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United States Department of State

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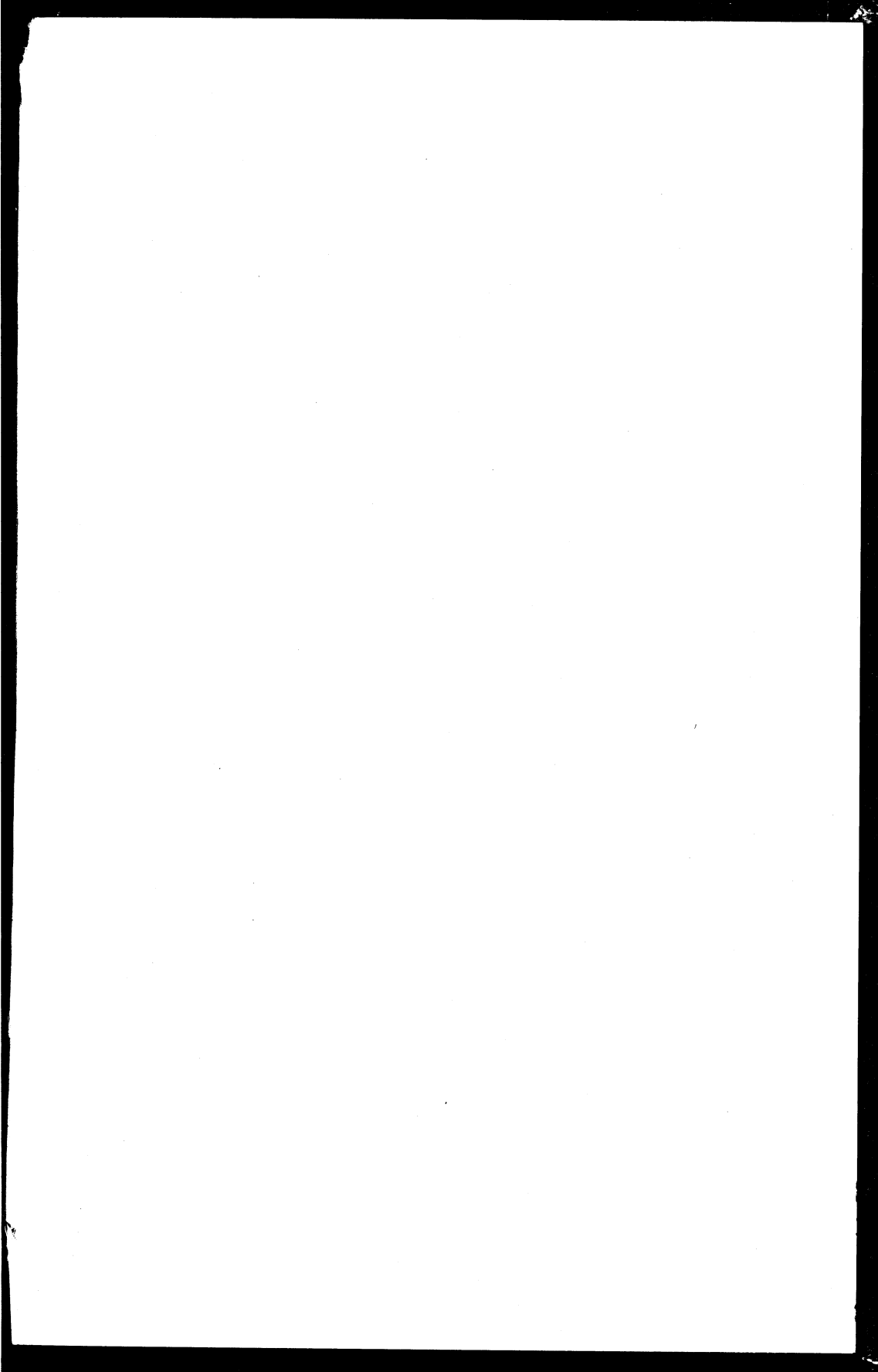


1941

Volume V

THE FAR EAST

Department of State  
Washington







Foreign Relations  
of the  
United States  
Diplomatic Papers  
1941  
(In Seven Volumes)

Volume V  
The Far East



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## PREFACE

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A considerable amount of the diplomatic correspondence for 1941 on the Far East is contained in *Foreign Relations of the United States, Japan, 1931-1941*, Volumes I and II, published in 1943. Papers there printed for the most part are not reproduced in the present volumes.

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E. R. PERKINS

*Editor of Foreign Relations*

APRIL 2, 1956.





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# SOUTHWARD ADVANCE OF JAPANESE EXPANSIONIST MOVEMENT<sup>1</sup>

## CHAPTER I: JANUARY-MARCH, 1941

Japanese infiltration in Thailand; Japanese role in Thai-French Indochina border dispute; Anglo-American consultation in regard thereto; fear of early Japanese attack on British Malaya and Netherlands East Indies; Japanese mediation of Thai-Indochina border dispute and cessation of hostilities on January 28; American representations against Japanese interference with American trade in French Indochina; American-French Indochinese trade discussions; Japanese Foreign Minister Matsuoka's disclaimer of intention to extend war to Southeast Asia; initialing of Thai-French Indochina "peace" settlement at Tokyo, March 11

792.94/71 : Telegram

*The Minister in Thailand (Grant) to the Secretary of State*

BANGKOK, January 4, 1941—8 p. m.  
[Received January 5—12: 15 a. m.]

3. Although definite proof is lacking because of strict control of all sources of information and means of communication, there is good reason to believe that Japanese propaganda in Thailand is being intensified and there are some indications that a Japanese fifth column movement is being organized for any eventuality that may arise in this area making it possible for Japan to control this country in its own interest and for use as a base for [operations] against Singapore. There are many reports to the effect that recently there has been a steady infiltration of Japanese many of whom physically have the appearance of either soldiers or sailors or both.

Although there is a lull in the Indo-China frontier incident, I am reliably informed that the Thailandese forces and war supplies are being constantly augmented and further that the Japanese are making a considerable contribution in this connection. I have it from a reliable source that Japan is furnishing Thailand with 400 airplanes in exchange for tin ore, rubber and rice and that 60 of these have already been delivered. It is reported from the same source that 300 Japanese officers are coming to Thailand to train the Thailandese in the use of these airplanes, in anti-aircraft batteries and field guns. The airplanes are said to be single engine, 1050 horsepower with two synchronous guns forward and one free gun aft, all new but of old

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<sup>1</sup> Continued from *Foreign Relations*, 1940, vol. iv, pp. 1-250; see also *Foreign Relations*, Japan, 1931-1941, vol. II, pp. 301-322.

design. Japanese ships are also said to be arriving with war supplies as indicated in my telegram No. 229, December 30, 7 p.m.<sup>2</sup> Among the shipments are airplanes that can be fitted with pontoons, torpedoes, parts, rifles, bayonets, rifle ammunition and tanks.

Referring to my telegram No. 225, December 28, 6 p.m.,<sup>3</sup> I was informed today by the Netherlands Chargé d'Affaires that the Thai authorities have now approached him with a definite request for his government's sanction of the furnishing of oil products including Diesel gas and fuel oil, aviation and motor gasoline and kerosene. Thailand would send a Government representative to Batavia to negotiate the matter, Chargé d'Affaires was informed.

The Prime Minister<sup>4</sup> in a conversation with the British Minister<sup>5</sup> a few days ago denied that there is any secret military alliance between Thailand and Japan but admitted that the Japanese were seeking to extend their influence here. He said that when the Japanese take over Saigon and other southern ports of Indo-China Thailand will move into Laos and Cambodia.

The present signs seem to point to the early extension of Japanese control of Indo-China including the establishment of military bases in the southern ports and the involvement of Thailand, with the aid of Japanese aircraft and war supplies, through the sop thrown to the territorially ambitious Thailandese leaders of the large territories of Laos and Cambodia. Thailand would thus be drawn definitely into the Japanese orbit. There is the other possibility of a *coup d'état* in Bangkok resulting in the absolute control of Thailand by Japan through the cooperation of a handful of unscrupulous pro-Japanese Thailandese leaders who are back of the intensive propaganda campaign which has been in progress against the French for several weeks. Entire telegram strictly confidential information.

GRANT

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751G.92/494

*The British Embassy to the Department of State*

AIDE-MÉMOIRE

His Majesty's Government in the United Kingdom are grateful for the indication of the views of the United States Government on the situation in Thailand and Indo-China which was conveyed to Mr.

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<sup>2</sup> Not printed; it reported, *inter alia*, a French Legation protest to the Japanese Legation in Thailand against shipment of war supplies which would be used against the French in Indochina (701.5192/26).

<sup>3</sup> Not printed.

<sup>4</sup> Field Marshal Luang Pibul Songgram, who also was Minister for Foreign Affairs.

<sup>5</sup> Sir Josiah Crosby.

Butler<sup>6</sup> by Mr. Sumner Welles<sup>7</sup> in his interview on December 23rd,<sup>8</sup> and are anxious to consult the United States Government as a matter of urgency on the conclusions which they have reached on the subject.

2. In the first place, His Majesty's Government wish to inform the United States Government in the strictest confidence that the Governor-General of Indo-China<sup>9</sup> sent his Aide-de-Camp, Capitaine Jouan, on a visit to Singapore from December 25th-31st, as a result of which the basis of an informal *modus vivendi* on economic matters was worked out; His Majesty's Government hope in the course of future negotiations to achieve such a *modus vivendi*, aiming at the resumption of trade and shipping relations on a surer basis and the limitation in some measure of the volume of commodities from Indo-China reaching Japan and through Japan, Germany.

3. His Majesty's Government welcomed this approach and the indications given by Capitaine Jouan of a desire on the part of Indo-China not only to co-operate with them but to resist further Japanese encroachments. In the course of the conversations at Singapore Capitaine Jouan made the following statements in regard to Thai[land].

4. In September the Thais demanded two unimportant small areas west of the Mekong River, in return for which the French asked for assurances that this was the final demand. The Thais would not guarantee this. In consequence the French refused any concessions and the Thais eventually declined to ratify the non-aggression pact. In November the Thais made sporadic attacks on French territory to which the French subsequently replied, though so far the Thai attacks had been ineffective in spite of published claims. Only 4 French had been killed in twenty raids. The Thais had suggested negotiations but no progress had yet been made. The French were unwilling now even to cede the original Thai demands, though they would accept an adjustment by a frontier commission and agree to handing over one or two small islands in the River. Japan had offered to mediate, but the French considered this far too dangerous. Capitaine Jouan stated however that they would welcome mediation by the United States, or alternatively by the United States and Great Britain jointly. The French had direct evidence that the Japanese had been supplying Thailand with aircraft and ammunition, and they believed that the Japanese were giving the Thais full information about French defences in spite of the Japanese claim to strict neutrality in the dispute.

5. Meanwhile His Majesty's Minister at Bangkok has received information, which has not yet been fully confirmed, that Germany is sympathetic to the Thai claims in the Mekong area and that the French

<sup>6</sup> Neville M. Butler, British Chargé in the United States.

<sup>7</sup> Under Secretary of State.

<sup>8</sup> See memorandum of December 23, 1940, *Foreign Relations*, 1940, vol. iv, p. 245.

<sup>9</sup> Vice Adm. Jean Decoux.

representative at Bangkok has been authorised by Vichy to negotiate. On the other hand the Thai Prime Minister has made the important statement that Thailand would be content at the present time if the French gave back the territory on the right bank of the Mekong and would accept the middle of the River as the frontier.

6. The attitude of His Majesty's Government is governed by two major considerations:—

(a) that the dispute should be resolved peacefully and without delay, and

(b) that this result should not be achieved through the mediation of the Japanese, with or without the aid of the Germans.

His Majesty's Government are principally anxious that neither party to the dispute should be under any obligation to Japan, and that the settlement of the dispute should strengthen the French in their resistance to Japanese pretensions. It therefore appears important to His Majesty's Government that the dispute should be settled either by direct negotiations or with the aid of the United States and Great Britain.

7. If this is to be achieved it is obvious that mutual concessions will have to be made by both parties going somewhat beyond what either has hitherto been ready to make. In general terms these appear to involve:—

(a) the French being willing to concede the two strips of territory originally claimed by the Thais, plus at least some of the islands in the River, and

(b) the Thais being content with something less than their maximum requirements and being prepared to give adequate guarantees that no further demands will be made.

8. His Majesty's Government have noted Mr. Welles's view that any cessions of territory made by the French to the Thais in present circumstances would be virtually concessions to blackmail with possible repercussions elsewhere. His Majesty's Government recognise the seriousness of this argument, and if the French were unwilling to consider a composition of the dispute involving any territorial changes whatsoever, His Majesty's Government would themselves not wish to offer their mediation. This, however, does not appear to be the case and the United States Government may be willing to examine the situation in the light of Capitaine Jouan's statement that the French authorities would welcome their mediation, and of the following considerations.

9. The longer the dispute continues the more both parties (and not only Thailand) lay themselves open to Japanese penetration or attack. Indeed Japan's object in supplying Thailand with arms is doubtless to prolong the dispute and thus weaken both sides although a successful mediation would equally achieve for Japan important

advantages in both countries. The strategic position which Japan no doubt hopes to acquire in both countries is one from which she can menace the integrity of other territories lying to the south.

10. To sum up, to allow the struggle to continue or to be settled by the Japanese is to strengthen the Japanese in South-East Asia to the detriment of Indo-China, Thailand, the Netherlands East Indies and the British possessions in the Far East, not to mention Great Britain and ultimately the United States themselves.

His Majesty's Government would welcome an early expression of the views of the United States Government on the above. They feel that if anything is to be achieved by way of mediation it must be attempted with all possible speed, also that to propose open mediation by the United States and themselves would be unlikely to succeed, since it would immediately provoke counter-action by the Japanese and the Germans. They consider that the negotiations would ostensibly have to be undertaken directly between the two parties, British and American influence being exercised in the background.

WASHINGTON, January 6, 1941.

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611.51G31/6

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

[WASHINGTON,] January 7, 1941.

Mr. Alphand<sup>10</sup> called this morning by appointment made at his request. He stated that he wished to discuss with me informally a matter which would be taken up with the Department by the French Ambassador<sup>11</sup> with regard to which a note would be left with the Department. He stated that by a French decree of last October the Indochinese Government had been given liberty of action in respect of its tariff, and that Indochina now has an independent tariff regime. Under this order the Indochinese Government was given the power to negotiate commercial arrangements between Indochina and other Governments. The independent tariff regime in Indochina also applies to commerce between itself and France; an agreement was entered into between the Vichy Government and the Indochinese colonial authorities by which commerce between the two areas was regulated. Preferential treatment in respect of tariffs and quotas was provided for both in France and in Indochina.

There is now in Tokyo a Franco-Indochina commission which is negotiating with the Japanese Government for a new commercial

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<sup>10</sup> Hervé Alphand, Financial Secretary of the French Embassy.

<sup>11</sup> Gaston Henry-Haye.



arrangement between Japan and Indochina. The note which the French Ambassador will leave with the Department will make the proposal that commercial negotiations between the United States and Indochina be undertaken. Mr. Alphand stated that if we so desired his Government would make available to us the terms of the agreement between France and Indochina, and would keep us currently informed of the nature of the negotiations going on in Tokyo.

I replied that upon receipt of the Ambassador's note study of course would be given to the proposal, and that pending a decision on the general question there would probably be no call at this time for the French Government to inform us of the nature of the French Indochina agreement or the nature of the discussions now going on in Tokyo.

While I appreciate that this information which Alphand offered to give is something we want, his oral offer was so presented as to make it appear that acceptance would imply the giving of favorable consideration to the proposal for trade agreement discussions between Indochina and the United States. The possibility of such an arrangement being reached with Indochina seemed so remote to me that I did not wish to accept an offer with strings attached to it. I will, however, endeavor to get this information from Alphand at some time in the near future.

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792.94/74

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

[WASHINGTON,] January 7, 1941.

The British Chargé d'Affaires called upon me this afternoon and, after he had handed me the various *aide-mémoires*<sup>12</sup> which are referred to in other memoranda, read to me two telegrams he had received today from the British Minister in Bangkok with regard to the situation in Thailand. Mr. Butler stated that he would send paraphrases of these telegrams to me early tomorrow morning. The first telegram related to the very disquieting and acute situation in Thailand, while the second telegram, dated January 6, was less alarmist in its nature. The British Minister in Bangkok reported that the Japanese were exceedingly active and that the pro-Japanese party, including the Thai Navy and a large civilian element, was presenting the Prime Minister with an ultimatum either that he join the Axis under the aegis of Japan or that he would be confronted with an uprising. The British Minister urgently requested, as reported in

<sup>12</sup> Including that on the situation between Thailand and French Indochina, dated January 6, p. 2.

the telegram today from Mr. Grant, that the Thai Ministers in Washington and London be called in in order that further representations be made to them to the effect that if Thailand joined the Axis or accepted the hegemony of Japan, Thailand would promptly become a vassal state.

S[UMNER] W[ELLES]

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751G.92/147 : Telegram

*The Minister in Thailand (Grant) to the Secretary of State*

BANGKOK, January 8, 1941—8 p. m.

[Received January 8—5:55 p. m.]

12. Monsieur Garreau, the French Chargé d'Affaires, had his first official contact with the Foreign Office today after waiting for 40 days. He stated to me this afternoon that he regards the situation as quite serious since a state of war which has become more intensified during the last few days exists at the frontier. The Government publicity department this afternoon announced that Cambodia and Cochin China would be bombed by Thai aircraft in retaliation against the French. Garreau said he was making arrangements to house at the French Legation some of the French refugees who have been ordered by the Thai Government to come to Bangkok as reported in my telegram number 7, January 7, noon.<sup>13</sup>

Garreau said he had proposed to the Deputy Minister of Foreign Affairs<sup>14</sup> that an agreement be reached to provide that the military forces of each side be removed at sufficient distance from the frontier to prevent fighting pending the resumption of negotiations. He said the Deputy Minister of Foreign Affairs indicated that the Thai Government wanted the French to agree in principle to their proposal that the right bank of the Mekong River should be the boundary and that he had replied that this could not be accepted by the French although he had indicated that the French might possibly agree to have the subject on the commission's agenda but not for settlement at this time.

Garreau said he was communicating this idea to his government. He reiterated to me this belief that the Japanese are urging a fight through militant pro-Japanese groups in the Thai army and navy and that the Prime Minister and his advisers of the Foreign Office are unable to stop it. He said the French were now attempting to ascertain in Tokyo the real Japanese designs in regard to the Thai-Indochina dispute after having rejected Japan's offer to mediate.

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<sup>13</sup> Not printed.

<sup>14</sup> Nai Direck Jaiyanama.

Garreau said to me that he thought Manila would be the most suitable place for the meeting of the joint commission if and when agreement to resume negotiations is reached between the two governments.

GRANT

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751G.92/150 : Telegram

*The Minister in Thailand (Grant) to the Secretary of State*

BANGKOK, January 9, 1941—10 a. m.

[Received January 9—3 a. m.]

