-aircraft batteries; 84 tanks of 10-12 tons; 400 anti-tank guns with 400,000 shells; 140 pursuit planes; 140 bombing planes; 420 aeroplane reserve motors; unspecified number of armored cars; 54 light tanks; 15 mobile ground service for airfields; unspecified number of trucks, military automobiles and motorcycles.

Accept [etc.]

CONSTANTIN FOTITCH

860H.24/114

*The Secretary of State to the Yugoslav Minister (Fotitch)*

WASHINGTON, September 21, 1939.

SIR: I have the honor to acknowledge the receipt of your note of September 19, 1939, informing me that your Government contemplates purchasing a large quantity of arms, ammunition, and implements of war in the United States.

I have taken due note of your assurance that these arms, ammunition, and implements of war are intended solely for the use of the Yugoslav Army.

Prompt consideration will be given to any application which the Department may receive for licenses to export these arms, ammunition, and implements of war.

Accept [etc.]

For the Secretary of State:  
R. WALTON MOORE

FAILURE OF YUGOSLAVIA TO OBTAIN AMERICAN CREDITS FOR  
PURCHASE OF SURPLUS COTTON IN THE UNITED STATES

660H.1115/11 : Telegram

*The Minister in Yugoslavia (Lane) to the Secretary of State*

BELGRADE, May 21, 1939—noon.

[Received May 21—11:49 a. m.]

143. In recent conversation with the Minister of Finance<sup>11</sup> he has referred to Yugoslavia's urgent need of raw cotton and to our large surplus crop, a part of which may be destroyed. He inquired whether it would be possible for the Yugoslav Government to purchase enough for its needs here amounting to about 300,000,000 dinars and to establish a credit in the United States to finance the purchase but admitted that he had not yet given careful consideration to the details. He inquired whether some Government agency such as the RFC<sup>12</sup> would be in a position to extend such a credit. In reply I reminded him of the Johnson Act<sup>13</sup> but agreed to transmit his inquiry to the Department for decision.

I referred to our having had until now between 60 and 70 per cent of Yugoslav total cotton importations, to our not having been accorded a quota for any articles on the control list with the exception of automobiles and trucks, and to our desire to be assured of our share, based on our cotton importations during a representative period. He replied that if the financing of the cotton purchases in the United States could be arranged we should automatically have permission to import according to Yugoslav needs.

I should appreciate the Department's telegraphic comment.

LANE

860H.24/111 : Telegram

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

PARIS, May 24, 1939—10 p. m.

[Received May 25—9 a. m.]

1004. The Minister of Yugoslavia called on me today and said that he had asked to see me because he had received a communication from Prince Paul<sup>14</sup> ordering him to get in touch with me at once and to say the following.

The difficulties of Yugoslavia had been increased by the signature of the German-Italian alliance.<sup>15</sup> Until the signature of the alliance

<sup>11</sup> Vojin Djuričić.

<sup>12</sup> Reconstruction Finance Corporation.

<sup>13</sup> Approved April 13, 1934; 48 Stat. 574.

<sup>14</sup> Member of the Yugoslav Council of Regency.

<sup>15</sup> Pact of Friendship and Alliance, signed at Berlin, May 22, 1939. For text, see *Documents on German Foreign Policy, 1918-1945*, Series D, vol. vi, p. 561.

he had been able to maneuver between Germany and Italy by playing one against the other. These tactics no longer appeared possible.

Yugoslavia was in desperate need of certain supplies:

First, cotton. He desired to know if I believed it would be possible for Yugoslavia to make a deal with the Government of the United States to trade American cotton for Yugoslav bauxite and cement. If the needs of the United States for bauxite and cement should not be sufficient in amount to balance Yugoslavia's needs for cotton he desired to know if the Government of the United States could arrange to sell an additional amount of cotton to Yugoslavia on credit terms.

Second: The most urgent need of Yugoslavia was for airplanes, anti-aircraft guns, anti-tank guns and heavy cannon.