14. Although it would appear that the Thai military leaders are determined to follow through with their program for the acquisition of territory in Indochina to the extent of waging war and anything we might do at this juncture, with the possible exception of going to war ourselves with the back stage ally, Japan, would likely be of no avail from a practical standpoint, in order that there may be no mistake in the minds of the Thai and for the sake of keeping the record absolutely straight I am strongly of the opinion that we should make another statement immediately reiterating our policy and warning Thailand against the probable results of her policy of military aggression. Based on my observations here I fear that our silence on the question during the past few weeks has given the Thai the impression that we are not [interested?] in the matter and that as far as we are concerned now they may go ahead.

I believe a statement should be made with specific reference to the present territorial controversy and that either the President or the Secretary should make it direct to the Prime Minister and Minister of Foreign Affairs and such statement should be released to the press by the Department. Reference is made to the Legation's telegram No. 133, October 19, 1940, 11 p. m.<sup>15</sup>

GRANT

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751G.92/151 : Telegram

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

TOKYO, January 9, 1941—9 p. m.

[Received January 9—11:40 a. m.]

38-39. 1. With reference to reports that the Thais have recently invaded Indochina, my British colleague<sup>16</sup> expresses concern lest this situation afford an opportunity and excuse for the Japanese to inter-

<sup>15</sup> *Foreign Relations*, 1940, vol. IV, p. 188.

<sup>16</sup> Sir Robert L. Craigie, British Ambassador in Japan.

vene, involving a serious threat to Malaya and Singapore. Craigie feels that a question of expediency is here presented in which the United States holds an interest on a par with that of Great Britain and he has recommended to his Government that an approach be made to Washington with a view to emphasizing to the Vichy Government the urgency of a peaceful settlement. The French Chargé d'Affaires in Bangkok is described as "hopeless" and Craigie suggests that either Monsieur Robin, former Governor General of Indochina, now conducting the commercial negotiations in Japan, might be sent promptly to effect a settlement or, failing that, that the French Ambassador<sup>17</sup> here might negotiate with the Thai Minister in Tokyo.

Being without recent information on the subject I did not undertake to communicate to Washington Craigie's recommendation to London.

2. My Hungarian colleague, who presumably has Axis contacts in Tokyo, told me yesterday, without revealing his source of information, of a report that the Japanese are contemplating a general invasion of Indochina in the latter part of February. This report has come from no other source and I consider it insufficiently definite to justify its acceptance without reserve.

GREW

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751G.92/152 : Telegram

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

Tokyo, January 9, 1941—11 p. m.

[Received January 9—1:22 p. m.]

40-41. Embassy's 38, January 9, 9 p. m. From a secret telegram addressed to the British Ambassador from London which he has shown me the British position is that, although Japanese mediation may have been rejected by the Thais, the Japanese may induce the Germans to force the French to give way in order that the Thais may be led to believe that the solution reached was due to the efforts of the Axis powers. It is the British view that the Thai Government must be shown that any settlement effected through Axis mediation will probably be bought only at a price which will result in Thailand being brought in on the side of the Axis, an eventuality which would render the Thais liable to the various financial and economic measures imposed by the British against countries having especially close Axis relations.

The British, however, feel that it would be premature to make representations along the foregoing lines, accompanied by an expression

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<sup>17</sup> Charles Arsène-Henry.

of a willingness to be helpful in looking for a solution of the present conflict, until after consultation with the American Government.

The fact is that the British are of the opinion that the United States Government's position regarding the Thai claims is somewhat too uncompromising in view of the importance of Thailand as a base for operations against Burma, Malaya and Singapore. They feel strongly that the present critical stage is one in which expediency should dictate American policy, especially in view of our recognition of the value of Singapore as a strategic base. On this point I am, of course, unwilling to express an opinion.

In view of the inability of the British to approach the French directly in this matter they feel entitled to ask us to do so. They urge the utmost expedition, feeling that time is of the essence.

The British are unaware of the extent of the territory which the French would be willing voluntarily to surrender. A telegram from the British Minister at Bangkok states, however, that it would be tragic if prompt action could not be taken believing that a peaceful settlement [is possible?] if the French, for instance, are prepared to give up limited territory on the right bank of the river Mekong. He feels that by this action the Prime Minister's face would be saved and that irredentist agitation in Thailand could be controlled.

GREW

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751G.92/494

*The Department of State to the British Embassy*<sup>18</sup>

AIDE-MÉMOIRE

Reference is made to the British Embassy's *aide-mémoire* of January 6, 1941, in regard to the situation in Thailand and French Indochina.

The situation under reference has had the careful and continuing thought of the Government of the United States. This Government shares the view of the British Government that it would be desirable that the dispute between Thailand and French Indochina be settled peacefully and without delay.

In the view of this Government, both Thailand and French Indochina are in positions of insecurity. In both Thailand and French Indochina there is division of counsel and of attitude. As an inescapable background of the present situation in French Indochina there is the fact of the defeat of France by an aggressive Germany. As an inescapable background of the present situation in Thailand there is the fact that a military minded Japan is embarked upon a course of aggression in the Far Eastern area. Given these back-

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<sup>18</sup> Handed on January 10 to the British Chargé by the Adviser on Political Relations (Hornbeck).

grounds the permanence of any settlement that might be achieved in the near future would be doubtful and the adequacy of any guarantees that might be forthcoming would be questionable.

The Government of the United States recognizes the value of endeavor by diplomatic processes to influence the course of events in directions consistent with this Government's principles and objectives. This Government concurs in the view of the British Government that a proposal of open mediation by the United States and the British Government would be unlikely to succeed. In view of this belief and taking into account the situation under reference against the background above described, this Government does not perceive what useful contribution along the lines of mediation it could make at the present time. Should negotiations between the two parties be undertaken directly or otherwise and should a situation develop in which the parties might consider that this Government could to advantage offer friendly counsel, this Government would, of course, be prepared to consider such proposal in the light of the attendant circumstances.

WASHINGTON, January 10, 1941.

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611.51G31/7

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

[WASHINGTON,] January 10, 1941.

The French Ambassador called to see me this morning at his request.

The Ambassador left with me an *aide-mémoire* giving certain legal information with regard to the autonomy of the Indochinese Government under legislation enacted by the Vichy Government. The *aide-mémoire* is attached herewith.<sup>19</sup>

The Ambassador then read to me a telegram which he had received today from Admiral Decoux, the Governor General of French Indochina.

The Governor General stated that at Tonkin the Japanese troops were refusing openly and in many diverse ways to recognize the sovereign authority of the French Government of Indochina. So far Admiral Decoux had been able successfully to resist these attempted encroachments on the authority of his Government. He added that the Annamese had so far been completely loyal to the French Government. At Haiphong the Japanese authorities were attempting to censor and to stop all cables, even those of the French authorities, which were not entirely satisfactory to the Japanese high military officials.

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<sup>19</sup> Not printed.

The Governor General concluded his message by stating that as a result of the recrudescence of hostilities along the frontier of Thailand, the French troops had lost two officers and thirty noncommissioned officers who had been killed, and six officers and some fifty noncommissioned officers who had been wounded. The Ambassador made this the basis for a very urgent appeal that munitions be supplied immediately to the Government of Indochina by the unfreezing of sufficient of the blocked balances of the Indochinese Government to purchase the munitions required. I told the Ambassador that I would again ask that full consideration be given to this request but that I must state to him again very emphatically that there was no way by which this Government considered it could release to the Government of Indochina any airplanes until and unless the French Government had agreed to ship the airplanes at Martinique to Indochina.

The Ambassador then asked urgently that this Government intervene with the Government of Thailand so that United States influence might be exercised to prevent the outbreak of open warfare between Thailand and Indochina.

I told the Ambassador that I had two statements in this regard to make to him. First, I stated that the Secretary of State himself would see the Minister of Thailand<sup>20</sup> tomorrow morning<sup>21</sup> and communicate to him the views of the Government of the United States with regard to the situation which was developing between Thailand and Indochina. The opinion of the United States would be expressed that Thailand was permitting itself to be maneuvered by Japanese influence into such a position that it would soon find itself completely under the hegemony and domination of Japan and would be reduced to a state of outright vassalage.

Secondly, I stated to the Ambassador that the British Government had agreed in principle and upon certain conditions to interpose no objection to the shipment of airplanes from Martinique to Indochina.<sup>22</sup> I added that since this was the case, I assumed that the Ambassador would now carry out the plan which he had mentioned to me in our previous conversation and urge that his Government obtain immediately the authority which it apparently believed necessary under the terms of the armistice with Germany in order that these planes might be shipped to Indochina.

The Ambassador expressed great gratification for these two statements which I had made to him and said that, with regard to the second, he would urge that his Government take immediately the action suggested.

S[UMNER] W[ELLES]

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<sup>20</sup> Mom Rajawongse Seni Pramoj.

<sup>21</sup> See memorandum by the Secretary of State, January 13, p. 16.

<sup>22</sup> For correspondence, see *Foreign Relations*, 1940, vol. II, under France, section entitled "Concern of the United States Over the Disposition of French War Vessels and Airplanes in Martinique After the Capitulation of France to Germany."

751G.92/158 : Telegram

*The Minister in Thailand (Grant) to the Secretary of State*

BANGKOK, January 10, 1941—noon.

[Received 10:25 p. m.]

15. In a conversation with the Deputy Minister of Foreign Affairs yesterday I tried to elicit information which would reveal the status of the hostilities between Thailand and Indo-China and also reason for the proclamation of martial law in an area covering approximately one third of the country and in which area there are several American missionaries who conduct hospitals and schools. The Deputy Minister of Foreign Affairs was generally vague in his replies. He said martial law had been decreed because of "fifth column activities". I then inquired if the nationals of foreign countries, Americans and Japanese for instance, may be involved and I referred to reports which were being circulated to the effect that 300 Japanese officers were already here. He admitted that some Japanese officers had arrived but only "to instruct the Thailandese" in the operation of the Japanese airplanes and that they were returning to Japan. I received the impression that the Foreign Office officials are sitting on the side lines more or less and that the military and the police are running the show.

I said to the Deputy Minister of Foreign Affairs that I hoped that hostilities could be avoided and further that it was my personal opinion that the suggestion of the French Chargé d'Affaires, mentioned in my telegram No. 12, January 8, 8 p. m., that the military forces of both the French and the Thailandese be withdrawn a certain distance from the frontier was a good one and should provide a "cooling off period" pending the effort to resume negotiations. I observed that it seemed to me that as long as hostile military forces were in contact with each other and the radio and press campaign was continued the possibility of resuming and carrying on peaceful negotiations was very remote. I made it clear that my remarks were personal and informal.

GRANT

740.0011 P. W./68 : Telegram

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

TOKYO, January 12, 1941—11 a. m.

[Received January 12—7 a. m.]

51. Following is a summary of a telegram which my British colleague sent to the Foreign Office at London on January 7:

Germans in Tokyo discussing the immediate future of relations with Japan emphasize the following points: The appointment of General



Oshima<sup>23</sup> to Berlin is fully supported by the Japanese Navy and is primarily strategic in objective; about the middle or later part of February coincident with attempted German invasion of the British Isles, Japan is to attack in the south, possibly Burma, "to knock out" the British Empire; action is to be taken before United States is prepared and so quickly that the United States will not be given time to make decision for or against intervention—United States in any event would face dilemma of deciding between military operations in Atlantic and Pacific. Oshima may also carry Japanese proposals to Russia, possibly concessions in China, since Tatekawa<sup>24</sup> at Moscow has failed to accomplish anything.

According to the British Embassy's informant who is fairly reliable, the Japanese Navy is confident of initial success in a war with the United States in the South Seas.

GREW

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751G.92/159 : Telegram

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

Tokyo, January 12, 1941—5 p. m.  
[Received January 12—11:46 a. m.]

55-57. Embassy's 38, January 9, 9 p. m., and 40, Jan. 9, 11 p. m.

1. Henderson, First Secretary of the British Embassy, last evening told a member of my staff that in view of the urgency of the problem between Thailand and French Indochina, the apparent incapability of the French representative at Bangkok, and the influence and prestige of Monsieur Robin, now in Tokyo, with Vichy which might enable him to convince the French Government of the advisability of meeting the demands of Thailand, the British Embassy concluded that it was necessary to act promptly to persuade the French Ambassador to send Robin to Bangkok at once.

2. Accordingly, the British Military Attaché called on the French Military Attaché, Major Thiebaut, yesterday and after some conversation urged that Robin be sent immediately to Thailand to negotiate since British information indicated that the more moderate elements in the Thai Government would be willing to call a halt to the present hostilities should the French, through negotiations, cede two small strips of territory along the Mekong river. Thiebaut seemed impressed and agreed to talk to his Ambassador along similar lines but concealing the source of the suggestion because of the chariness of the French Ambassador toward anything coming from the British.

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<sup>23</sup> Gen. Hiroshi Oshima, formerly Japanese Military Attaché and then Ambassador in Germany until 1939; reappointed December 20, 1940.

<sup>24</sup> Gen. Yoshitsugu Tatekawa, Japanese Ambassador in the Soviet Union since September 1940.

3. It was suggested that the British Ambassador prevail upon me to urge the French Ambassador to send Robin since they believed that I could exert considerable influence upon the latter. Subsequently Thiebaut informed the British Military Attaché by telephone that Arsène-Henry's first reaction to the suggestion had not been unfavorable and it was proposed that Craigie ask me to approach Arsène-Henry "within a day or two."

4. Henderson states that Craigie, who is away at the moment, has not been informed of his Military Attaché's conversation, but that Craigie will probably call on me tomorrow to solicit my good offices in view of the fact that he is not on speaking terms with our French colleague.

5. I see no objection to discussing with my French colleague informally and as on my own initiative the general situation between Indochina and Thailand but I see great objection to any suggestion on my part that the French should cede territory to Thailand in the face of force. I am, furthermore, doubtful as to the propriety of my recommending specifically that Robin be sent to negotiate.

6. On the other hand I am of the opinion that the practical considerations so strongly urged by the British are not without merit and that without prejudice whatever to the principles involved it might be desirable for me to outline to my French colleague the dangers consequent to protracted hostilities. It should not be necessary to point out to him that, once the Japanese become masters of Thailand, Indochina would fall automatically into the hands of Japan. I should, of course, scrupulously refrain from making any recommendations and would confine my discussion to the importance of Thailand as a base of operations against Burma, Malaya and Singapore and of our interest in the matter. It occurs to me that Robin will hardly be in a position to negotiate in Tokyo a commercial agreement with the Japanese regarding French Indochina so long as the future of the colony is in jeopardy from Thailand and it therefore would probably be advisable for Robin to undertake to apprise himself of the actual situation in Indochina as well as of the probable future course of events before proceeding further with the present negotiations.

7. In this connection it would be helpful to me to learn whether the Department shares the views expressed in paragraph numbered 3 of Embassy's 1264, Dec. 3, 4 p. m., 1940.<sup>25</sup>

8. Please instruct. The matter appears to be urgent.

GREW

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<sup>25</sup> *Foreign Relations*, 1940, vol. iv, p. 229.

751G.92/185

*Memorandum of Conversation, by the Secretary of State*

[WASHINGTON,] January 13, 1941.

The Minister of Thailand called at my request. I opened the conversation by saying that we in this country have always felt an especially friendly interest in the people of his country and that we still cherish that feeling of friendly relationship and have no other disposition than to continue to do so; that it is in this spirit that I requested him to call today to the end that we might have an exchange of information regarding the situation of his country and that area of the world generally. The Minister seemed greatly pleased and said that he had been hoping to call on me for some time to talk about that subject.

He proceeded to say that his country had been accused of taking unfair advantage of Indochina and France by raising the question of a return of territory to Thailand at a time when Indochina and France were in grave distress. He then said that, if his country had had any desire thus to take advantage of France, it would have done so in June just after the fall of France, whereas in fact it was not until after August, when the situation was very disruptive, that Thailand proceeded to make its demands for a return of territory, and then limited it to two narrow strips of land instead of the large area that was taken by France, but without results. The Minister denied that his Government at that time was acting in any way in concert with Japan. He indicated that his country, being in a serious position and not receiving aid or comfort from other nations, it was not unnatural that it received Japan's overtures of cooperation favorably and permitted Japan to become closely associated with the Thai situation. He protested earnestly that Japan was not to have any special favors or favors of a discriminatory nature in return and that they had confidence that she was acting more or less altruistically. This was the substance of his remarks.

I said that I was glad to have the benefit of his statements; that, as I had already said, we feel a deep and abiding friendly interest in the people of his country and we have nothing to ask of any nation abroad except fair and friendly relationships based on the principles which govern world order under law, et cetera, et cetera; that this Government for the past eight years in particular has striven in every possible way to prevail on Japan to pursue a course based on law, peace and justice, and fair dealing and fair play instead of pursuing the opposite course of lawlessness and conquest in her efforts to gain control of the entire Pacific area extending as far as India, according to the usual interpretation of the term Eastern Asia. With respect to financial aid for China in particular, we had endeavored to bring

about every kind of friendly relations and other methods of mutually desirable cooperation, et cetera, et cetera, but at all times the Japanese military group in control steadfastly refused to accept our overtures and pleas, but instead deliberately pursued a course of lawlessness and invasion which has been extended throughout most of China together with the occupation of countries farther South, such as Indochina and important harbors there. The French Government at Vichy at the instance of someone agreed for the Japanese to send 6,000 troops and airplanes into Indochina without material resistance. I then said that the Japanese, of course, made their appearance in Thailand at a psychological time and posed as genuine disinterested and unselfish friends, as they had on similar occasions in other countries and as Hitler<sup>26</sup> had in many countries of Europe before absorbing them. I added that the military group in Japan is undoubtedly out for general domination in that entire southern area, a fact they really avow rather than disavow, and that probably in due course both Indochina and Thailand will be brought under the sovereignty of Japan just as Manchuria in Asia, Norway and Holland in Europe and other countries as well have been brought under the domination of the Japanese or Hitler as the case may be. I said that I would not be a true friend of the people or government of his country unless I frankly expressed this view and that in any event I desired to make a record of it. He showed no disposition to question what I said but expressed his appreciation.

C[ORDELL] H[ULL]

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751G.92/166 : Telegram

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

VICHY, January 13, 1941—2 p. m.  
[Received January 14—2 a. m.]

45. Embassy's telegram 1197, December 30, 5 p. m.,<sup>27</sup> and previous: Flandin's<sup>28</sup> memorandum on the Far East sums up in part for my benefit the background of developments with respect to Indochina since last June which seems to be covered in the Embassy's previous telegrams. It speaks with respect to China of the massing of 200,000 men on the Indochinese border and the Chinese delay in replies to French claims concerning border incidents, "which have multiplied in the course of the last weeks." With respect to Thailand, it declares that the frontier incidents increased so in December that "a state of sporadic hostility has been reached which reigns today along

<sup>26</sup> Adolf Hitler, German Chief of State, Führer and Chancellor.

<sup>27</sup> *Foreign Relations*, 1940, vol. IV, p. 249.

<sup>28</sup> Pierre Etienne Flandin, French Minister for Foreign Affairs.

the entire length of the frontier." As to Japan, "In spite of our agreements our relations with Japan remain uncertain. In the course of the last weeks the Governor General of Indochina has called attention to the constant difficulties which the Japanese authorities stir up in Tonkin. Furthermore, precise and confirmed information reveals important deliveries of arms and war material by Japan to Thailand along with Japanese activity which tends to deter the Bangkok Government from a friendly settlement of the Franco-Thailand difficulties." The memorandum continues that during the present crisis "the British position does not seem at all clear. The Singapore press supports the claims of the Thais. The British Minister at Bangkok acts, it would seem, along the same lines. British propaganda circulates rumors relative to an extension of Japanese ascendancy in Indochina thus inciting Thailand to take its own measures of guarantee.["]

The memorandum then summarizes the French requests to us of last October for: (1) assistance in obtaining from the British authorization for the transfer of four battalions of Senegalese troops from Djibouti; (2) the purchase of war materials especially airplanes, anti-aircraft and anti-tank guns—"these purchases authorized by Wiesbaden"<sup>29</sup> can under present circumstances be effected only in the United States"; (3) the unblocking of necessary foreign exchange assets in the United States "in the absence of which indicate, compelled to trade only with Japan, would be exposed to the danger of falling under her economic domination."

It then reviews the question previously reported by the Embassy with respect to the airplanes on the *Bearn*<sup>30</sup> and states that "the conclusion of the examination of the airplanes having been favorable, Monsieur Henry-Haye has today been instructed to ask the State Department to obtain the agreement of London for their transfer" to Indochina. (Embassy's telegram 1197, December 30, 5 p. m.)

The concluding paragraphs of the memorandum seem sufficiently important to quote in full:

"However, the latest news from Hanoi and Bangkok leads us to fear that the incidents are becoming more serious and that events are happening with great rapidity on the Thailand frontier.

Indochina is in danger of being called upon to face an armed aggression under difficult conditions owing to its isolation and its lack of armaments.

At a moment when things may pass at any time beyond the stage of negotiation, the French Government, counting on the understanding of the American Government and the parallel nature of the interests of the two countries in that part of the world, hopes to be able to obtain from the Government at Washington, (a) immediate material assistance through the delivery of war material, especially

<sup>29</sup> Seat of Franco-German Armistice Commission.

<sup>30</sup> French airplane carrier in Martinique.

aviation material, and by the unblocking of French assets in the United States, and, (b) an action at London which (1) will make this assistance possible through the authorization of the transportation of this material especially the airplanes from Martinique and the transfer of the battalions from Djibouti and (2) will lead the British Government to renounce both in Thailand and in China intrigues contrary to the maintenance of the territorial *status quo* and contrary to the general policy of the Government of the United States in the Far East."

LEAHY

751G.92/164 : Telegram

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*The Minister in Thailand (Grant) to the Secretary of State*

BANGKOK, January 13, 1941—5 p. m.  
[Received January 13—12:25 p. m.]

21. Garreau, the French Chargé d'Affaires, has informed me that he was called to the Foreign Office this morning and given an intimation that the Thai were anxious to resume negotiations with the French and that they were in a receptive mood in regard to the proposal that both sides agree to stop hostilities pending an understanding in regard to the negotiations which was reported in my telegram No. 15, January 10, noon. Garreau said he could not gauge accurately the motives which prompted the Thai statements, especially since he had just received a very confidential telegram from Admiral Decoux at Saigon to the effect that the Japanese have again adopted a threatening attitude against the French both in the economic conference which is in progress in Tokyo and also at Hanoi.

Garreau informed the Deputy Minister of Foreign Affairs he was awaiting a message from Vichy in reply to his suggestion that the French agree to have the joint Thai-Indochina Commission take up for future consideration the question of the territory on the right bank of the Mekong.

This afternoon the Director of Protocol called at the French Legation and delivered a message to Garreau from the Prime Minister which stipulated three conditions for the acceptance of the plan to stop hostilities as follows: (1) the Thai military forces to remain on the spot where they are now (the Thai military forces are reported to have penetrated Cambodia); (2) the French agree now to the principles of the retrocession of the territory on the right bank of Mekong river; (3) the joint Thai-Indochina Commission to be convened as soon as possible.

The French Chargé d'Affaires sent a message to the Prime Minister to the effect that he could not transmit these conditions to Admiral Decoux since he was awaiting a reply from Vichy as indicated above.

Repeated to Tokyo, Chungking, Singapore, Saigon.

GRANT

751G.92/171b : Telegram

*The Secretary of State to the Minister in Thailand (Grant)*

WASHINGTON, January 13, 1941—7 p. m.

7. In the belief that an approach to the Thai Government through the Thai Minister here is at this stage preferable to an approach there, I asked the Thai Minister to call today and expressed our concern, along the lines of previous approaches, over reports of intensification of fighting between Thai and Indochinese forces. You need make no approach there.

HULL

751G.92/171a : Telegram

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

WASHINGTON, January 13, 1941—7 p. m.

35. The Department desires that, unless you perceive objection, you make an early approach to the French Foreign Office, in such manner as you may deem appropriate, along lines as follows:

The Government of the United States is perturbed at the renewed reports of the intensification of border fighting between Indochinese and Thai forces. It seems obvious to this Government that the fundamental factors in this situation are the activities and aims of aggressor nations which are alert to seize upon conditions of strife to further their own purposes. This Government believes that it is highly important that both the French authorities and the Thai authorities recognize these fundamental factors and pursue courses which take them fully into consideration with the object of averting developments which sooner or later are likely to result in domination by aggressor nations of their territories in one form or another—economic, political, or military.

You may inform the French authorities that this Government is making a similar approach to the Thai Government.

HULL

751G.92/165 : Telegram

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

VICHY, January 13, 1941—8 p. m.  
[Received January 14—2:20 a. m.]

49. Chauvel<sup>31</sup> this afternoon expressed satisfaction over a telegram just received from Ambassador Henry-Haye in which the latter reported his latest interview with the Under Secretary.<sup>32</sup> The Am-

<sup>31</sup> Jean Chauvel, head of the Far East Section of the French Foreign Office.

<sup>32</sup> See memorandum by the Under Secretary of State, January 10, p. 11.

bassador stated that we had already obtained assurances from the British that the planes on the *Bearn* could be transferred to Indochina and consequently, said Chauvel, the French Government is taking the matter up immediately and urgently at Wiesbaden. He was also much pleased with our assistance in connection with the purchase of the Ford trucks so urgently needed by Decoux and the unblocking of the necessary funds for payment thereof.

Henry-Haye likewise reported with appreciation the Under Secretary's [*the Secretary's?*] "firm" talk with the Thai Minister at Washington.<sup>33</sup> The latest reports from Hanoi indicate that a battalion of Thai troops had penetrated Cambodia and had compelled French advance posts in the region west of Sisophon to withdraw. He did not seem, however, to be under the impression that a major movement is involved.

Garreau has apparently finally been recognized, following several telegrams from Vichy in clear, as French Chargé d'Affaires by the Thailand Government and recent reports indicate a slight improvement in the atmosphere—for which Garreau gives much credit to the energetic and cooperative attitude of Minister Grant.

The Thai authorities, Garreau reported, are insisting that the question of sovereignty over the islands on the right bank of the Mekong be submitted to the Mixed Commission. Garreau indicated that although he had no instructions to go that far he might if necessary agree to submit the question to the French Delegation on the Commission when it sits on the understanding that the Commission will state that as long as the Franco-German armistice is in effect and until the signing of peace no question of territorial sovereignty can be considered.

Chauvel showed us the answering telegram sent from Vichy last night. It indicates some anxiety lest Garreau's concession be interpreted at Bangkok as a sign of weakness. (Chauvel said: "We are unfortunately not strong enough out there to risk any indications of weakness".) On the other hand, if Garreau felt that it was merely a question of finding some means for the Thai Government to save its face and close the incident, his suggestion, read the telegram, was acceptable. He was urged to telegraph as accurate a survey of the situation and the real intention of the Thai Government as soon as possible.

LEAHY

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<sup>33</sup> See memorandum by the Secretary of State, January 13, p. 16.



751G.92/159 : Telegram

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

WASHINGTON, January 14, 1941—7 p. m.

32. Your 55, January 12, 5 p. m., 56, January 12, 6 p. m. and 57, January 12, 7 p. m.

1. Department authorizes you to act in accordance with paragraph numbered 6 of your telegrams under reference, carefully avoiding, as suggested by you, any statement or expression of attitude which might be construed as a suggestion on your part that the French should cede territory to Thailand under the influence of force.

For your information the Department has made a statement to the Thai Minister here and has authorized the American Embassy at Vichy to make an approach to the French Government along the general lines of the first two sentences of paragraph numbered 6 of your telegrams under reference.

2. Department concurs in the views expressed in paragraph numbered 3 of your 1264, December 3, 1940, 4 p. m.<sup>24</sup>

HULL

751G.92/171 : Telegram

*The Minister in Thailand (Grant) to the Secretary of State*

BANGKOK, January 15, 1941—4 p. m.

[Received January 15—11:34 a. m.]

23. My telegram No. 21, January 13, 5 p. m. Garreau, the French Chargé d'Affaires, read to me today a telegram which he received last night from his Government rejecting Garreau's suggestions that the Joint Thai-Indochina Commission agree to accept the question of the cession of territory but only for future consideration at the end of the war. Vichy pointed out that such procedure would lead the Thai to believe that the French were weakening and made the added point that the present French Government proposes to maintain intact the present territorial status of the French Empire.

Garreau said he did not intend to communicate to the Thai Government Vichy's latest message at least for the time being pending a further exchange of ideas with his Government with a view to finding a formula which would result in the resumption of negotiations with the Thai.

Garreau stated the British Minister informed him last night that the only solution was the cession of the territory demanded by Thai-

<sup>24</sup> *Foreign Relations*, 1940, vol. IV, p. 229.

land and that he, the British Minister, had telegraphed the British Consul General at Saigon to convey this viewpoint to Admiral Decoux. Garreau said to me that this would not influence the Admiral.

Repeated to Tokyo, Saigon.

GRANT

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751G.92/174 : Telegram

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

TOKYO, January 16, 1941—5 p. m.  
[Received January 16—11:20 a. m.]

75. [Department's] 32, January 14, 7 p. m.

1. In my talk this morning with the French Ambassador along the lines of the Department's authorization he minimized the importance and extent of the Thai aggression in Indochina and expressed doubt that the Japanese are inciting the Thais to such aggression. He learns from the French representative in Bangkok . . . is constantly intriguing and inciting the Thais. The American Minister, on the other hand, is making every effort to exert a restraining influence and to smooth out the situation.

2. My French colleague believes that the commission to delimitate the frontier on the Mekong River and to apportion the islands therein will soon begin to function, probably without awaiting the arrival of Monsieur Robin who cannot expect to leave Tokyo until the conclusion of the present commercial negotiations which may take another month or six weeks. In any case Robin will not proceed by air due to the fact that three former Governors General of Indochina have been killed in airplane accidents.

3. The French Ambassador states that recent shipping negotiations between Indochina and Singapore have aroused deep suspicion among the Japanese who accuse the Governor-General of intriguing with the British. These negotiations, however, have merely led to an arrangement for the sailing of some three vessels monthly between Singapore and Saigon for the purpose of exchanging rice from Indochina for gunny bags made from Indian hemp via Singapore and other needed commodities.

4. Regarding the general Thai-Indochina situation, my French colleague exhibits complacency and little evidence of anxiety.

GREW

751G.94/281 : Telegram

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

VICHY, January 16, 1941—7 p. m.  
[Received January 17—2:38 a. m.]

61. Department's telegram 837, December 12, and Embassy's 1142, December 16.<sup>36</sup>

Chauvel says that the question of the Japanese attitude with respect to French Indochina and Thailand had been presented several weeks ago to Wiesbaden "for the information" of the German armistice commission. The Embassy gathered that no special emphasis had been laid on the matter and that no German reaction was forthcoming. Chauvel indicated however that this was not strange; that at the round table discussions at Wiesbaden, which occur several times a week, frequently the Germans are given information or answers to questions concerning points which presumably [are] then reported back to Berlin and nothing further is heard. In any event the French do not know whether or not the Germans did make any *démarche* vis-à-vis Japan as a result.

LEAHY

751G.92/191 : Telegram

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

VICHY, [January 18, 1941—6(?) p. m.]  
[Received January 19—10:18 a. m.]

71. Department's 35, January 13, 7 p. m. and Embassy's telegram 57, January 15, 7 p. m.,<sup>37</sup> first sentence:

Chauvel states that the Foreign Office is somewhat mystified as to how to interpret the viewpoint contained in the Department's telegram No. 35. He said that no distinction appears to be made therein between the position of the French authorities "who are clearly on the defensive" and the Thai authorities whose forces are engaged in attacking Indochinese territory. Chauvel likewise expressed the opinion that if nothing further had been said to the Thai Minister at Washington than the viewpoint expressed therein, the French were inclined to be skeptical as to the effectiveness of such a *démarche* in restraining the Thai authorities from "further aggression". If a more detailed account of the Department's statements to the Thailand Government could appropriately be sent me, it might prove useful in discussions with the French Foreign Office.

<sup>36</sup> *Foreign Relations*, 1940, vol. iv, pp. 235 and 239.

<sup>37</sup> Letter not printed.

He showed several telegrams from Hanoi containing the latest reports on military action along the Thailand frontier. One of them reported that in the region of Pakse Thai troops to the number of a thousand, supported by tanks and artillery, had attacked Indochinese outposts but had been repulsed. Chauvel remarked that these reports indicated that the native Indochinese forces were behaving well and the news was not discouraging. The French still have no clear estimate of whether the Thais intend to undertake military operations on an important scale or of how active Japanese support of them will be. Chauvel expressed the fear that the Japanese might merely be attempting to create sufficient confusion and agitation to serve as a pretext for marching through Indochina themselves and down into Thailand on the theory of "protecting" French territory and "restoring order" in Thailand.

LEAHY

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856D.6363/806 : Telegram

*The Consul General at Batavia (Foote) to the Secretary of State*

BATAVIA, January 21, 1941—11 a.m.

[Received 12:24 p. m.]

Reference is made to my telegram of January 18, noon [11 a. m.].<sup>88</sup>

The following is a close summary of the Japanese proposals for the agenda of the conference:

The vast territories of the Netherlands Indies abundant in natural resources, thinly populated and undeveloped are awaiting exploitation in wide fields which would benefit the Indies and Japanese and contribute to the welfare of the world. Japan and Netherlands Indies "stand in the relation of economic interdependence"—the former being geographically nearer the latter than either European or American powers. Japan is desirous of participating in exploitation of the natural resources of the Netherlands Indies and promoting trade and economic relations. Japan has the firm conviction that the prosperity of the Netherlands Indies would be increased if the latter would meet Japan's desires and facilitate the economic activities in the Netherlands Indies of Japanese nationals. In view of the above the Japanese Government presents the following proposals to the Netherlands Indies Government:

1. The foreign labor ordinance to be simplified to permit entry of Japanese nationals up to the maximum number permitted by the above mentioned ordinance but the following are not to be included in the quota: Temporary laborers and those required for exploiting and developing Japanese enterprises in Sumatra, Borneo and the Great

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<sup>88</sup> Not printed.

East. The development of these areas cannot be done speedily without the entry of a substantial number of Japanese nationals. The entry tax to be abolished.

2. All difficulties whatsoever concerning explorations carrying out enterprises and other economic activities to be eliminated.

3. Japanese doctors and dentists to be granted permission to practice in the Netherlands Indies without restriction.

4. Favorable treatment to be given to all Japanese enterprises in connection with their necessary arrangements such as employment of intellectual as well as manual laborers, transportation equipment such as railways, harbor ships, et cetera and other needed establishments. All applications or requests of Japanese nationals to be treated in friendly spirit.

5. Exploration and exploitation permits for various minerals including areas reserved for the Government, which are desired by Japanese nationals shall be given as promptly and as extensively as possible.

6. It is requested that Japanese nationals be permitted to fish in the waters of the Netherlands Indies, that increase in number of fishing boats, fishermen and employees for both territorial waters and deep sea fishing be permitted; that fisheries at or near fish dry bases and establishments for the operation thereof, such as markets, ice factories, cold storage, oil tanks, factories for prepared fish, repair shops for boats, et cetera be permitted; that import harbors for fish be abolished; that fish caught by Japanese in Netherlands Indies waters be exempted from import duty.

7. Establishment of direct Japan-Netherlands Indies air service by Japanese planes to be permitted and facilities for wireless communication and meteorological information by radio to be rendered to Japanese aviators.

8. Increase in number of Japanese ships in coastal navigation be permitted and restrictions on tonnage and navigable areas for Japanese ships be abolished. Further coastal navigation by Japanese ships be permitted when necessary for operation of Japanese enterprises. Harbors desirable for direct connection with Japan for the promotion of traffic between the two countries to be designated as open ports. Formalities concerning visits of Japanese ships to non-open ports are to be simplified as soon as possible and restrictions on tonnages of Japanese ships calling at such ports to be canceled.

9. Consent to be given to laying cables between the two countries under Japanese management in order to establish stable highly efficient means of communication. The prohibition against the use of the Japanese language in telegraphic communication between the two countries to be removed.

10. Applications by Japanese nationals to engage in warehousing, printing, weaving, ice making, rubber smoking, et cetera, to be complied with as far as possible.

11. Import quotas for Japanese goods to be arranged according to a list to be supplied later. Japan is prepared to purchase Netherlands Indies products mentioned on a schedule to be supplied later. Increased percentage of Indies imports to be allotted to local Japanese importers. Japanese importers in the Netherlands Indies to be exempt from the obligation to import from third countries. Friendly meas-

ures to be taken by the local Government covering Japanese goods imported into this country. (End of Japanese proposals)

12. Attention is invited to the fact that oil concessions and exports of petroleum products to Japan are not mentioned in the memorandum. Van Mook informed me in strict confidence last night, however, that the Japanese had stated verbally that they expected a reply to their memorandum delivered to him October 21 last (see pages 79 and 80 my despatch No. 68 dated November 13, 1940<sup>39</sup>). Reactions of Netherlands Indies authorities will be cabled tomorrow.

FOOTE

611.51G9/20 : Telegram

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

WASHINGTON, January 21, 1941—9 p. m.

46. Your 52, January 12, noon,<sup>40</sup> which Department assumes has been repeated by Shanghai to Chungking, Peiping, and to Hong Kong for repetition to Hanoi.

With specific reference to the last paragraph of the Japanese note quoted in your telegram under reference, the Department desires that unless you perceive objection, you inform the Japanese Foreign Office, in such manner as you may deem appropriate, that this Government is not aware of any right on the part of the Japanese forces in French Indochina to engage in procedures of confiscation or to require or to request that American firms produce evidence of their ownership of merchandise in that country, in connection with exports or otherwise.<sup>41</sup>

Sent to Tokyo via Shanghai. Repeated to Chungking, Peiping and Hong Kong. Hong Kong please repeat to Hanoi.

HULL

856D.6363/807 : Telegram

*The Consul General at Batavia (Foote) to the Secretary of State*

BATAVIA, January 22, 1941—3 p. m.

[Received January 22—6 : 57 a. m.]

Reference is made to my telegram of January 21, 11 a. m. Official reaction to the Japanese proposals is that they are ridiculous and absurd and form no basis whatsoever for discussion or negotiation. The head of the Netherlands delegation has just informed me that

<sup>39</sup> Not printed.