Yugoslavia had balances in Germany at the present moment and recently had asked the German Government in return for these balances to supply the above-mentioned weapons of war to Yugoslavia. The reply had been that the German Government would consider supplying these weapons only on one condition that the Yugoslav Government should sign an agreement with the German Government according to Germany certain economic rights in Yugoslavia. When the Yugoslav Government had asked the German Government to specify what rights it desired the German Government had proposed a treaty which if accepted would place Yugoslavia in a position of even greater economic slavery vis-à-vis Germany than Rumania had been placed by the recently signed German-Rumanian economic agreement.<sup>16</sup> Prince Paul had definitely refused to consider making any such agreement since the German terms if accepted would mean eventually the end of Yugoslav independence.

In view of these circumstances Prince Paul desired to know if I thought it might be possible for Yugoslavia to obtain from the Government of the United States loans or credits to cover purchases of airplanes, anti-aircraft guns, anti-tank guns and heavy cannon in the United States.

I replied that I did not understand why these questions should be asked me. We had an excellent Minister in Belgrade and the Yugoslav Government had I believed an excellent Minister in Washington. The Yugoslav Minister said that Prince Paul had sent him this communication not by telegram but by the hand of one of his most intimate collaborators because he knew that all telegrams to and from Belgrade were being deciphered by the German Government and he did not wish to have any telegrams leave Belgrade either in the Yugoslav codes or in the codes of our mission in Belgrade dealing with this subject. He wished to put these questions through channels not subject to German supervision.

<sup>16</sup> League of Nations Treaty Series, vol. cxcix, p. 82.

I said that I regretted that I knew so little about economic and other relations between Yugoslavia and the United States that I was entirely incompetent to express even a personal opinion of the questions he had asked.

The Yugoslav Minister replied that he had told Prince Paul that he was a close friend of mine and that he hoped I would not let him down by refusing to give at least some advice.

I then said that my personal opinion was that Prince Paul should instruct the Yugoslav Minister in Washington to put his questions to the Secretary of State.

I also pointed out that the Johnson Act would prevent any loan from the United States to Yugoslavia and I also expressed the personal opinion that it would be impossible for the Government of the United States to give credits to the Government of Yugoslavia for the purchase of weapons of war.

The Yugoslav Minister said that his Government had asked the British Government to extend credits amounting to one million pounds for purchase of war materials in England and to grant a loan of 50 million pounds for the maintenance of the stability of Yugoslav currency. The British Government was now considering these requests.

In discussing the general position of his country the Yugoslav Minister said that excellent fortifications had now been constructed on the German and Italian frontiers; but that the Yugoslav Government had not a single heavy cannon to place in these fortifications. The entire artillery equipment of the Yugoslav army consisted of field artillery.

He added that although Yugoslavia had 900 airplanes they were so antiquated that they could not possibly be used in war.

In case of Rumanian, German or Italian attack he was confident that the Yugoslav soldiers would fight courageously; but it would appear they could have no more success against tanks, airplanes, and gas than the Ethiopians had had. They could hold out for some time in their mountains but that was all.

He added that when Prince Paul had been in Rome the Italians had attempted to obtain the adhesion of Yugoslavia to the Anti-Comintern Pact<sup>17</sup> and also had proposed military agreements between Germany, Italy and Yugoslavia. Prince Paul had replied that he intended to observe complete neutrality. That would continue to be his policy if war should break out until the Mediterranean and the Adriatic should

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<sup>17</sup> Signed between Germany and Japan November 25, 1936, *Foreign Relations, Japan, 1931-1941*, vol. II, p. 153; adhered to by Italy November 6, 1937, *ibid.*, p. 159. For additional secret agreement, see *Documents on German Foreign Policy, 1918-1945*, Series D, vol. I, p. 734. Several other countries also adhered.



be under the control of France and England. Then Yugoslavia would join France and England.

The Yugoslav Minister finally asked me if I would at least inform my Government of the communication from Prince Paul which he read to me and if I would ask the Secretary of State to have the requests of the Yugoslav Government which would presumably be presented to him in the course of the next weeks examined in the most friendly spirit. I replied that I was certain that without any urging from me any request from the Government of Yugoslavia would be examined with full sympathy.

I am sending a paraphrase of this message by hand to our Minister in Belgrade.

BULLITT

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660H.1115/11 : Telegram

*The Secretary of State to the Minister in Yugoslavia (Lane)*

WASHINGTON, May 26, 1939—2 p. m.

23. Your 143, May 21 noon, has been discussed with the Export-Import Bank and with the Department of Agriculture. The Bank feels that it might be difficult for Yugoslavia to meet within terms appropriate for the sale of cotton a credit for cotton equivalent to the 300,000,000 dinars mentioned by the Minister of Finance.

The Bank recommends that you be advised that the Export-Import Bank will be glad to consider opening a 6 months' cotton credit, with an option of one renewal of 3 months, in the sum of \$400,000 against the dollar obligation of the Banque Nationale du Royaume de Yougoslavie, together with assurances from the appropriate authorities that dollar exchange will be available to meet all maturities.

If this initial venture should prove satisfactory, the amount might be increased and perhaps the credit placed on a revolving basis.

The Department concurs in the foregoing.

For your information, the Johnson Act does not apply to transactions of this type carried out by the Export-Import Bank.

HULL

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660H.1115/17a : Telegram

*The Secretary of State to the Minister in Yugoslavia (Lane)*

WASHINGTON, June 12, 1939—6 p. m.

26. Department has discussed matter of cotton financing again with the Export-Import Bank.

In developing arrangements of this kind with other countries it has proven useful to start on modest scale and if arrangement works

satisfactorily thereafter somewhat expand. Following this same approach, Bank suggests willingness to increase amount involved in immediate transaction to \$500,000 with the idea that perhaps at a later date amount can be substantially increased. If approved please request National Bank to designate American commercial bank to act as agent.

HULL

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660H.1115/16 : Telegram

*The Minister in Yugoslavia (Lane) to the Secretary of State*

BELGRADE, June 12, 1939—6 p. m.

[Received 6:20 p. m.]

162. In the course of an informal conversation yesterday with the Assistant Minister for Foreign Affairs<sup>18</sup> latter referred to conversations which have taken place in Paris between Ambassador Bullitt and Yugoslav Minister relative to securing credits in the United States for purchase of cotton and armaments. I indicated that I had already been apprised of these conversations but that I could not understand, despite the explanations made regarding lack of secrecy of our codes, why the Yugoslav Government had not discussed the matter with me. I said that the Prince Regent and the Prime Minister had spoken to me on several occasions regarding Yugoslavia's needs but that nothing concrete had ever been brought up except by the Minister of Finance, with whom I am now negotiating regarding credits for the purchase of cotton. I referred to the express desire of the Prince, the present Prime Minister, and the former Prime Minister to augment Yugoslav trade with the United States and the difficulties which have been experienced with Mr. Pilja<sup>19</sup> whenever any practical question came up for settlement. I said that I had finally reached the position where I would take no further action until the Yugoslav Government showed something more than an expressed willingness to improve the economic and commercial relations between the two countries. Specifically I referred to the difficulties of the Socony Vacuum Oil Company and the American Yugoslav Electric Company in exporting earnings from Yugoslavia; to the inability of the Standard Oil Company of New Jersey in obtaining a concession which had been promised; and to our failure in securing quotas for products other than automobiles and trucks which are on the import control list.

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<sup>18</sup> M. Smiljanić.

<sup>19</sup> Milivoje Pilja, Yugoslav Assistant Minister for Foreign Affairs.

Smiljanic appeared to be much impressed by my statements and because of his silence when I mentioned Pilja's obstructionism I gather that he is in agreement with my views as is also the Minister of Finance. Smiljanic said that the economic situation of Yugoslavia at the present moment is really desperate but that she had been able until now successfully to resist German pressure: Prince Paul had ceded nothing in Berlin and would give away no political rights. He added that Yugoslavia's policy is similar to that of the United States; it wishes to keep out of war and it will never be on the side of Germany and Italy; eventually it may be on the side of Great Britain and France.

The temper of the country is so anti-German that the feeling against the Prince Regent is no longer concealed as the result of his visit to Berlin. I shall report further after having seen the Prince and the Minister for Foreign Affairs.