<sup>40</sup> Not printed, but see note from the Japanese Minister for Foreign Affairs to the American Ambassador in Japan, January 7, *Foreign Relations, Japan, 1931-1941*, vol. II, p. 301.

<sup>41</sup> For Ambassador Grew's note No. 1732, January 24, see *ibid.*, p. 302.

he will deliver his idea of an agenda to the Japanese delegation within the next few days but that he will neither refer to nor take any notice whatever of the Japanese suggestions which are regarded as being nearly duplicates of the demands that the Japanese made on French Indochina. He also informed me in strict confidence that he will endeavor to prolong the negotiations as long as possible in order to give Great Britain more time to bring about a change in the situation in Europe.

FOOTE

751G.92/198

*Memorandum of Conversation, by the Secretary of State*

[WASHINGTON,] January 22, 1941.

The British Chargé d'Affaires called and handed me an *aide-mémoire* (copy attached <sup>42</sup>) relating to the controversy between Thailand and French Indochina. He then referred orally to the fact that he had some days ago given Mr. Welles <sup>43</sup> some data on this and related subjects. He also added that the British Minister at Bangkok had informed him and his Government that the Government of Thailand was pleased with the conversation I had with the Thai Minister some days ago <sup>44</sup> relative to the controversy between Thailand and Indochina and the probability that Japan would swallow up both countries in due course. I replied that the Chargé's statement would be given very full and careful consideration; that I was not sure whether this Government would be able to do anything more in the matter than what it was now doing; that Japan probably is directing and controlling the course and attitude of Thailand toward the Indochina situation and that in these circumstances it may be very difficult to get the ear of the Thai Government.

C[ORDELL] H[ULL]

751G.92/198

*The British Embassy to the Department of State*

AIDE-MÉMOIRE

The State Department's *aide-mémoire* on the subject of Thailand and Indo-China which Dr. Hornbeck handed to Mr. Butler on January 10th has been carefully considered by His Majesty's Government in the United Kingdom, who find themselves fully in agreement with much that it contains; they appreciate in particular that the permanence of any settlement which may be reached in the near

<sup>42</sup> *Infra.*

<sup>43</sup> See memorandum by the Under Secretary of State, January 7, p. 6.

<sup>44</sup> See memorandum by the Secretary of State, January 13, p. 16.

future is doubtful. On the other hand they are profoundly convinced that to allow the dispute between the Thai Government and the French authorities to continue would be fraught with grave risks, and they feel that the value of opening negotiations for even a transient settlement requires to be considered in the light of other possibilities.

2. Recent information from Bangkok suggests that both Thailand and Japan are contemplating a further step, probably in April, namely the Japanese occupation of Southern Indo-China and Saigon and a simultaneous advance by the Thais into Laos and Cambodia. Indo-China would thus disappear, and even if Japan did not proceed at once to swallow up Thailand also, the latter would become no more than a puppet state. Japan would then have reached, with the minimum of effort, a position extending to the boundaries of Burma and providing powerful bases for operations against that country, Malaya and the Netherlands East Indies.

3. Japan is so placed already that by helping or hampering each side at will she can influence the course of the present hostilities between Indo-China and Thailand, and their continuance can only work out to her advantage by weakening both countries and creating opportunities for further penetration. A settlement of the dispute, or even an effort to settle it, would interfere with Japan's plans and gain time in which it may be possible to encourage and strengthen French resistance to Japan. In such circumstances the latter may hesitate to put into operation her further designs against Southern Indo-China, whereas an attitude on the part of the United States and Great Britain which allowed aggression to take its course seems likely to render it more certain that Japan's advance will eventually only be stopped by war. While the ultimate occupation of Indo-China and Thailand by Japan may conceivably be inevitable, to remain passive in the face of the situation being created by Japan would, in the opinion of His Majesty's Government, be to accelerate the pace of her advance and to hasten the day when she will be in a position to launch an attack upon Malaya and the Netherlands East Indies.

4. If on the other hand the process of infiltration and absorption can be retarded and Japan's doubts as to the wisdom and success of her policy be increased, there may yet be hope of reaching a stage when the forces opposing her will have become so formidable that she will elect to abandon that policy.

5. In order to bring the Japanese to this frame of mind His Majesty's Government believe broadly speaking that it is desirable that, if possible, at each successive stage of Japan's advance some reaction should be displayed and an indication given by the United States and Great Britain that they are not prepared to remain passive while Japan attempts to alter the *status quo* in the Far East.



6. At this particular juncture however and in relation to the Thai-Indo-Chinese situation His Majesty's Government believe that there would be great utility in the United States Government using their influence with the French Government to induce them to open negotiations in Bangkok. If the United States Government are not convinced as to the wisdom of pressing the French Government to make the concessions which His Majesty's Government believe to be necessary to effect a settlement with Thailand, and are therefore unwilling to recommend this course to the French Government, His Majesty's Government think it would be of great value if the United States Government found it possible at an early date to make some public statement referring to the well-known view of the United States regarding the settlement of disputes by negotiations, and appealing to the two countries to compose a quarrel which, if continued, is likely to work out to the ultimate disadvantage of both sides. Such a statement, His Majesty's Government believe, coming from the United States Government would carry great weight, and might have the advantage of focussing public attention on the dangers latent in the existing situation.

7. His Majesty's Government in the United Kingdom for their part have been doing their best to impress on the Thai Government their desire to see negotiations take place. In addition to representations in this sense made by His Majesty's Minister in Bangkok, the Parliamentary Under Secretary of State for Foreign Affairs, on January 8th, informed the Thai Minister in London that His Majesty's Government had been distressed to note the situation developing between Thailand and Indo-China. As a great power and neighbour Great Britain was naturally interested to see a just and peaceful settlement of this dispute. She did not wish to see trouble in the Far East, and if British interests or possessions were in any way threatened, directly or indirectly, the Thai Government must expect immediate reaction from His Majesty's Government.

8. His Majesty's Government wish the United States Government to have a full record of this conversation and a summary of the remainder is attached in a separate note, Annex A. They believe that it would be useful if language on parallel lines could be held to the Thai Minister in Washington.

9. As an additional step in the direction of bringing the parties together the Commander-in-Chief of the British China Squadron was instructed by telegram on January 11th, to make a very confidential communication to Admiral Decoux, Governor of Indo-China, with reference to the visit to Singapore of his Aide de Camp, Captain Jouan, mentioned in the Embassy's *aide mémoire* of January 6th.

The substance of this communication is shown in the attached Annex B.<sup>45</sup>

10. In the two lines of action indicated above His Majesty's Government believe that they have done what lies in their power to induce the two parties to the dispute to enter into negotiations, which, whether successful or not, offer some prospect of causing valuable delay in the advance of Japan towards Singapore and other objectives.

WASHINGTON, 22 January, 1941.

[Enclosure]

ANNEX A

SUMMARY OF CONVERSATION ON JANUARY 8TH BETWEEN PARLIAMENTARY UNDER-SECRETARY OF STATE FOR FOREIGN AFFAIRS, MR. R. A. BUTLER, M. P., AND THE THAI MINISTER IN LONDON

Mr. R. A. Butler proceeded to draw the Thai Minister's attention to certain disquieting information which had been received about the intentions of Japan, regarding Thailand, particularly to the report that the Japanese were sending aircraft and instructors to Thailand. Mr. Butler declined to believe that Thailand would make the mistake of entering the Japanese camp, as this would mean entering the Axis camp and running the risk of becoming embroiled in a world conflagration. It was one thing for the Thai Government to interest themselves in frontier adjustments on the Mekong River, but quite another to play the Japanese game by becoming the base for Japanese operations in a possible extension of the war. His Majesty's Government did not wish either to extend the war or to enter hostilities with the Japanese, such unfortunate events would only occur through a miscalculation either by the Japanese or Thais of spirit and determination of Britain to defend her possessions and guard her interests. The best way to preserve the independence of Thailand which was of paramount importance to His Majesty's Government and to resist Japanese encroachments would be for the Thais to avoid becoming involved in very wide and dangerous problems.

The Thai Minister said he was sure that his Government had no wish to enter the Axis camp but referred to the difficulty his Government were experiencing in securing munitions and aircraft elsewhere than in Japan. They were nervous about French intentions and he said must look after their own armies. He asked as a personal question whether His Majesty's Government would come to the assistance

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<sup>45</sup> Not printed; it stated that Admiral Decoux was to be told that, for the purpose of being able to assist in bringing about negotiations, the British Government would welcome information as to the scope of negotiations he would be willing to undertake with the Thai Government and the manner in which they could be most rapidly undertaken, such information to be passed on to the United States Government.

of Thailand were she attacked. Mr. Butler replied that he was unable to discuss that question but emphasized that in His Majesty's Government's view, any Japanese encroachments were undesirable. In reply to a further question by the Thai Minister, Mr. Butler said that such encroachments would comprise questions of trade also, since His Majesty's Government were interested in preserving a free market in Thailand and, for instance, would not wish to see the time-honoured trade in tin and rubber between Thailand and British possessions, in particular Malaya, altered by any arrangements which the Thai Government might be contemplating.

The Thai Minister promised to convey to his Government what Mr. Butler had said. Mr. Butler repeated that reports which we had received had made a painful impression in London and he urged the Thai Minister to bring home to his Government the serious view which we took of them.

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853F.79694/6

*Memorandum of Conversation, by the Adviser on Political Relations  
(Hornbeck)*

[WASHINGTON,] January 22, 1941.

The Netherlands Minister<sup>46</sup> called on me at his request. He said that he had word from his Government that his Government was greatly concerned over the Portuguese-Japanese negotiations for the establishment by Japan of an air line running into Portuguese Timor; that if this line were established, the Japanese would be able to fly, en route, over Netherlands East Indies fortified areas; that neither Dutch nor British influence could be effective with the Portuguese; and that he wondered whether the United States could not do something in the matter.

S[TANLEY] K. H[ORNBECK]

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751G.92/194 : Telegram

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

VICHY, January 22, 1941—6 p. m.

[Received January 23—5 a. m.]

91. Foreign Minister Flandin asked me to call this afternoon and after outlining earlier developments in the Far East with which the Department is familiar from the Embassy's previous telegrams and after emphasizing the growing aggravation of the military situation

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<sup>46</sup> A. Loudon.

between Thailand and Indo-China and the inevitable delays in the receipt by the French of the adequate means to defend themselves against a Thailand well supplied with Japanese arms left with me for transmission to my Government the following note:

"In presenting its compliments to the Embassy of the United States of America, the Ministry of Foreign Affairs has the honor to inform the Embassy that it has just been approached again by the Japanese Government with an offer of mediation in the conflict between Indo-China and Thailand.

This proposal is made because of a similar offer which is said to have been presented by the British Government to the Bangkok Government (Flandin said the French have no information of any such demands [*démarche*?] on the part of the British). The Japanese Government, which had accepted without any special reaction the refusal which the French Government made on December 2, states that it cannot today remain inactive before what it considers an unwarranted interference on the part of British authorities in the affairs of Thailand.

The Japanese offer is made simultaneously to the French and Thai Governments. It is presented under conditions of particular solemnity, after having been submitted to the approval of the Emperor.

In spite of the desire it has constantly shown to settle the Franco-Thai dispute by direct negotiations, the French Government believes today, given the manner and the conditions under which it has been approached by the Japanese Government, that it is no longer in a position to refuse the proposal which has been made to it.

The French Government moreover knowing the interest shown by the Government of the United States in affairs of Indo-China set forth to the Department of State through the French Embassy at the beginning of last October "the realities of the state of Indo-China as well as the conditions indispensable to the defense of Indo-Chinese territory against any foreign undertaking.

Approached the first time on December 2 last unofficially with an offer of Japanese mediation it instructed Mr. Henry-Haye to inform the Department of State of the refusal of this offer as well as the need of urgency in filling the gaps in the means of defense of Indo-China.

Since then while conversations were taking place in Washington relative to possible supplies of material, the Minister of the United States at Bangkok exercised on the Thai Government a moderating influence to which the French Chargé d'Affaires has paid tribute.

Nevertheless frontier incidents multiplied and increased. The Japanese Government, while proclaiming its desire to see peace maintained in the Far East, allowed certain of its agents to uphold the Thai claims and itself gave to Thailand an important assistance by delivering war material among which were quite a number of airplanes. It appears furthermore that certain British agents had as regards the Franco-Thailand dispute certain views which the Singapore press echoed and which were of a nature to encourage Thailand.

The tension between France and Thailand has thus become very acute. Frontier incidents have assumed importance and the Govern-

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<sup>a</sup> See memorandum by the Under Secretary of State, October 9, 1940, *Foreign Relations*, 1940, vol. iv, p. 172.

ment General of Indo-China expressed these recent days serious apprehensions with regard to the impossibility in which it found itself to make good the loss in men and material which the continuance of operations would necessitate for our forces, even if these operations were favorable to our troops.

The French Government considers that to refuse today a mediation, which may be accepted by Thailand, would expose it to seeing Japan bring to the latter an immediate aid against which the resistance of Indo-China, at present deprived of any reinforcements, would be in danger of rapid collapse. Indo-Chinese territory would thus find itself given up to both Thailand and Japan which would seize this occasion to establish in Cochin-China solid bases for any future needs.

In accepting the Japanese offer, the disadvantages of which it does not fail to recognize the French Government hopes to avoid these extreme consequences and to confine the action of Japan to the diplomatic field where it presents the lesser dangers."

Flandin added that in presenting this note he wished to supplement it by the following two requests which he asked me to transmit to my Government: (first) that the United States Government exercise such influence as may be possible on the Japanese authorities to the end that there be no territorial changes in Indo-China as a result of Japanese mediation; and (second) that the United States Government expedite as much as possible the delivery of the arms and munitions so urgently required for the defense of Indo-China. He said in this latter connection that experience had often shown in the Far East that a phase such as that involved in the present "mediation" was the beginning rather than the end of [aggression?]. Consequently adequate means of defense of Indo-China, he hoped, should be provided at the earliest practicable date. He mentioned specifically, in addition to airplanes, anti-tank guns and anti-aircraft guns. He said that no reply has yet been received from Wiesbaden with respect to the airplanes on the *Bearn*.

The Foreign Office has requested that the Japanese offer of mediation and the French acceptance thereof be kept strictly confidential for the moment.

LEAHY

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751G.92/199 : Telegram

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

VICHY, January 22, 1941—8 p. m.

[Received January 24—8:27 a. m.]

92. My telegram 91, January 22, 6 p. m. Chauvel sent for Matthews<sup>48</sup> later this evening to give him the background on the Japanese mediation offer. Chauvel read two telegrams from Arsène-Henry at

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<sup>48</sup> H. Freeman Matthews, First Secretary of Embassy in France.

Tokyo dated January 19th and 20th in which the latter reported two interviews to which Matsuoka<sup>49</sup> had summoned him. With great solemnity the latter had informed him that following an earlier indication by the French Ambassador that a new offer of mediation would not in his opinion be favorably [viewed?] by the French Government the question had been presented to the Emperor and the renewed offer of mediation had received his full approval. Matsuoka explained to Arsène-Henry that the British were attempting to "interfere actively in Thailand affairs at the expense of Japan" and that this could not be tolerated.

He also spoke of an alleged meeting between a French commander and the British authorities at Singapore (with respect to which there is no information here and which Chauvel considers purely imaginary) looking toward some joint effort to weaken the Japanese position in Thailand. It was in the interest of peace in that area said Matsuoka therefore that the Japanese Government felt compelled to renew its offer of mediation; it was making a similar offer simultaneously to Thailand. He hoped the French would feel it possible to accept. He stated that such an offer was within the framework of the Franco-Japanese political accord of last August<sup>50</sup> and that French acceptance of any British offer of mediation would be entirely contrary to that accord. Acceptance of the Japanese offer should provide for the immediate cessation of hostilities.

Chauvel likewise showed a note handed [by him?] at 6 p. m. today to the Japanese Chargé d'Affaires agreeing to the principle of mediation. The note denies any knowledge of a British offer of mediation in Bangkok and expresses the view that direct negotiations between Thailand and the French authorities would have led to a peaceful settlement. It goes on to state however that "in order to avoid any misunderstanding" with Japan the offer is accepted. It expresses the hope that hostilities will cease immediately if the offer is also agreed to by Thailand and specifies that in accepting the principle of mediation the French are in no way admitting any Thai claim to the enclaves along the Mekong.

Chauvel said that in the telegraphic instructions to be sent to Arsène-Henry he was told to emphasize to Matsuoka that French acceptance was due to the personal intervention of the Emperor (recalling the latter's similar intervention to obtain withdrawal of Japanese troops from Langson last autumn) and to express confidence that the mediation would "result in no territorial modifications less advantageous to Indochina than would have resulted had France continued to deal directly with the Thai authorities".

<sup>49</sup> Yosuke Matsuoka, Japanese Minister for Foreign Affairs.

<sup>50</sup> August 30, 1940; see telegram of August 31, 1940, 11 a. m., from the Consul at Hanoi, *Foreign Relations*, 1940, vol. iv, p. 92, and subsequent reports.

Chauvel went on to say that recent reports make it clear that the Japanese are convinced that at least the British have been up to something at Singapore and Bangkok and that there is real anxiety on this score at Tokyo. The Japanese are likewise motivated, he said, by a desire to see things relatively quiet in that area—"unless they are stirred up by themselves"—for there are recent indications that they are somewhat anxious over conditions in the north and the attitude of Russia. (He gave no specific basis for this belief.)

Chauvel also emphasized that recent reports from the Governor General at Hanoi indicate that in spite of their success to date the French are about at the end of their military resources in the current fighting. He still believes that if anything is "stirred up" by the British or ourselves in that area it may result in Japanese occupation of Cochin-China with a consequent threat against Singapore and he hopes therefore that "unless and until the British and ourselves are prepared to make a real show of force in Asia nothing will be done to upset the existing delicate situation."

LEAHY

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853F.79694/3

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

No. 5311

TOKYO, January 22, 1941.

[Received February 12.]

SIR: I have the honor to report that, according to the press, a third test flight is shortly to be undertaken by the Aviation Bureau of the Communications Ministry over a projected air route from Palau, in the Japanese mandated islands and due west [*east*] of Mindanao, to Portuguese Timor in the East Indies, a distance of 1,550 miles. This line, when established, will connect with the regular air line now being maintained between Yokohama and Palau by the Japan Airways Company.<sup>51</sup>

It is obvious that a Japanese air line extending south of the Equator into a region where Japanese commercial interests are small, is primarily of strategic importance. Timor is about 240 nautical miles from Australia, 720 nautical miles from the Philippines, and 600 miles from Java, and flights in direct line from Palau would pass over parts of Netherlands New Guinea and the Molucca Islands, in a region

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<sup>51</sup> In telegram No. 1629, October 15, 10 a. m., Ambassador Grew reported to the Department that a Japanese-Portuguese agreement was signed at Lisbon, October 13, establishing air service between Palau and Timor, according to announcement in Tokyo, which would facilitate "closer relations between Japan and South Seas Islands previously handicapped by lack of communication facilities". (853F.79694/7)

that Japan has marked out as part of the "Greater East Asia Co-Prospcrity Sphere."

It would be interesting to learn what inducement or pressure was used upon the Portuguese to bring about their consent to a concession which undoubtedly is regarded with some apprehension by other interested powers.

Respectfully yours,

JOSEPH C. GREW

756D.94/180

*Memorandum of Conversation, by the Adviser on Political Relations  
(Hornbeck)*

[WASHINGTON,] January 23, 1941.

The Netherlands Minister called me on the telephone at 11 o'clock last evening and said that he had a very urgent telegram from the Netherlands East Indies Government. He was going to New York today and he wished to inform me of this matter at the earliest possible moment. The Minister called on me by appointment at 9:30 this morning and read me his telegram, which conveyed the essence of the Japanese proposals for the agenda of the conference which is in its preliminary stages at Batavia. What he read corresponded substantially with the summary reported in our telegram from Batavia of January 21, 11 a. m. Mr. Loudon said that his telegram stated that the Netherlands East Indies authorities found these proposals entirely unacceptable.—I informed Mr. Loudon that the reports given us corresponded with the report which he had, and I told him in confidence of the substance of our telegram from Batavia of January 22, 3 p. m. Mr. Loudon desired that this matter be brought immediately to the attention of the Under Secretary. I said that I had no doubt that the Under Secretary had already read the telegrams which we have on the subject. I stated that Mr. Foote reports in detail but with exercise of skillful discretion. I said that I would inform the Under Secretary immediately of Mr. Loudon's call.<sup>52</sup>

Mr. Loudon said that he was leaving for New York at noon to be gone over the week-end, but that he could easily be reached through Baron van Boetzelaer.<sup>53</sup>

S[TANLEY] K. H[ORNBECK]

<sup>52</sup> In a memorandum dated January 23, the Under Secretary of State, although he assumed "that there is nothing for the Department to do in the immediate future," requested Dr. Hornbeck to confer with him on the subject.

<sup>53</sup> The Netherland Minister Counselor of Legation.



751G.92/200 : Telegram

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

VICHY, January 23, 1941—9 p. m.

[Received January 24—1:15 p. m.]

97. General Huntziger,<sup>54</sup> on whom I paid a formal call this morning, after some preliminary conversation brought up France's current difficulties in the Far East. He emphasized how deeply he felt, first as one who had spent most of his career in Colonial service and secondly as a soldier, at the pitiful defenseless position of Indochina. While he was cordial throughout and appreciative of our present attitude toward France he frankly stated that our Government had been urgently asked to assist in providing France with the means to defend Indochina as early as last August and that up to the present none of the planes, guns and munitions so badly needed has been forthcoming. It is particularly humiliating he said not to be able to stand up against a country like Thailand. The latter, as nearly as he is informed, has over a hundred modern planes; whether they had been provided by the Japanese or the British he was not sure though Japan was, of course, giving Thailand important aid in military material. He went on to say that whatever their differences elsewhere—and he emphasized France's difficult position caught as she is "between the ever-tightening German vice and the British blockade—it was a question in the Far East of the prestige of the white race. There, he felt, the policy [*interest?*] of the United States, France and Great Britain was parallel and that all three should stick together. He urged that our Government do all it could to make available to France the means to defend Indochina.

He said that no reply had yet been received from Wiesbaden with respect to the airplanes on the *Bearn* but that he feared it would be unfavorable. He admitted quite frankly that the French had been in error in considering those planes unserviceable.

LEAHY

751G.94/292 : Telegram

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

VICHY, January 23, 1941—10 p. m.

[Received January 25—8:30 a. m.]

98. Chauvel again asked Matthews to call today and read him a number of telegrams on the Far East. They showed (first) that the French are convinced that the Japanese sincerely believe the French are conniving in some way with the British contrary to the interests

<sup>54</sup> Charles Huntziger, French Minister of War.

of Japan, and (second) that the French are also convinced that the Japanese are not bluffing and are prepared to go to great lengths to assure "tranquillity" in Indochina and their own predominance in Thailand.

Chauvel read first a telegram from Arsène-Henry recounting a "very disagreeable" 2-hour interview with the Japanese Vice Minister for Foreign Affairs.<sup>55</sup> It set forth the strong Japanese suspicion that the French were dealing with the British behind their backs and Japanese opposition to direct negotiations between France and Thailand.

He likewise read the French reply to Tokyo telling the Ambassador to point out that for 2 weeks the French had been trying to settle their difficulties with Thailand by direct negotiations and inquiring what possible disadvantage such procedure could have for Japan. The telegram likewise pointed out that the Domei despatch dated the 18th, which reported direct negotiations between the two countries on which despatch the Japanese Vice Minister for Foreign Affairs had based his objections, antedated the French acceptance of Japanese mediation. Shortly after sending this cable a second section to Ambassador Henry's telegram was received. It indicated that he had anticipated the foregoing instructions and had defended the French right to have direct talks with Thailand. The Vice Minister had then referred to certain alleged conversations between the Governor of Singapore and a French commander named Jouan—the individual referred to in the Embassy's telegram No. 92, January 22, 8 p. m. The Japanese, Henry reported, suspected that the French had first sought British mediation and then, when they realized Japanese opposition, engaged in direct talks with Thailand as a subterfuge. The Japanese, reported Henry, were determined not to admit any British intervention in the question. In spite of all Henry said, the Japanese continue to believe that Admiral Decoux is in negotiation with the British and state that it would be "a catastrophe for Indochina if British interference continues". Henry was instructed to reply that when the French accepted Japanese mediation it meant that mediation by any other foreign power was quite unacceptable. Chauvel said, however, that the French did not renounce the right to continue direct talks with Bangkok. Unfortunately, he said, these talks were handicapped by the lack of communications with the Thai capital and that telegrams to Vichy for one reason or another took about 4 days in transit.

A further telegram from Henry also dated the 22nd reported that Thailand had accepted Japanese mediation and reiterated insistence that the French likewise accept. This telegram, said Chauvel, contained a very important bit of news: the Japanese were putting great store on a statement made to the Japanese Minister at Bangkok<sup>56</sup> by

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<sup>55</sup> Chuichi Ohashi.

<sup>56</sup> Yasusato Futami.

the Thailand Premier to the effect that the British had offered to mediate the Franco-Thailand dispute and guaranteed that Indochina would agree to cede the enclaves along the Mekong in return for some minor frontier changes; that assurances in this sense had been given to the Governor of Singapore by Commander Jouan. Chauvel said that this explained the reason for Japan's sudden agitation; for the situation had been calm until about a week ago. He hoped that we could ascertain and let the French Government know what if anything in this sense the British Minister at Bangkok may have said to Premier Luang Pibul. The Japanese, he reiterated, are still convinced that the French are working hand in glove with the British in this Thailand question and they are therefore prepared to go to extremes to assure their position in that area. In evidence thereof he showed a telegram from Hanoi, also dated the 22nd, reporting that the Japanese commander there had informed the Governor General that Japanese warships would proceed along the coast of Indochina and the Thailand coast and that the two governments should take immediate steps to assure that there should be no incidents. Furthermore, said this commander, Indochina must not permit "warships or other ships of third powers" except Japan to anchor in Indochinese waters since Japanese ships might want to anchor there themselves. A previous Japanese suggestion, said Chauvel, that Japanese officers should be sent on both sides of the Thailand-Indochinese frontier allegedly to supervise the cessation of hostilities was refused by the French.

Following the receipt of this Hanoi telegram Henry was being instructed to see Matsuoka with whom, said Chauvel, he is on very good terms (any "disagreeable things" which the Japanese have to say to the French are left to the Vice Minister for Foreign Affairs) and express the French surprise at this unwarranted action. The Ambassador is to appeal to the Japanese "sense of honor" and the assurances given by Matsuoka in connection with the mediation proposal; he is to tell him that the foregoing notification with reference to the ships is "distinctly objectionable" to the French and constitutes a challenge which the French Government cannot admit. If the Japanese, Henry is to say, do not accept the French assurances in good faith "the climate will be greatly changed". Matsuoka is being requested to exert his influence to stop other departments of the Japanese Government from taking the measures contemplated.

Chauvel, in conclusion, likewise read a copy of a telegram transmitted by the French Embassy in Tokyo to the French Embassy at Moscow in reply to the latter's request for the former's opinion on the present Japanese attitude towards Russia.

Tokyo reported the development of an anti-Russian press campaign as indicating that questions in the north with Russia should be settled

before any move to the south. The pendulum, said Henry, however, swung in both directions: the Secretary's last speech<sup>57</sup> had impressed Tokyo "most unpleasantly" and the President's address<sup>58</sup> "was a veritable bomb". The impression in Japanese circles at first was that a settlement must be reached with Russia before making any move to the south. Henry's feeling 3 days later, however, was that the pendulum is swinging in the other direction: the tendency for the moment is toward "appeasement with Russia" and a stronger attitude with respect to us. At any rate, said Chauvel, "something big is brewing" and the Japanese wish at all costs to assure their predominant position in Thailand and quiet in Indochina no matter in which direction they decide to move.

In conclusion, he reiterated that it would be of great assistance to know just what [apparent omission] at Bangkok is and what if any is the role of the Governor at Singapore. (He said it would be quite natural in view of current shipping and other questions which might come up were Admiral Decoux to send Commander Jouan whose existence has not been verified or someone else to Singapore. Whether he did in fact go there and what was his mission is not known in Vichy. While Governor General Decoux asked [him] to report, the absence of code privileges for French consuls at Singapore makes it difficult to get an early reply.)

He spoke again of French reluctance at having to agree to Japanese mediation and admitted privately that cession of the Mekong enclaves in direct negotiations with the Thailandese would have been preferable. There is no question concerning current French anxiety with respect to the situation in Indochina and the possibility of Japanese aggression there.

Acceptance of the Japanese offer of mediation was made public in a brief communiqué issued here this evening.

LEAHY

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751G.92/203 : Telegram

*The Minister in Thailand (Grant) to the Secretary of State*

[Extract]

BANGKOK, January 24, 1941—7 p. m.

[Received 9:40 p. m.]

36. . . .

It is reported from other reliable sources that the recent pressure on the Prime Minister has included the threat to supplant his Gov-

<sup>57</sup> See statement before the Foreign Affairs Committee of the House of Representatives, January 15, *Foreign Relations, Japan, 1931-1941*, vol. II, p. 131.

<sup>58</sup> Inaugural address, January 20, *Congressional Record*, vol. 87, pt. 1, p. 189.

ernment with a distinct pro-Japanese cabinet. It is believed that the new Japanese Minister, Futami, who is a close friend of Matsuoka has played a large hand in the affair behind the scenes and that he has received very material assistance from a radical militaristic pro-Japanese group of Thailanders. It is believed that Futami will rank as an ambassador here soon. The British Minister has informed me that he has requested his government to retire him when this event takes place.

Japanese mediation of this controversy is the next logical step in Japan's southward march. The two little pieces of territory in Indochina on the right bank of the Mekong will likely be given to Thailand. That will be the beginning of French disintegration. Subsequently the Japanese will move southward to take over the ports and the strategic coast country of southern Indo-China. Simultaneously the Thai forces aided by 125 Japanese planes and war material will be permitted to move far into Laos and Cambodian territories and Japan will dominate all ultimately including the Thailanders for Thailand will by that time be too far in the trap to extricate itself.

GRANT

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751G.92/205 : Telegram

*The Minister in Thailand (Grant) to the Secretary of State*

BANGKOK, January 25, 1941—7 p. m.

[Received January 26—8:33 a. m.]

41. My telegram No. 40, January 25, 6 p. m.<sup>59</sup> Add the following: Garreau, the French Chargé d'Affaires, this morning renewed his proposal to the Thai Government which was sanctioned by Vichy that negotiations be resumed with the understanding that the French commission would accept the question of the rectification of the frontier on the right bank of the Mekong but only for consideration at the end of the war to which reference is made in my telegram number 36, January 24, 7 p. m. The Deputy Minister of Foreign Affairs denied to Garreau that any offer of mediation had been received from Japan. This afternoon Garreau was called to the Foreign Office and given a message from the Prime Minister categorically refusing the French proposal. The Deputy Minister made no reference to the Japanese offer to Thailand to mediate and Garreau received his first information of the offer and acceptance by Thailand from me late this afternoon.

Sent to Cavite for repetition to Department, Chungking, Shanghai, Hong Kong. Shanghai please repeat to Tokyo. Repeated to Singapore, Saigon.

GRANT

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<sup>59</sup> Not printed.

751G.92/206 : Telegram

*The Minister in Thailand (Grant) to the Secretary of State*

BANGKOK, January 25, 1941—8 p. m.

[Received January 26—8:40 a. m.]

42. The Thai Cabinet in a 3-hour session late this afternoon accepted the Japanese offer to mediate the dispute between Thailand and Indochina. Prince Varnvaidya, adviser to the Foreign Office, who called to give me the information by direction of the Prime Minister, said the decision was unanimous. He said the sessions would likely be held in Tokyo and that he would probably be one of the representatives of Thailand and that René Robin and the French Ambassador in Tokyo would likely represent France. He believes that an armistice will be declared at the frontier within a short time.

Varnvaidya explained that the Thai Government could take no action other than to accept the offer of mediation in view of the acceptance of Japan's offer by Vichy. As indicated in my previous telegrams it would appear that Varnvaidya and his associates in the Foreign Office have been more or less if not completely in the dark concerning the Japanese offer to Thailand and that secret agreement was reached several days ago between the Prime Minister and the Japanese Minister. Varnvaidya offered no satisfactory explanation of the statement made yesterday to the press by the Japanese Minister to the effect that no offer of mediation had been made to the Thai Government, the statement made to the British Minister and the French Chargé d'Affaires yesterday afternoon and reiterated this morning by the Deputy Minister of Foreign Affairs to the effect that no such offer had been made by Japan, and the statement made this afternoon to newspaper correspondents by the Japanese Minister that he had made Japan's offer of mediation 5 days ago and that it had been accepted in principle by Thailand.

I inquired of the Prince as to the probable extent of Siam's claims to be presented at the Tokyo Mediation Conference. Would they be restricted to the rectification of the frontier on the right bank of the river Mekong which is the basis of the government's official claim, I asked. Varnvaidya replied that he had been designated by the Prime Minister to study that very question and that the extent of Thai's claims would depend on future developments in the control of Indochina by a third power, meaning Japan. He mentioned the territories of Laos and Cambodia.

I then said to the Prince that I wanted to ask him a question unofficially and entirely off the record, i. e., did he, as a distinguished lawyer and diplomat, believe that it is for a party which is so heavily interested in the affairs of one of the parties to a controversy to act as an impartial judge.

I explained that according to my experience it was always assumed that a mediator must be absolutely impartial and disinterested. The Prince evaded a direct reply and reiterated that Thailand had no alternative since it had already accepted Japan's offer of mediation. I said to the Prince, explaining that I was speaking personally and off the record again, that I thought Thailand was on very dangerous ground and he agreed with me.

I am confident that the intelligent Thais are not happy over this situation and that they have gone along under pressure of and through fear of Japan and as a result of vicious campaign of propaganda and intimidation by a powerful group of pro-Japanese, militaristic Thais.

Sent to Cavite for repetition to Department, Chungking, Hong Kong, Shanghai. Shanghai please repeat to Tokyo.

GRANT

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751G.92/215 : Telegram

*The Minister in Thailand (Grant) to the Secretary of State*

BANGKOK, January 27, 1941—8 p. m.

[Received January 28—6:35 a. m.]

48. As the inside story of events which culminated Saturday<sup>60</sup> in the official announcement by the Thai Government that it had accepted Japan's offer of mediation in the dispute between Thailand and Indochina is pieced together bit by bit, Japan's grip on the political situation here becomes more evident. And it would appear that the Thai leaders in order to acquire their mess of pottage from the prostrate French in Indochina have gone along and deliberately put their heads into the Japanese noose. The Deputy Minister of Foreign Affairs today in reply to informal inquiry regarding the events of the last few days could give no satisfactory explanation as to why it was that the Japanese Minister was issuing communiqués and making statements to the effect that Thailand had accepted Japan's offer of mediation before the Thai Cabinet met to discuss the question late Saturday afternoon. He practically admitted that he did not know much of what had been going on, explaining he "learned later" that the Prime Minister had been asked by the Japanese Minister several days previously as to what Thailand's attitude toward Japanese mediation would be in the event the French accepted the offer. The Prime Minister replied that Thailand would accept the offer under such circumstances. Vichy's acceptance, under German pressure, according to the opinion of the French Chargé d'Affaires here, followed. I said to the Deputy Minister of Foreign Affairs that it was my per-

<sup>60</sup> January 25.

sonal opinion that Axis politics had been quite active and it would appear that the Thai had been made a party to it.

The Deputy Minister of Foreign Affairs informed me that Prince Varnvaidya, adviser to the Minister of Foreign Affairs, will head the Thai delegation to Tokyo which will comprise high military officers representing the several branches. He said the Council of Ministers would consider the question of the extent of the territorial claims in Indochina to be presented by Thailand at Tokyo. It is believed that the Tokyo meeting will begin around February 1, he added. He also said that a high official of the Japanese Foreign Office, Miyahara, had arrived in Bangkok several days ago. The Japanese Consul General at Hanoi, Minoda, is also reported to have arrived here yesterday. A Japanese trade and medical mission are also here.

Hostilities in the frontier sections are still in progress although according to the Deputy Minister of Foreign Affairs a truce will be signed as soon as word is received from Tokyo, probably within the next few days. The Thai forces are reported to be in possession of most of the two districts comprising the right bank of the Mekong which has constituted the basis of the Thai claims and these are also said to have penetrated approximately 50 miles into Cambodia.

Foregoing is for your strictly confidential information.

Sent to Cavite for repetition to the Department, to Chungking, to Hong Kong and to Shanghai. Shanghai please repeat to Tokyo.

GRANT

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756D.94/108 : Telegram

*The Consul General at Batavia (Foote) to the Secretary of State*

BATAVIA, January 28, 1941—11 a. m.

[Received January 28—7:16 a. m.]

Reference is made to my telegram dated January 22, 3 p. m.

The Netherlands delegation has just informed me that according to information from a reliable source the Nippon Yusen Kaisha has received instructions from its main office, acting under instructions from the Government of Japan, to cancel all freight contracts involving Singapore. The local authorities believe that this may possibly be the beginning of the withdrawal of Japanese ships from Netherlands Indies and British waters as a prelude to more aggressive demands by the Japanese delegation. While I am not able to verify this report it is a fact that Yoshizawa<sup>61</sup> and the other delegates are taking a more aggressive attitude. With few exceptions local officials are of the opinion that hostilities cannot be delayed much longer. Their

<sup>61</sup> Kenkichi Yoshizawa, former Japanese Minister for Foreign Affairs, head of the Japanese Trade Mission to the Netherlands East Indies.



opinion is based on the assumption that Yoshizawa believes that the United States would not intervene.

Sent to the Department and repeated to Tokyo.

FOOTE

751G.92/216 : Telegram

*The Consul at Saigon (Flood) to the Secretary of State*

SAIGON, January 28, 1941—2 p. m.

[Received 2:23 p. m.]

8. An agreement between Thailand and Indochina to cease hostilities became effective at 10 o'clock this morning and armistice negotiations are scheduled to begin here tomorrow.<sup>62</sup> The Thai delegation is expected from Bangkok by Japanese plane this afternoon and General Sumita<sup>63</sup> is arriving by plane from Hanoi. A Japanese cruiser and a smaller vessel of the several Japanese warships observed off Cap Saint Jacques during the past 3 days are also expected at Saigon this afternoon.