LANE

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660H.1115/18 : Telegram

*The Minister in Yugoslavia (Lane) to the Secretary of State*

BELGRADE, June 15, 1939—5 p. m.

[Received June 15—4:31 p. m.]

166. Department's 26, June 12, 6 p. m. Minister of Finance said to me this morning that he will gladly accept credit for \$500,000 and will shortly notify me of name of commercial bank designated to negotiate.

LANE

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660H.1115/19 : Telegram

*The Minister in Yugoslavia (Lane) to the Secretary of State*

BELGRADE, June 29, 1939—2 p. m.

[Received 2:56 p. m.]

178. Referring to my telegram No. 166, June 15, 5 p. m., the Minister of Finance promises a reply within the next few days.

He inquired whether it might be possible to arrange a barter transaction for raw cotton against bauxite similar to the recent British-American barter of cotton for rubber.<sup>20</sup> Will the Department please telegraph its comments on this proposal.

LANE

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<sup>20</sup> See pp. 234 ff.

660H.1115/19 : Telegram

*The Secretary of State to the Minister in Yugoslavia (Lane)*

WASHINGTON, July 1, 1939—3 p. m.

29. Your 178, June 29, 2 p. m. Although aluminum is listed as a strategic material, bauxite is not on the list of commodities which the War and Navy Departments have prepared for acquisition by outright purchase. Substantial reserves of undeveloped ore are known to exist in this country. Nevertheless the Army and Navy Munitions Board Commodities Division is looking into the question of whether they might be interested in acquiring a strategic stock of this material. You will be further informed as soon as a decision has been reached.

It should be clearly understood that one of the essentials of the British-American agreement relating to cotton and rubber is that the stocks acquired under this exchange are not to be available for commercial uses but are acquired against the contingency of a major war emergency, each Government undertaking not to dispose of its stock except in the event of such an emergency. Provision is made for joint consultation on other disposal of such stocks after a period of 7 years. This is a most essential part of any agreement which this Government would contemplate making and if you have reason to believe that the Minister of Finance regards his proposal as a means of acquiring cotton for use other than in a major war emergency, you should thoroughly clarify this point.

HULL

660H.1115/19 : Telegram

*The Secretary of State to the Minister in Yugoslavia (Lane)*

WASHINGTON, July 14, 1939—7 p. m.

30. Department's no. 29, July 1, 3 p. m. There proves to be no lively interest on the part of the War and Navy Departments in the acquisition of a reserve stock of bauxite. There would be no purpose in your pressing the matter further therefore although this Government would be prepared to give consideration to any specific proposal the Yugoslav Government may wish to make.

HULL

660H.1115/28

*Memorandum by the Assistant Adviser on International Economic Affairs (Livesey)*

[WASHINGTON,] September 21, 1939.

Mr. Warren Pierson<sup>21</sup> telephoned that the Yugoslav Minister has called on him regarding implementing the cotton credit line [*loan*] which the Bank has undertaken to make available to Yugoslavia.

Mr. Pierson made a stalling reply, suggesting that the Bank's commitment had expired. To me, however, Mr. Pierson said that the Bank has a right to cancel its commitments of this kind on short notice, although this is not definitely expressed in the record of the Yugoslav matter.

The Department's records show that the Department telegraphed the American Minister at Belgrade on June 12:

"Bank suggests willingness to increase amount involved in immediate transaction to \$500,000 with the idea that perhaps at a later date amount can be substantially increased. If approved, please request National Bank to designate American commercial bank to act as agent."

The American Minister replied on June 15 that the Minister of Finance told him on that day that he would gladly accept credit for \$500,000 and would shortly notify the American Minister of the name of the commercial bank designated to negotiate.

The American Minister telegraphed on July 6<sup>22</sup> that the Minister of Finance told him on that date that he would telegraph J. and W. Seligman and Company of New York and ask them whether they would act as representatives of the State Mortgage Bank of Yugoslavia in negotiations with the Export-Import Bank.

The statement of activities of the Export-Import Bank of Washington, February 12, 1934 through July 8, 1939, filed with Senate and House Committees this July and published in committee hearings, includes among cotton credits the information that a \$500,000 credit applied for by Banque Nationale du Royaume de Yougoslavie was approved June 9, 1939 and that under it a commitment of \$500,000 was "now available to exporter". Mr. Pierson asked for any comment or suggestion from the Department of State as to how the Bank should reply to the present approach of the Minister of Yugoslavia.