Sent to Cavite for repetition to the Department; Chungking, Peiping, Hong Kong, Shanghai. Hong Kong please repeat to Tokyo. Repeated to Bangkok.

FLOOD

756D.94/109 : Telegram

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

TOKYO, January 28, 1941—midnight.

[Received January 29—3:10 a. m.]

135. Foreign Minister Matsuoka replied to a question in the session of the House of Representatives Budget Committee today, regarding the Netherlands East Indies problem, that every effort was being exerted to continue the negotiations. The interpolater, Mr. Tsutsumi, expressed doubt as to whether the negotiations could be successful in view of the insincere attitude of the Netherlands East Indies Government. Mr. Matsuoka stated that many obstacles had been put in Japan's way in the past, especially restrictions of various kinds, but that the decline in trade with Europe would favor conclusion of an agreement with Japan. He admitted that Mr. Tsutsumi's opinion probably represented that of most Japanese but stated that in view of

<sup>62</sup> In his telegram No. 11, February 1, 11 a. m., Consul Flood reported to the Department the signing of the Thai-Indochinese armistice on January 31 at 6 p. m. (751G92/227).

<sup>63</sup> Maj. Gen. Raishiro Sumita, Chief of the Japanese Military Mission to French Indochina and Chairman of the Truce Conference at Saigon.

continuing diplomatic negotiations, he could not reveal the degree of success being achieved.<sup>64</sup>

GREW

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751G.92/220 : Telegram

*The Minister in Thailand (Grant) to the Secretary of State*

BANGKOK, January 29, 1941—10 a. m.

[Received 10:30 a. m.]

51. In an hour's conversation with Prince Varnvaidya, adviser to the Foreign Office, who will head the Thai delegation to the mediation conference at Tokyo regarding the dispute between Thailand and Indochina, I elicited statements which seem to confirm the reports I have previously submitted to the Department to the effect that there is a plot formulated by Japan and aided by Thailand to oust the French completely from Indochina. The French are going to be led to the slaughter pen at Tokyo, it would appear. . . .

In reply to my inquiry as to whether he thought that Thailand would be allowed to control this territory in the event it is awarded by mediator Japan, Varnvaidya answered in the affirmative, explaining that Laos and Cambodia were not attractive to Japan since they have little economic value and Thailand is interested in acquiring these territories largely for "sentimental reasons". Japan, he added, is primarily interested in Tonkin and Cochin-China which are important commercially. I suggested that the acquisition of Laos and Cambodia with their population of approximately 4,000,000 people who are very poor might prove to be a liability rather than an asset to Thailand. Varnvaidya said he did not think so since the administration of the territories by Thailand would cost so much less than it is costing the French.

I asked the Prince if he thought Japan might ask for a reward for awarding this territory to Thailand. The Prince replied in the negative, stating that Thailand had "assurances from Japan that her independence would be respected". Furthermore, he added, Thailand was not included in the Japanese program for greater East Asia but would be in the sphere which the Japanese described as "co-prosperity". Varnvaidya then intimated that Japan might possibly ask Thailand for a military pact which would be directed against Great Britain. When I terminated the conversation with the remark that I

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<sup>64</sup> See also the Ambassador's despatch No. 5363, February 10, 1941, *Foreign Relations, Japan, 1931-1941*, vol. II, p. 303.

very sincerely hoped that in the coming days Thailand's complete independence would not be impaired Varnvaidya thanked me most profusely.

The Thai delegation according to Varnvaidya will comprise 18 persons including besides himself the Chief of Staff of the armed forces, representatives of the army and navy, the air force, the Thai Minister and the Naval and Military Attachés in Tokyo. He said he understood that Matsuoka will play an important personal role in the mediation conferences. The Thai delegation plans to fly to Tokyo on February 2 and should be there for at least a fortnight he said.

Prince Varnvaidya has served his Government in both London and Paris and is regarded as one of the most astute political leaders in Thailand. . . .

Sent to Cavite for repetition to the Department, to Chungking, to Hong Kong and to Shanghai. Shanghai please repeat to Tokyo all sections.

GRANT

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751G.92/493

*Memorandum by the Adviser on Political Relations (Hornbeck) of a Conversation With the British Chargé (Butler)*

[WASHINGTON,] January 30, 1941.

In regard to the fact that Japan is undertaking to mediate between the French (Indochina) and Thailand: Mr. Butler expressed the opinion that the British and the American Governments ought to signify to the Japanese Government that we continue to have an interest in the matter.

S[TANLEY] K. H[ORNBECK]

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611.51G31/5

*The Department of State to the French Embassy*

AIDE-MÉMOIRE

The United States Government has noted the French Government's proposal, in its *aide-mémoire* of January 6, 1941,<sup>65</sup> that this Government enter into commercial negotiations with Indochina.

This Government is continuing to study the possibilities of entering into negotiations with respect to a general trade agreement, and, in the meantime, would find it useful if the French Government, as suggested in its *aide-mémoire*, would request its Ambassador at Tokyo to

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<sup>65</sup> Not printed.

furnish the American Ambassador there with information relative to the progress of the commercial conversations between Indochina and Japan.

This Government has regularly given full consideration to offers to sell with respect to such commodities as rubber, tin, tungsten and antimony which have been transmitted to this Government by the Government of Indochina. This Government is prepared to continue its policy of considering, with a view to purchase, offers with respect to the above named or similar commodities which the Government of Indochina may make.

WASHINGTON, January 30, 1941.

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751G.94/295 : Telegram

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

VICHY, January 30, 1941—noon.

[Received 9:20 p. m.]

131. The Embassy learned in confidence from a high official in the Finance Ministry that a joint German-Japanese concern (the Nippo-European Company) has arranged to purchase 25,000 tons of Indochinese rubber and that more than half of it is to go to Germany. Chauvel confirmed the accuracy of this yesterday and said that the transaction is tied up with the economic negotiations now in course in Tokyo. The Japanese, he said, and presumably their German allies, are desirous of purchasing Indochina's entire rubber output. This is one of the reasons, he said, why the French are so anxious to proceed with the negotiations with us that Henry-Haye was instructed to suggest several weeks ago.

Chauvel also showed us Henry-Haye's telegram following his conversation with the Under Secretary. Henry-Haye reported an understanding attitude as to the difficulties which beset Indochina and the necessity for accepting Japanese mediation. The Ambassador likewise indicated that the French should expect little real help from us in the matter of armament. Chauvel said that he quite understood our necessity to reserve for ourselves and the British practically all of our current military output, especially that of planes.

He said, however, that he wished we had made this clearer some time ago so that the French could have adjusted their policy accordingly: For example, they could probably have settled their difficulties earlier with Thailand. Any little help, however, which we can give in the way of replacements for bombs, munitions, et cetera, subsequently expended in the recent border fighting will be most welcome. Since we can give France no real assistance in defending Indochina,

he hopes that we will continue to understand their necessity of dealing with the Japanese. The French will play, he said, a delaying game as far as possible.

LEAHY

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751G.92/233

*Memorandum by the Chief of the Division of Far Eastern Affairs  
(Hamilton)*<sup>65a</sup>

[WASHINGTON,] January 31, 1941.

We believe it advisable that this Government in some way make known to the Japanese Government its interest in Japan's mediation of the Thai-French Indochinese controversy. The procedure suggested in one of the attached telegrams<sup>66</sup> is designed to do that in a way which would not expose this Government to the same risk of a rebuff as the procedures previously discussed.<sup>67</sup>

M[AXWELL] M. H[AMILTON]

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611.51G9/23 : Telegram

*The Consul at Hanoi (Reed) to the Secretary of State*

HANOI, January 31, 1941—3 p. m.  
[Received February 1—8:20 a. m.]

10. Movement of American owned merchandise in Indochina. For the second time since the Japanese established control of reexportations from Haiphong, the Standard-Vacuum Oil Company and the Texas Oil Company have been refused the right of reexporting petroleum products, this time by a vessel chartered by these companies for that purpose and now en route to Haiphong, although in the case of the Standard-Vacuum Oil Company the reexportation permit had been granted previously and in the case of the Texas Oil Company the reexportation permit had been verbally promised.

On January 30 the French liaison officer with the Japanese mission informed the Standard-Vacuum Oil Company that the reexportation permit granted December 13 was being withdrawn upon Japanese insistence that there be no reexportations pending settlement of the

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<sup>65a</sup> Addressed to the Secretary of State and the Under Secretary of State.

<sup>66</sup> See telegram No. 76, February 3, 8 p. m., to the Ambassador in Japan, p. 54.

<sup>67</sup> Notation by the Secretary of State: "Only a suggestion to consider: Grew might accompany this cable by copy of my statement of principles of July 1937, so Japan cannot claim not to understand U. S. exact attitude. C. H." For the Secretary's statement of July 16, 1937, see *Foreign Relations, Japan, 1931-1941*, vol. I, p. 325.

whole question of transit cargo. January 24 the local manager of the Texas Oil Company was informed by the same officer that the company would not be granted the promised reexportation permission because a previous reexportation by that company had been transhipped at Hong Kong for Rangoon.

The above is but one more instance of the completeness of Japanese control in Tongking and it indicates the Japanese disregard of third party property rights. From conversations with usually well informed persons since my return to Hanoi, I gather the impression that the Japanese are impatient to have a settlement of the transit cargo question and will soon take steps to force a settlement which will make available to them such portions of the transit cargo as they desire and need, particularly the cargo at one time destined for the Chinese Government.

Sent to Cavite for repetition to the Department, Chungking, Peiping, Hong Kong, Shanghai, Canton.

REED

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756D.94/123

*Memorandum of Conversation, by the Adviser on Political Relations  
(Hornbeck)*

[WASHINGTON,] February 1, 1941.

The Netherlands Minister called me up late last evening and stated that he had from his Government a telegram stating that his Government is making a statement to the Japanese Government, in Tokyo, in writing, to the effect that the Netherlands Government will take no part and be no party to the establishment of a "new order in Asia" under the aegis of any foreign power.<sup>68</sup> I asked whether Mr. Loudon could tell me what was the occasion or the cause of this action. Mr. Loudon replied that his Government stated that this was in reply to a statement made by Mr. Matsuoka.<sup>69</sup> Mr. Loudon inquired what was my reaction. I said that I would wish to think the matter over; that I would assume that we would receive some report on the subject from our Embassy in Tokyo; and that I would not wish to express any opinion offhand. Mr. Loudon said that he would like to talk the matter over with me at an early convenient moment.

S[TANLEY] K. H[ORNBECK]

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<sup>68</sup> See telegram No. 158, February 3, 6 p. m., from the Ambassador in Japan, p. 54.

<sup>69</sup> See telegram No. 135, January 28, midnight, from the Ambassador in Japan, p. 46.

894.33/32

*The First Secretary of the Australian Legation (Watt) to the Adviser on Political Relations (Hornbeck)*<sup>70</sup>

WASHINGTON, February 1, 1941.

DEAR DR. HORNBECK: When I saw the Minister<sup>71</sup> in the hospital yesterday he suggested that I should pass on for your information the substance of a telegram dated 29th January, sent to Canberra by the Australian Minister at Tokyo and repeated to this Legation.

Sir John Latham stated that on 27th January it was reported that units of the Japanese fleet were in the Gulf of Siam and on 28th January that Japanese units were expected at Saigon. It was also rumoured that Japan would ask for bases at Camranh and Songkala, possibly as a pledge from each country for observance of the terms of mediation in the dispute between Thailand and French Indo China.

Sir John Latham added that Japanese occupation of either of these places would constitute a threat to Singapore and would be a clear breach of their undertaking to observe the *status quo*. It would also appear to justify a decision by the United States to send further reinforcements to their naval forces in the Far East.

The Australian Minister suggested that he should be authorized to call upon the Japanese Vice Minister for Foreign Affairs at an early date and inquire as to the truth of the above mentioned reports. If their truth should be admitted, he would then take the opportunity to protest against such Japanese action as a clear breach of the *status quo* declaration.

We have no information at present as to the Commonwealth Government's reaction to this telegram, but I will let you know if any further developments occur.

Yours sincerely,

A. S. WATT

751G.94/295 : Telegram

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

WASHINGTON, February 1, 1941—3 p. m.

104. Your 131, January 30, Section 1. The Department has sent a telegram to the Consulate at Saigon reading in part as follows:

"The Rubber Reserve Company<sup>72</sup> is prepared to accept offers for any amount of available rubber within its price limit and under terms

<sup>70</sup> Noted by the Secretary of State.<sup>71</sup> Richard G. Casey.<sup>72</sup> The Rubber Reserve Company, a component of the Federal Loan Agency, was set up on June 28, 1940, under authority of the Reconstruction Finance Corporation Act of March 9, 1933 (48 Stat. 6), as amended on June 25, 1940 (54 Stat. 572).

similar to those embodied in previous contracts. It will also consider offers covering production for the coming year. You are therefore requested to discuss this matter with the Government General in an endeavor to ascertain whether or not it is possible to effect such a contract under the terms indicated. If this does not appear feasible, the question of alternative terms should be discussed and reported at the earliest possible moment."

HULL

751G.94/300 : Telegram

*The Consul at Hanoi (Reed) to the Secretary of State*

HANOI, February 1, 1941—8 p. m.

[Received February 2—6 a. m.]

12. I discussed the general situation with the Secretary General today, a conversation which largely confirmed the information recently cabled to the Department, notably the increase of Japanese troops in Tongking (stated by him now to be about 11,000) and the inability of the Government General to obtain free movement of the transit cargo at Haiphong (whether for reexport or for consumption on the local market).

In discussing Indochina-Thailand relations he expressed the opinion that the forthcoming negotiations at Tokyo would constitute the major part if not all of Thailand's territorial claims. In return he believed that Japan would obtain naval and air base facilities at Bangkok which would be used ultimately against the Netherlands Indies and Singapore. He felt it particularly humiliating that Indochina had been forced to accept Japanese mediation in this situation after Japan had instigated the Thailand aggression and had furnished Thailand with munitions and even personnel.

He was certain that unless something was done soon the major part of free movement of the transit cargo at Haiphong would be seized by the Japanese, referring to a note recently transmitted to the Government General by General Sumita wherein it was proposed that Indochina and Japan would share the cargo or that Japan would confiscate the whole as "spoils of war", neither alternative envisaging compensation of the owners.

The Secretary General was extremely pessimistic, more so than at any previous occasion, and he remarked that the Japanese were in a position to assume absolute control of the country at any time. This pessimism and point of view of Japanese domination is shared by most observers in Tongking where Japanese troops and disregard of third party rights are increasingly evident.

Sent to Cavite for repetition to the Department, Chungking, Peiping, Hong Kong, Shanghai, Canton.

REED



756D.94/114 : Telegram

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

ТокYO, February 3, 1941—6 p. m.  
[Received February 4—4: 10 a. m.]

158. Our 156, February 3, 4 p. m.<sup>73</sup> The Netherlands Minister informs me orally that on instruction from his Government he made approximately the following statement to the Vice Minister for Foreign Affairs on January 31 :

“In order to avoid any misunderstanding and despite what Mr. Matsuoka may have said in the Diet (in view of the fact that no transcript of the record is available) the Netherlands Government wishes to make it clear that the people of the Netherlands can never be expected either to let their actions be guided by such a conception of the new order or to acquiesce in the consequences of its eventual application.”

Sent to the Department via Shanghai.

GREW

751G.92/233 : Telegram

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

WASHINGTON, February 3, 1941—8 p. m.

76. The Department is sending you in a separate telegram<sup>74</sup> excerpts from editorial opinion in the American press in regard to Japanese mediation in the dispute between French Indochina and Thailand.

The Department desires that, unless you perceive objection, you seek an early occasion to read or narrate to the Minister for Foreign Affairs, as a matter of information, those excerpts, or the substance of them, and say to him by way of comment that, irrespective of whether the editorial opinion thus indicated is well founded, it accurately reflects the trend of public opinion which is freely formulated and in no way “inspired” in the United States in regard to the situation under reference. You might add that this Government earnestly hopes that any terms of settlement that may result from Japan’s mediation in the controversy between Thailand and French Indochina will clearly show that the adversely critical opinions expressed in the editorial comment have not been in fact well founded.

<sup>73</sup> Not printed ; it reported that Tokyo newspapers that morning carried London despatches announcing reports of delivery of a statement to the Japanese Ministry for Foreign Affairs by the Netherlands Minister in Japan (756D.94/113).

<sup>74</sup> No. 71, February 1, not printed.

You might invite attention to my statement of principles of July 16, 1937.<sup>75</sup>

HULL

740.0011 P.W./117

*The Navy Department to the Department of State*<sup>76</sup>

WASHINGTON, February 4, 1941.

From: Director of Central Division.

Our Naval Attaché in London has been officially informed by the Admiralty that the Japanese are apparently planning a large scale offensive, presumably against Indo-China, the Malay Peninsula or the Dutch East Indies no doubt to be coordinated with an attack on Great Britain approximately February 10. Certain it is that Japanese and German relations are becoming most intimate and that a hatred campaign is being conducted against the British by the Japanese even in formerly pro-English press. Further indication of an impending offensive is shown in the fact that two large Japanese merchant ship sailings have been cancelled. Reports believed to be reliable state that all Japanese shipping is being called home to be taken over by the Government (The Admiralty has requested our knowledge of such a movement and a reply is being prepared).

The Japanese have been mediating the Thai Indo-China affair aboard a Japanese cruiser. It has been unreliably reported that the price of Japan's service as mediator will be bases on the west coast of Thailand which can be utilized by light craft for cutting communications to Singapore via the Malacca Straits.<sup>77</sup>

R. E. SCHUIRMANN<sup>78</sup>  
*Captain, USN*

751G.94/321

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

[WASHINGTON,] February 4, 1941.

The French Ambassador called to see me at his request. The Ambassador spoke in the most dejected way and was evidently suffering from the impact of information which he had received regarding the

<sup>75</sup> *Foreign Relations, Japan, 1931-1941*, vol. I, p. 325. In his telegram No. 173, February 7, 4 p. m., Ambassador Grew informed the Department he had on that date carried out the Department's instructions (751G.92/239).

<sup>76</sup> Noted by the Secretary of State.

<sup>77</sup> A second Navy Department communication dated February 5, further summarized continuing evidence of "the belligerent attitude of the Japanese", as compiled from information furnished by the British Admiralty (740.0011 P.W./118).

<sup>78</sup> Of the Office of Naval Operations.

recent developments in Vichy. The Ambassador brought up again the question of Indochina and attempted to prove that the reason why the French Government had given in to the Japanese demands and to the Japanese offer of mediation between Indochina and Thailand was the fact that the United States had not permitted the sending of munitions to Indochina. I told the Ambassador that I could not accept this contention; that, as I had frequently said to the Ambassador, the sending of aviation matériel to Indochina was contingent upon the willingness or ability of the French Government to transfer perfectly good modern combat planes now in Martinique to Indochina. I said that the Ambassador had informed me that the German Government had refused to agree to such transfer and that I did not see how the United States could be held responsible in the slightest degree for this decision. I said further that with regard to the shipment of other kinds of munitions, the Ambassador was fully aware of our own rearmament problem and of our policy with regard to assisting the British. I said that if, within the limitations of these requirements, other munitions had been shipped to Indochina, it would have been on such a very small scale as to render no material assistance whatever to the authorities in Indochina and might, of course, in view of the situation now, have fallen into the hands of the Japanese.