<sup>21</sup> President of the Export-Import Bank of Washington.

<sup>22</sup> Telegram No. 184, not printed.

660H.1115/28

*Memorandum by the Assistant Adviser on International Economic Affairs (Livesey)*

[WASHINGTON,] September 26, 1939.

Mr. Dunn<sup>23</sup> having referred the Yugoslav Minister to me, I first telephoned Mr. Pierson of the Export-Import Bank, who said that Mr. Jesse Jones<sup>24</sup> and he would be opposed to giving Yugoslavia any credit.

The Minister told me that the Government's interest was in buying armament over here but that to finance this it would like to obtain credit terms for paying for some of its ordinary imports. I discussed the matter but told him that his best procedure would be to talk with Mr. Pierson and have the matter come before the Department by reference from the Bank. I indicated that it seemed very doubtful whether the Bank would want to do anything now in view of the unsettled European conditions, et cetera.

The Minister at no time mentioned any commitment of the Bank to Yugoslavia regarding a cotton credit. He took up the matter as though making a first approach. Apparently he has accepted Mr. Pierson's suggestion that the previous negotiations have lapsed. So I did not mention anything about them.

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660H.1115/29: Telegram

*The Minister in Yugoslavia (Lane) to the Secretary of State*

BELGRADE, October 23, 1939—5 p. m.

[Received 6:14 p. m.]

321. My 184, July 6.<sup>25</sup> Minister of Finance Šutej<sup>26</sup> said to me this morning that in accordance with instructions which he received from the Prince Regent he wished to recommence negotiation for the granting of credit \$500,000 from the Export-Import Bank for the purchase of cotton. He said he would instruct Yugoslav Minister at Washington to negotiate. Minister for Foreign Affairs subsequently confirmed the foregoing.

LANE

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<sup>23</sup> James Clement Dunn, Adviser on Political Relations.

<sup>24</sup> Administrator, Federal Loan Agency.

<sup>25</sup> Not printed.

<sup>26</sup> Juraž Šutej replaced Vojin Djuričić as Minister of Finance following the latter's resignation August 24, 1939.

660H.1115/31

*The Minister in Yugoslavia (Lane) to the Secretary of State*

No. 754

BELGRADE, October 26, 1939.

[Received November 17.]

SIR: With reference to my telegram No. 321 of October 23, 5 p. m., in which I reported a portion of my conversation with the Minister of Finance, regarding his desire to obtain a credit of \$500,000 from the Export-Import Bank for the purchase of raw cotton, I have the honor to state that the reason for my interview with Dr. Šutej was to discuss the affairs of the American-Yugoslav Electric Company. This phase of my conversation is reported in my despatch No. 753 of today.<sup>27</sup>

The Minister of Finance said that Prince Paul had very recently asked him why Yugoslavia had never obtained from the United States a credit for the purchase of cotton. The Minister continued that Dr. Glomažić,<sup>28</sup> who had just returned from the United States, had written a letter to the Minister which Dr. Šutej proceeded to read to me in Serbian, his Chef de Cabinet translating it into English. The substance of the letter was that it is important for the Yugoslav Government to obtain a credit of \$500,000 from the Export-Import Bank in order to purchase raw cotton from the United States, greatly needed here.

I informed the Minister of Finance that I had negotiated this matter with his predecessor Dr. Djuričić last summer and that the Export-Import Bank was prepared to grant such a credit, provided the Minister of Finance would designate a representative in the United States to carry on the negotiations in Washington. I said that if Dr. Šutej would designate a representative now, I felt certain that my Government would be glad to discuss the matter once more. The Minister said that the Yugoslav Minister in Washington, Dr. Fotić, is competent to handle the matter and that he would immediately get in touch with the Minister for Foreign Affairs in order that instructions should be sent at once.

Shortly after this interview I met the Minister for Foreign Affairs at a luncheon at the Italian Legation and informed him of the foregoing. Dr. Cincar-Marković said that he would see that instructions were sent to Dr. Fotić immediately.

Respectfully yours,

ARTHUR BLISS LANE

<sup>27</sup> Not printed.

<sup>28</sup> Momir Glomažić, president-director general of Credit Foncier of Yugoslavia. He was member of mission to the United States to negotiate regarding cotton credits and to discuss trade relations between the United States and Yugoslavia.

660H.1115/31

*The Yugoslav Minister (Fotitch) to the Secretary of State*

WASHINGTON, November 18, 1939.

MY DEAR MR. SECRETARY: You have been very kind to take interest in my negotiations with the Export-Import Bank in order to obtain commercial credits for purchases of cotton, and eventually trucks and automobiles, for Yugoslavia in this country.

I have seen the Director of the Bank, Mr. W. L. Pierson, today, who told me that the Board of Directors have not yet made any decision upon my request and he hopes it will be done by next week. For this reason I take the liberty to avail myself of your kindness and to ask you for your assistance in this matter. From a telegram I received from Belgrade today I think that my Government are waiting for this decision before taking any definite step on their armament program in this country.

Please believe me [etc.]

CONSTANTIN FOTITCH

660H.1115/33

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*Memorandum by Mr. Robert D. Coe of the Division of European Affairs*

[WASHINGTON,] November 21, 1939.

In connection with the letter from the Yugoslav Minister to Warren L. Pierson, President of the Export-Import Bank of Washington, in which the Minister asked for further commercial credits for the purchase of cotton and eventually trucks and automobiles, it is necessary to recall the large American investments in Yugoslavia and the failure of that country to live up to its obligations.

The war debt to the United States amounts to over \$60,000,000 and on the so-called Blair Loan over \$40,000,000 is still owed. The Yugoslav Government has shown no cooperation in the efforts of the Foreign Bondholders Council with regard to the servicing of this and other private loans.

The failure of the Standard Oil Company of New Jersey to obtain a concession for the exploitation of petroleum did not show any particular good will on the part of the Yugoslav Government, but on the other hand the extreme pressure put on the Belgrade authorities by the German Government must be borne in mind. Nevertheless, procrastination and evasion have characterized the Yugoslav Government's attitude during the negotiations for the concession.

Furthermore, the American-Yugoslav Electric Company, with investments of \$2,225,000, has been unable to export its earnings, despite



the continued representations made by the American Legation in Belgrade in this direction. The lack of foreign exchange is given as an excuse by the Yugoslav Government. Regarding the balance of trade which, according to the Yugoslav authorities, is favorable to the United States, the Yugoslav Government has failed to take into consideration the large remittances received from the Yugoslavs in the United States. The American Minister in Belgrade has not failed to point out to the Yugoslav Government that the earnings of the American-Yugoslav Electric Company have not been excessive, and, in fact, have amounted to a modest return on the investment.

Discrimination has been practiced against American trade in Yugoslavia by the excessive quotas and importation restrictions. Again it must, however, be said that the German Government has exercised pressure on Belgrade in this respect. Particularly hard-hit were the importers of American automobiles, and finally after protracted negotiations and representations the American Legation succeeded in obtaining a quota for American automobiles and trucks, which, however, was considerably lower than the share due the United States because of its long-established predominance in this market.

In summary it cannot be said that the Yugoslav Government has shown any particular good will to American commercial or financial interests.

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660H.1115/32

*The Assistant Secretary of State (Berle) to the President of the  
Export-Import Bank of Washington (Pierson)*

WASHINGTON, November 27, 1939.

DEAR WARREN: In reply to your letter of November 20th<sup>29</sup> regarding the request of the Minister of Yugoslavia for cotton credit, I have to say that the Department does not at the moment see any reason why such credit should be granted. Unless, therefore, the Export-Import Bank deems it desirable to make such a credit, for considerations of its own, there would not appear to be any reason for going forward at this time;<sup>30</sup> and the Yugoslav Minister might be so advised.

Sincerely yours,

A. A. BERLE, JR.

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<sup>29</sup> Not printed.

<sup>30</sup> No record of any further discussion of this proposed credit has been found in Department files.

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