The Ambassador then seemed to change his argument to the complaint that the British had not permitted four transports of Senegalese troops to proceed by way of the Red Sea to increase the garrison in Indochina and that the United States could have brought pressure to bear upon the British to bring about the release of these transports. I stated that as the Ambassador well knew, I had brought the Ambassador's requests in this regard upon two occasions to the attention of the British Embassy in Washington and that these requests had been referred to London. I said that, of course, the United States could not decide for the British what their decision in matters of war policy of this character should be.

S[UMNER] W[ELLES]

756D.94/117 : Telegram

*The Consul General at Batavia (Foote) to the Secretary of State*

BATAVIA, February 5, 1941—5 p. m.

[Received February 5—7:49 a. m.]

4. Referring to the reports that the Japanese Vice Minister for Foreign Affairs had rejected the Netherlands statement concerning the incorporation of the Netherlands Indies into the new order in East Asia, Yoshizawa, the head of the Japanese delegation in Batavia, has just issued the following statement:

“With regard to the report carried by Domei on the third instant concerning Vice Minister Ohashi I have just received an official telegram contradicting the information contained in such report.”

Repeated to Tokyo.

FOOTE

751G.92/237 : Telegram

*The Minister in Thailand (Grant) to the Secretary of State*

BANGKOK, February 5, 1941—5 p. m.

[Received February 6—5:30 p. m.]

66. My telegram No. 61 [62], February 3, 4 p. m.<sup>79</sup> The British Minister informed me today that he had followed up his verbal message to the Prime Minister with a note in which he expressed British opposition to any military alliance between Thailand and Japan; to the establishment of any Japanese military or air bases in Thailand; and to any agreement between Thailand and Japan providing for an economic *rapprochement* with Japan.

The British Minister expressed the opinion that the inclusion in the Thaiandese delegation to Tokyo of Naivanich Panananda, Director General of the Department of Commerce, who is known to be very pro-Japanese, is indicative of the possibility of an agreement between Thailand and Japan at Tokyo to provide for far reaching economic concessions to Japan.

Sent to Cavite for repetition to the Department and to Shanghai. Shanghai please repeat to Tokyo.

GRANT

751G.92/236 : Telegram

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

VICHY, February 5, 1941—9 p. m.

[Received February 6—10:30 a. m.]

158. Chauvel showed us today a telegram from Bangkok in which Garreau reported that Thailand in the forthcoming negotiations would claim all Indochinese territory held by Thailand prior to 1867 which he said would include all of Laos and Cambodia. The telegram likewise indicated that the Brazilian [*British?*] Minister and Minister Grant were becoming anxious lest the presence of Japanese officers and a destroyer at Bangkok might be in the nature of an opening wedge for the Slovakization of Thailand with all the implications of such a move as regards Singapore. Chauvel likewise showed us a brief cable from Arsène-Henry which he is repeating to Henry-Haye.

<sup>79</sup> Not printed.

In the light of these two communications and other information reaching him, Chauvel feels that the best interests of Indochina will be served by reaching a settlement with Thailand as promptly as possible before these extremist views render the situation more difficult. The Foreign Office is sending instructions to Arsène-Henry to request the Japanese as the mediating power to endeavor to put an end to the communiqués which are being issued in Thailand to the effect that the annexation of large portions of Indochina have already been decided upon.

The need for haste was again urged in commercial negotiations with us if the Japanese are to be prevented from purchasing all of Indochinese exports, particularly in view of the inability of France herself to transport Indochinese products either to the mother country or anywhere else.

LEAHY

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611.51G31/11

*The French Embassy to the Department of State*

AIDE-MÉMOIRE

[Translation <sup>80</sup>]

In an *aide-mémoire* dated January 30th, the State Department has been kind enough to inform the French Embassy that the United States Government was studying the possibility of entering into commercial negotiations with Indochina. To this effect, the State Department indicated that it would be found useful if the French Ambassador in Tokyo would furnish his American colleague with information relative to the conversations at present in progress with Indochina and Japan, with a view to the signing of a trade agreement. The United States Government was, besides, prepared to consider, with a view of purchase, the offers of certain commodities (rubber, tin, tungsten and antimony) that might be made by the Government of Indochina.

The French Government is prepared to instruct the French Ambassador to Japan to proceed, with the United States Ambassador to a direct exchange of information on the progress of the conversations taking place in Tokyo.

However, the French Government deems it necessary, beforehand, to be assured of the determination of the United States Government to enter actively into a commercial negotiation with Indochina. The French Government wishes, in the interest of the United States Government itself, that negotiations should start as soon as possible. It

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<sup>80</sup> Revised by the editors.

appears indeed from reports coming from Tokyo that the Japanese Government has asked for the whole of the Indochinese production of rubber and minerals. Due to the position taken by the Japanese negotiators, it is to be feared that the delegation of the Indochinese Government will be obliged shortly to render a decision regarding the demand thus presented.

The French Ambassador has the honor of drawing the attention of His Excellency the Secretary of State to the urgency of the United States Government entering immediately into negotiations with Indochina with a view to safeguarding American commercial interests in this French colony. To hasten these negotiations, the French Government suggests that the U. S. Ambassador in Vichy be instructed to direct them.

WASHINGTON, February 6, 1941.

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611.51G9/24: Telegram

*The Consul at Hanoi (Reed) to the Secretary of State*

HANOI, February 6, 1941—noon.

[Received 5:35 p. m.]

14. Reference my telegram No. 10, January 31, 3 p. m.

1. Repeated interventions with the Government General, which has in turn intervened with the Japanese mission at Hanoi and the Japanese military at Haiphong, have had no success in permitting the Standard-Vacuum Oil Company to reexport the petroleum products previously authorized for reexportation. Efforts are being continued to secure this reexportation but there appears to be little chance of success.

2. At the same time efforts are being made to obtain the reexportation of an air-conditioning plant belonging to Andersen, Meyer and Company, Shanghai, and lubricating oil belonging to the MacMillan Petroleum Corporation, Los Angeles, previously granted reexportation permits by the Government General after agreement by the Japanese mission but now refused reexportation by the Japanese military at Haiphong.

3. According to the French liaison officer with the mission, the Japanese will not permit the reexportation of commodities which are suspected of being destined for free China by way of Rangoon.

4. The Secretary General in discussing the attitude of the Japanese towards American owned goods at Haiphong remarked that the Japanese in Tongking were formerly somewhat hesitant to interfere openly with *bona fide* American owned property but that now they did not seem to care whether they were interfering with American property rights or not.

Sent to Cavite for repetition to the Department, Chungking, Peiping, Hong Kong, Shanghai, Canton.

REED

751G.92/238 : Telegram

*The Minister in Thailand (Grant) to the Secretary of State*

BANGKOK, February 6, 1941—1 p. m.

[Received 5:30 p. m.]

68. My telegram No. 58, January 31, 3 p. m.<sup>81</sup> The Deputy Minister of Foreign Affairs in a conversation with me yesterday confirmed his statement that Thailand would ask for all of the so-called "lost territories" comprising Laos and Cambodia at the Tokyo "mediation" conference. He indicated this had been definitely agreed upon by the Council of Ministers prior to the departure of the Thai delegation. He has orally indicated that Thailand, however, might agree to take less territory.

I seized the occasion to say to the Deputy Minister of Foreign Affairs informally that as the result of recent developments it seemed to me that Thailand, a small country, was on dangerous ground, that before the Thailandese realized it fully they might find themselves the victims of totalitarian technique which according to several years of personal observation in Europe was very subtle, very deadly and the same the world over. The Deputy Minister of Foreign Affairs made no comment.

In reply to my inquiry the Deputy Minister of Foreign Affairs indicated that it is probable that the Japanese Legation here may be raised to Embassy. He inquired whether my Government would follow the Japanese lead. I said that although I had no official information it was my personal opinion that it would not.

Sent to Cavite for repetition to the Department, to Chungking, to Hong Kong and to Shanghai. Shanghai please repeat to Tokyo.

GRANT

740.0011 P. W./116

*Memorandum of Conversation, by the Chief of the Division of Far Eastern Affairs (Hamilton)*

[WASHINGTON,] February 7, 1941.

In leaving with me the attached *aide-mémoire* of February 7<sup>82</sup> marked "very confidential", Mr. Butler, Counselor of the British Embassy, said that the Embassy had just received two telegrams from

<sup>81</sup> Not printed.

<sup>82</sup> *Infra.*

the British Foreign Office containing confidential information which the Embassy was instructed to communicate to the American Government. Mr. Butler said that the information was as follows:

The first telegram, dated February 6, was to the effect that according to reliable information the Japanese Embassy in London on February 4 received instructions to reduce to a minimum its contacts with the British and to be prepared to leave on short notice;<sup>83</sup> that these instructions were discussed at the Japanese Embassy in London; that some members of the Embassy were dismayed by the instructions while others were not; that it was believed at the Japanese Embassy that the instructions had reference to some scheme of cooperation with Germany advocated by the Japanese military party.

The second telegram, also dated February 6, was to the effect that the notification date referred to in the first telegram was either February 9 or February 18 (the telegram as received by the British Embassy was garbled and the Embassy had not yet worked out whether the correct date was February 9 or February 18); that there was some indefinite reference to the plan in question being linked up with the Soviet Government and Chinese Communists; that the proposed action was being carefully planned so as not to appear to affect United States interests; that the movement of the United States Fleet was regarded as of a routine character; and that there was a good deal of talk at the Japanese Embassy in London about war.

Mr. Butler added that it was possible that the British Ambassador might ask to talk to the Secretary of State and to the President in regard to the information set forth in the two telegrams under reference.

M[AXWELL] M. H[AMILTON]

740.0011 P. W./116

*The British Embassy to the Department of State*

AIDE-MÉMOIRE

Evidence is accumulating that the Japanese may already have decided to push on Southward even if this means war. Press reports indicate that Japan is using her position as mediator between Thailand and Indo China to gain, besides a preferential economic position, a Naval Base at Camranh Bay, Air Bases in Southern Indo China

<sup>83</sup> The Chargé in the United Kingdom in telegram No. 477, February 7, 10 p. m., reported similar information. In a conversation on February 6, Anthony Eden, British Secretary of State for Foreign Affairs, informed Harry Hopkins, Special Assistant to President Roosevelt, and the American Chargé (Johnson) that the British were "apprehensive lest Japan may be planning some direct attack against Great Britain in the Far East". Mr. Johnson noted that they were "hoping for some positive move by the United States which would act as a restraint on Japan." (740.0011 European War 1939/8145§)



and control of the Indo China customs. There is also reason to suppose that some military agreement with Thailand, directed against our territories and the Netherlands East Indies is under consideration.

The following are a few "straws in the wind":

(a) His Majesty's Ambassador in Tokyo reports a general feeling amongst the Japanese that a crisis in the Far East will come within the next few weeks.

(b) Cancellation of sailings of Japanese ships to the United States and the commandeering of ships by the Japanese Government have been reported. These reports have not so far been confirmed by the British Naval authorities in Singapore.

(c) Japan is continuing to supply munitions to Thailand. For instance, a Japanese steamer arrived at Bangkok on January 29th with the following war material for the Thai Government: 8,000 bombs, 20 tanks and 10,000 cases containing unspecified arms and ammunition.

(d) A telephone conversation was intercepted between two Japanese at Sourabaya and Lawang to the effect that the Japanese attack would take place on February 10th. The Netherlands authorities attach no undue importance to the conversation but think that it cannot be disregarded.

(e) A Japanese Naval Officer recently stated to students of the Malay languages that time was very short indeed.

(f) The time-table of the "Asaka Maru" which is taking a Naval Mission to Berlin and may be bringing back machinery and certain metals, seems to indicate that action is not contemplated until the middle of March.

(g) A French source in Indo China reports concentrations in Formosa and Hainan.

While none of these indications may be conclusive in themselves their accumulative effect is to suggest that a further movement is impending. Most of this information has already been given to the United States Naval Attaché in London.

WASHINGTON, February 7, 1941.

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740.0011 P. W./80 : Telegram

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

TOKYO, February 7, 1941—11 p. m.

[Received February 7—2:03 p. m.]

180-183. Following the Embassy's telegram No. 827, September 12, 1940,<sup>84</sup> I respectfully submit the considerations set forth below, by way of once again taking stock of the political and military situation in the Far East as viewed from the angle of this Embassy.

1. As concrete manifestations of the rapid progress of Japan's policy of southward advance we are confronted with the following recent developments, factually reported.

<sup>84</sup> *Foreign Relations*, 1940, vol. iv, p. 599.

(a) The presence of Japanese naval vessels in Camranh Bay and of one or more Japanese cruisers, a seaplane tender and destroyers in the Gulf of Thailand, as well as rumors of a Japanese landing force at Songkla, a Thai base not far from the northern frontier of the Malay States.

(b) Progressive military encroachment by the Japanese in Indochina, including control of the air ports, mediation in the dispute with Thailand, and reports that Japan expects to be paid for her mediatory services through the granting of special facilities in the use of naval bases.

2. These developments represent the logical extension of the steps already taken during the past two years involving Japanese seizure of Waichow, Hainan, the Spratley Islands and Northern Indochina. They represent the Japanese technique of tentative sallies and thrusts in the desired direction, followed by pauses to feel out the effects and results of the accomplished steps, differentiating in effect the nibbling policy foreshadowed in the Embassy's telegram under reference, a policy which is now obviously achieving progressively increased momentum under Nazi stimulation.

3. By following this policy Japan has edged her way cautiously to a position from which with some added preparation [it] could invest Singapore, establish a bypass for supplying Axis ships in the Indian Ocean and eventually launch an attack on Singapore. Such an assault may well be planned to synchronize with the expected German all-out offensive against the British Isles. While conservative strategy would appear to counsel delaying such a single handed Japanese assault on Singapore pending the outcome of developments in Europe, nevertheless we must reckon with the present headstrong do or die spirit of the Japanese military leaders and their categories [*associates?*] to achieve their objectives before either the United States or Great Britain could or would intervene.

4. The importance of Singapore to the immediate defense of British Isles has been effectively set forth in the Department's unofficial memorandum dated December 4, 1940,<sup>85</sup> and without further argument may be accepted as fundamental. In view of the fact that Great Britain cannot today or presumably in the near future spare further important naval vessels for the defense of Singapore, it would seem to follow logically that our expressed policy of supporting the British Empire dictates measures on our part to prevent the control of that strategically essential base from passing into hostile hands.

5. In this connection it is believed that the whole structure of the morale of the British in the Far East, the Netherlands East Indies and the Chinese Nationalist Government depends in large measure upon

<sup>85</sup> Printed in *Pearl Harbor Attack: Hearings Before the Joint Committee on the Investigation of the Pearl Harbor Attack, 79th Cong., 2d sess., pt. 19, exhibit 159, p. 3492.*

hopes of eventual American assistance. The Dutch are under great pressure in Batavia and the British in the Far East may be confronted with acute pressure, even suddenly, in the near future. It is axiomatic that an ounce of prevention is worth a pound of cure. Should the Dutch morale suffer a sudden collapse, the task of rehabilitating this morale would be difficult if not impossible. Without effective Dutch determination, the defenses of the East Indies and Singapore would become problematical. Chinese morale has held up astonishingly well during the past three and a half years, but the effect of the fall of Singapore would have to be regarded as virtually a death blow to the Chinese Government. The effect of such a blow upon the British position in the eastern Mediterranean and in the Near East would be incalculably dangerous.

6. The nature of the measures to be taken by the United States and the moment for their inception are matters of high strategic policy not within the competence of this Embassy to determine. We believe, however, that the point to be discussed is the taking of half measures of a character which would evoke all the possible undesirable results without proving effective. I have expressed the opinion that the principal question before us is not whether we must call a halt to the Japanese southward advance, but when. Increased American naval concentration in the Far East would entail inevitable risks of war. Those risks constitute an imponderable factor which cannot be appraised with assurance, and they should not be undertaken unless the United States is prepared to face war. On the other hand we believe that those risks are less in degree than the future dangers which would inevitably confront us if we were to allow the Japanese advance to proceed indefinitely unchecked. We also believe that the Japanese are counting upon the quiescence of the United States. The moment decisive action should be taken, if it is ever to be taken, appears to us to be approaching.

GREW

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740.0011 P. W./81 : Telegram

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

VICHY, February 8, 1941—noon.

[Received 6:25 p. m.]

174. Chauvel read us yesterday several telegrams on the Far East. One from Tokyo dated February 6 reported that the so-called "southern party" (apparently the elements in Japan favoring a move toward the south rather than against Russia) was rapidly gaining the ascendancy. Arsène-Henry is convinced that the Germans have now reached some secret agreement with the Japanese in which the latter in return for some unknown territorial promises from

Germany—perhaps Indochina, perhaps the Dutch East Indies—are preparing some move towards the south to coincide with Germany's early attack against England.

The Japanese, he reported, have definite information that the British will do nothing if the Japanese move in the direction of Cochinchina or Camranh Bay, but will merely prepare their defences against a further Japanese advance southwards. Henry suspected that this information, as well as the previous Japanese reports that [of?] British offers of mediation in the Thailand-Indochina dispute were derived through the breaking of British codes. The Japanese, he reported, are also convinced that we will make no move unless Singapore or the Dutch East Indies are directly threatened. On the other hand, the Japanese press is now refraining from any adverse criticism of Russia or Russian policy.

From Bangkok Chauvel had a telegram indicating anxiety lest the Japanese as the price of their "mediation" would demand naval bases in Thailand—anxiety which the French Chargé d'Affaires stated was shared by the American and British Ministers. A further telegram from Bangkok via Hanoi indicated an increase in the number of Japanese officers in the southern provinces of Thailand and a general strengthening of Thai forces in that area. There had likewise been a minor border incident on the Malay frontier.

Finally from Moscow the French Ambassador<sup>86</sup> reported an improvement in Russo-Japanese relations. The Russians, said Labonne, now talk of a willingness to read [reach] a permanent settlement of the fisheries question which they have been unwilling to consider for the past 20 years. They are also indicating that there are possibilities of reaching a general accord with the Japanese. On the other hand, they are now making several complaints against Chiang Kai-shek arising out of his difficulties with the Fourth Army Corps (Communist). Chauvel interpreted the foregoing as a clear indication that the Russians are for the moment attempting to lull the Japanese into a sense of security in the north to encourage them to turn their attention either toward Singapore or the Dutch East Indies. What tactics the Russians would pursue once the Japanese became entangled in the south, said Chauvel, was another matter.

All the foregoing, Chauvel continued, convinced him that the Japanese are definitely getting ready to embark on a new operation in the south in the near future; that they have reached some agreement with the Germans designed to keep us occupied in the Far East and cause further difficulties for the British at the time when the Germans launch their expected attack on England. A further sign confirming this was a complete absence at present of German inquiries at Wies-

<sup>86</sup> Eirik Labonne.

baden with respect to the situation in Indochina in contrast to the rather "sympathetic" attitude which the Germans had displayed toward French problems in that area until recently.

In conclusion he said: "I felt until quite recently that Japanese maneuvers in your regard were largely bluff. I am now convinced that this is not the case."

LEAHY

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611.51G9/23 : Telegram

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

WASHINGTON, February 8, 1941—4 p. m.

93. Reference Hanoi's 10, January 31, 3 p. m. and 14, February 6, noon, in regard to American-owned merchandise in Indochina which Department assumes were repeated to you by Peiping.

As the reported Japanese refusal to permit the American companies referred to in Hanoi's telegrams under reference to reexport products from Haiphong would seem to be in direct contradiction to the statements made in the second paragraph of the Foreign Office note<sup>87</sup> quoted in your 52, January 12, noon,<sup>88</sup> the Department suggests that, unless objection is perceived, you approach the Foreign Office in such manner as you may deem appropriate and again request that there be taken without delay such steps as will cause a cessation of unwarranted interference with the movement of American-owned merchandise.<sup>89</sup>

Sent to Tokyo via Peiping. Repeated to Chungking, Shanghai, and Hong Kong. Hong Kong repeat to Hanoi.

HULL

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611.51G31/11

*The Department of State to the French Embassy*

AIDE-MÉMOIRE

The receipt is acknowledged of the French Embassy's *aide-mémoire* of date February 6, 1941, with further reference to the question of commercial negotiations between the United States and the Government General of Indochina. In that *aide-mémoire* the French Government urgently requests that the Government of the United States enter into immediate commercial negotiation with Indochina with a view to safeguarding American economic interests in that French colony. The French Government suggests, with a view to

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<sup>87</sup> For note from the Japanese Minister for Foreign Affairs to the American Ambassador in Japan, January 7, 1941, see *Foreign Relations, Japan, 1931-1941*, vol. II, p. 301.

<sup>88</sup> Not printed.

<sup>89</sup> For Ambassador Grew's note No. 1744, February 13, 1941, see *Foreign Relations, Japan, 1931-1941*, vol. II, p. 308.

expediting the matter, that the American Ambassador at Vichy be instructed to carry on the necessary conversations looking toward an agreement.

The Government of the United States, in pursuance of its policy of acquiring stock piles of essential materials, desires at the earliest possible moment to conclude contracts with the Government General of Indochina for the purchase of rubber, tin, tungsten, antimony and similar commodities. Information to this effect was conveyed to the French Embassy in this Government's *aide-mémoire* of January 30, 1941, while on February 1 the American Consul at Saigon was instructed by this Government to discuss without delay with the Government General of Indochina the question of concluding contracts covering rubber available in Indochina at the present moment as well as production during the coming year.<sup>90</sup> In reply to the French Embassy's *aide-mémoire* under reference the Government of the United States reiterates its desire to conclude without delay purchase contracts covering the commodities in question. Noting the French Government's desire that the necessary commercial conversations be carried on in Vichy, this Government has instructed its Ambassador to France<sup>91</sup> to receive any proposals which the French Government may have to make with respect to contracts for the sale of the commodities in question by the Government General of Indochina to agencies of this Government.

In connection with the desire of the French Government to enter into commercial negotiations with this Government, presumably covering the commodities, including rubber, which this Government is desirous of acquiring, it is pertinent to point out that the Government of the United States has been informed that the Government General of Indochina, under instructions from the French Government at Vichy, has prohibited all sales of rubber pending the establishment of a government purchasing bureau for rubber now being organized; that exporters at Saigon have endeavored without success to have the Government General request authority from Vichy to make another contract with the Rubber Reserve Company, an agency of this Government; that the entire January and February production is to be shipped to France; and that it is not possible at the present time to make a new contract with the Rubber Reserve Company. It is also pertinent to point out that it has been reported to the Government of the United States that a joint German-Japanese concern has arranged to purchase 25,000 tons of Indochinese rubber, more than half of which is to go to Germany. There appears to be an inconsistency between the desire of the French Government to enter into immediate commercial negotiations with the United States concerning rubber and

<sup>90</sup> See telegram No. 104, February 1, 3 p. m., to the Ambassador in France, p. 52.

<sup>91</sup> See telegram No. 132, February 8, 6 p. m., to the Ambassador in France, *infra*.

other commodities, the refusal of the Government General of Indochina, under instructions from the French Government, to enter into further contracts with the Rubber Reserve Company, and the apparent willingness of the Government General of Indochina to make available a large amount of Indochina rubber to a joint German-Japanese concern.

However, as already stated above, this Government has instructed its Ambassador to France to receive any proposals which the French Government may have to make with respect to contracts for the sale of the commodities in question by the Government General of Indochina to agencies of this Government.

WASHINGTON, February 8, 1941.

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811.20 Defense (M) /1237a : Telegram

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

WASHINGTON, February 8, 1941—6 p. m.

132. An officer of the French Embassy left with the Department on February 6 an *aide-mémoire* of even date in which it is urged that this Government enter into immediate negotiations with Indochina with a view to safeguarding our economic interests there. It is stated that the Japanese Government has demanded of the Government General of Indochina that the whole of the Indochinese production of rubber and of minerals be reserved for Japan, and it is suggested, with a view to expediting an agreement with this Government, that you be charged with conducting commercial conversations looking toward such an agreement.

The Department is today replying to the French *aide-mémoire* substantially as follows:

[Here follows report based on *aide-mémoire* of February 8, printed *supra*.]

The Department desires that upon an early occasion you discuss the foregoing informally with appropriate officials of the French Government, that you emphasize this Government's desire to purchase, on such terms as may be reasonable and similar to those embodied in previous contracts, the Indochinese commodities in question, and that you receive and transmit to the Department any proposals for commercial arrangements with respect to the sale of Indochinese rubber and minerals which the French Government may offer.

HULL

740.0011 European War 1939/8145‡: Telegram

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

LONDON, February 8, 1941—9 p. m.  
[Received February 8—6:47 p. m.]

493. Personal for the President and the Secretary of State from Hopkins.<sup>92</sup> I came into London today to have lunch with Eden, Cadogan<sup>93</sup> and Sargent<sup>94</sup> of the Foreign Office. Johnson also present.

They reviewed at length all of the major and minor moves which they think Japan is making. Eden had stiff conversation with Japanese Ambassador<sup>95</sup> here yesterday and took very strong line which has been cabled to Halifax,<sup>96</sup> the main point of which was that he was asking the Japanese what their real intentions were and saying that England intended to stand for no nonsense in the Far East and would protect her interests to the limit if they were attacked.

Eden believes the Japanese are of the opinion that the presence of our fleet at Hawaii is purely a routine matter and he, Eden, is very anxious that we find a way to accent our determination to prevent Japan from making further encroachments. Eden believes that a positive line by us in relation to Japan might make them pause before they move on Hong Kong.

I want to emphasize in your mind that the British believe that under the influence of Germany Japan is considering making in the near future a positive move against England.

Eden expressed his fear that Japan would be able for a temporary period at any rate to cut off the transport route around the Cape from a base in Thailand. This same base would also cut off supplies from Australia and New Zealand to the eastern Mediterranean.

There has recently been a temporary blocking of the Suez Canal and Eden believes that this move was made by Germany to indicate to the Japanese that the Suez Canal could be successfully closed.

I am returning to have dinner with the Prime Minister.<sup>97</sup> Am leaving London tonight. [Hopkins.]

JOHNSON

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<sup>92</sup> Harry Hopkins, Special Assistant to President Roosevelt.

<sup>93</sup> Sir Alexander Cadogan, British Permanent Under Secretary of State for Foreign Affairs.

<sup>94</sup> Sir Orme Garton Sargent, British Deputy Under Secretary of State for Foreign Affairs.

<sup>95</sup> Mamoru Shigemitsu.

<sup>96</sup> Viscount Halifax, British Ambassador in the United States.

<sup>97</sup> Winston Churchill.



756D.94/124

*Memorandum of Conversation, by the Secretary of State*

[WASHINGTON,] February 10, 1941.

The British Ambassador came in at his request. He took up the Japanese situation and said that his Government was increasingly concerned over the dangerous outlook and his Government's position is that they hope this Government from its own standpoint, if for no other reason, might find further means of deterring the Japanese from a military and naval drive south to the Dutch East Indies and Singapore area. I repeated to the Ambassador our general course and attitude thus far and said that we were continuing to give the matter every attention from every possible angle or viewpoint.

C[ORDELL] H[ULL]

792.94/79

*The British Embassy to the Department of State*<sup>88</sup>

## THAILAND

His Majesty's Government have entirely reliable information to the effect that during January the Japanese Minister at Bangkok submitted to the Thai Prime Minister a proposal whereby Thailand should assist Japan in setting up an independent Burma and in establishing joint Thai-Japanese condominium over Malaya. As a reward for her cooperation Thailand would recover sovereignty over the State of Kedoh which she transferred to Great Britain in 1909 and would receive Penang. At the same time, Burma would cede Tavoy and Mergui which Thailand possessed for a time in the 17th century. In return for these advantages, Thailand would afford active assistance to Japan in an attack on Malaya and Burma, or alternatively would acquiesce in the use of Thai territory by Japanese forces. The date fixed for the Japanese attack was to be before the beginning of April and the end of March was mentioned.

On February 3rd, before the above mentioned news was known to him, His Majesty's Minister at Bangkok addressed a personal letter to the Thai Prime Minister, in which he warned him very strongly against allowing the Thai Government's independence to be compromised or British interests to be harmed as a result of the peace negotiations proceeding in Tokyo. In particular Sir J. Crosby warned the Prime Minister against the conclusion of a military agreement with Japan, against allowing her to occupy bases and against making economic concessions to her to the detriment of Great Britain. On

<sup>88</sup> Handed on February 10 to the Secretary of State by the British Ambassador.

February 7th a reply was received from the Thai Prime Minister containing assurance of respect for existing treaties between Thailand and Great Britain.

On January 31st the Thai Prime Minister notified Sir J. Crosby that Japanese warships would patrol the waters of Thailand and of Indo China so long as Japan continued to act as mediator in the territorial dispute. The object was to prevent clashes between the Thai and French fleets, and it was Japan who had made the suggestion. The Thai Government had felt unable to refuse. Sir J. Crosby sent back a message to say that the position was most undignified for Thailand which had now given away another piece of her independence. It is reported that one Japanese destroyer has been at Paknam at the mouth of the Bangkok River since January 28th, and it has since been stated that six Japanese warships, including an aircraft carrier, are at present in the Gulf of Thailand.<sup>99</sup>

611.51G31/3

*Memorandum of Conversation, by Mr. Joseph M. Jones of the  
Division of Far Eastern Affairs*<sup>1</sup>

[WASHINGTON,] February 10, 1941.

Participants: Mr. Jacques Dumaine, Counselor  
of the French Embassy  
Mr. Paul Culbertson<sup>2</sup>  
Mr. Jones

Mr. Jacques Dumaine called and, bearing in his hand the Department's *aide-mémoire* of February 8 to the French Embassy in regard to the request of the French Government that this Government enter into immediate commercial negotiations with Indochina, said that before cabling the text of the *aide-mémoire* to the French Government he would like to have some interpretation of our reply. He asked specifically whether this Government was or was not willing to enter into trade agreement negotiations with Indochina. Mr. Dumaine was told in reply that, as stated in the *aide-mémoire*, this Government was prepared to enter into commercial negotiations with the Government of Indochina for the purchase of rubber and minerals. When Mr. Dumaine explained that the principal object of the French

<sup>99</sup> In his telegram No. 263, February 19, 2 p. m., Ambassador Grew reported to the Department that the British Ambassador (Craigie) had shown him in confidence a detailed report in which Lord Halifax described his conversation regarding this memorandum, with the Secretary of State and with President Roosevelt on February 8 (792.94/82).

<sup>1</sup> Initialed by the Chief of the Division (Hamilton).

<sup>2</sup> Assistant Chief of the Division of European Affairs.

in asking that we enter into commercial negotiations with Indochina was to give Indochina a bargaining point in current commercial negotiations with Japan, Mr. Culbertson said that considering present political and economic conditions and considering the nature of the trade between Indochina and the United States and the present immediate needs of both Indochina and the United States an offer and desire on our part to buy in large quantities Indochina's rubber and minerals seemed to us to offer a much broader, more substantial and more useful basis for commercial negotiations than trade agreement negotiations of the usual type dealing only with general provisions and rates of duty. Mr. Jones pointed out that it had been requested in the French Embassy's *aide-mémoire* that we enter into "commercial negotiations" with Indochina, that from our point of view offers to buy Indochina's materials constituted "commercial negotiations", and that it was in special recognition of Indochina's present need that we had instructed Ambassador Leahy in Vichy to receive French proposals in this regard.

Mr. Dumaine said this point of view had not occurred to him. He seemed highly pleased with the explanation and expressed his satisfaction and appreciation.

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894.33/52

*The First Secretary of the Australian Legation (Watt) to the Adviser on Political Relations (Hornbeck)*<sup>3</sup>

WASHINGTON, February 10, 1941.

DEAR DR. HORNBECK: With reference to my letter of 1st February, 1941, I desire to inform you that in a telegram from Tokyo dated 4th February Sir John Latham states that, according to latest reports, the Japanese southward move which seemed probable at the end of January does not seem to be developing. Moreover, there is no confirmation yet that the Japanese have been granted bases. He adds that there is no doubt that acceptance of Japanese mediation by French Indo-China and Thailand has greatly enhanced Japanese prestige, and the Japanese Government and press are playing up the idea that the acceptance of Japanese mediation means that French Indo-China and Thailand have accepted Japanese leadership in East Asia.

The Australian Minister states that he has told the Japanese Minister for Foreign Affairs that Australia is not part of Asia and will not accept any new order prescribed by another power. The Dutch Minister made a similar statement to the Japanese Minister for Foreign Affairs on 1st February.

<sup>3</sup> Noted by the Under Secretary of State (Welles).

Sir John lays stress on the serious threat to Singapore which would result from Japanese domination of Thailand and suggests to the Commonwealth Government that British forces near the Thai border should be strengthened, the Thai Government warned against giving footholds to Japan and that the Thai Government be offered all available British aid to resist any attempt by Japan to take by force footholds in Thailand.

Yours sincerely,

A. S. WATT

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751G.94/305 : Telegram

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

TOKYO, February 11, 1941—3 p. m.  
[Received February 11—8:35 a. m.]

202-204. The following information with regard to the origins of the negotiations between Japan and the Indochina Government has been obtained from a wholly reliable source.

1. Toward the end of December last the Japanese Minister for Foreign Affairs informed the French Ambassador that the Japanese Government viewed with strong disapproval the outbreak of hostilities in the Far East, such as those taking place between Thailand and Indochina, and that it would be prepared to mediate between the two parties. Mr. Matsuoka characterized this offer as "informal". On January 15, in the course of a conversation with the French Ambassador, he referred to the offer of mediation above mentioned, and deplored the absence of any reply from the French Ambassador. He said that the Japanese Government was still prepared to mediate and he asked that the French Ambassador transmit this "informal proposal" to the French Government. The French Ambassador accordingly informed his Government of the matter.

On January 20 the Minister for Foreign Affairs summoned the French Ambassador and told Mr. Arsène-Henry that the Japanese Government had completely satisfactory evidence that the British were "plotting" to intervene between Thailand and Indochina; that the British had offered to mediate; that the offer of mediation had been accepted by the Thai Government; but that the Thai Government refused to deal with the French Chargé d'Affaires at Bangkok. (According to the British Embassy, no offer of mediation was ever made by British representatives in Tokyo or in Bangkok.) Mr. Matsuoka went on to say that the Japanese Government would not acquiesce in the interposition of any occidental power in the issues between Thailand and Indochina but that in view of the inability of the two parties to compose their differences it thereby officially and formally proposed to mediate between them. Mr. Matsuoka explained

that he had received the Emperor's assent to the making of the offer. He urged on the French Ambassador the great desirability of French acceptance of the offer, as it was his belief that only by the carrying out of this friendly and peaceful procedure could certain elements in Japan be restrained from employing other methods for bringing the hostilities in Indochina to an end. Mr. Arsène-Henry reported the matter to Vichy and was instructed in due course to accept the offer of the Japanese Government but to emphasize at the same time that the French Government would not acquiesce in any way to any infringement of the integrity of the French colonial empire.

2. The various delegates now participating in the discussions at Tokyo are pledged to maintain the utmost secrecy with regard to the contents and progress of the negotiations. Our informant does not pretend to know precisely and in detail how matters are proceeding, but he informs us that the most important of the Japanese desiderata are achieving (a) the grant to Japan of an air base and a naval base at Saigon; (b) the grant by France to Indochina of complete autonomy, together with the right to negotiate with Japan; and (c) the employment of Japanese advisers by the Government of Indochina.<sup>4</sup>

GREW

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740.0011 P. W./115

*The British Ambassador (Halifax) to the Secretary of State*<sup>5</sup>

WASHINGTON, February 11, 1941.

DEAR MR. SECRETARY: Since I saw you yesterday I have received two further telegrams from the Foreign Office regarding the situation in the Far East.

These telegrams show how greatly concerned the authorities in London are over the present situation, and how strongly they feel that some immediate action should be taken to deter the Japanese from attacking Malaya. The telegrams instruct me to make further representations to the United States Government, but I am not asking you to spare me more of your valuable time in order to discuss the question with me, because I know that you are already giving the whole question your earnest consideration and also because in my recent conversations with the President and yourself I had already to a large extent anticipated the Foreign Office instructions.

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<sup>4</sup> In his despatch No. 5493, April 5, Ambassador Grew reported to the Department that these "demands" were presented in early February to the French authorities in the colony by Maj. Gen. Raishiro Sumita, head of the Japanese Military Mission in Indochina (751G.92/434).

<sup>5</sup> Notations: "Copy sent to White House"; "Shown in strict confidence to the Secretary of the Navy, Feb. 13, 1941, by S[tanley] K. H[ornbeck]. M[axwell] M. H[amilton]."

I am, however, sending you herein copies of the substance of the two telegrams in order that you may be fully informed as to the views held in London. I need not emphasise how greatly my Government hope that the United States Government will feel able to take some effective action in the very near future to deter the Japanese.

Yours sincerely,

HALIFAX

[Enclosure 1]

*Substance of Telegram A Received at the British Embassy From the Foreign Office on February 11th*

The consequences of the Japanese movements in Indo-China and Thailand have been reviewed once more by the Chiefs of Staff, who have furnished an estimate of the immediate danger to be anticipated. This estimate is as follows:—

The Japanese are now engaged in a movement designed both to increase their hold on Indo-China and to obtain strategic facilities in Thailand. According to the information in the possession of the British authorities it is unlikely that the Japanese will be content with this; it is probable that they are contemplating more drastic action, the exact nature of which is as yet uncertain. The general effect of the present Japanese movement is to weaken the strategic position of the British Empire in the Far East by enabling the Japanese to secure vantage points near Singapore. If the Japanese movement were to be extended, not only would this tendency be increased but the Japanese might obtain important economic resources which would greatly strengthen their capacity to carry on a war.

It is felt certain that the Japanese are acting with the encouragement of Germany and that they are planning more vigorous aggressive measures in direct agreement with the German Government. For these measures to help Germany, they must directly affect British interests and are therefore probably designed to force Great Britain into war with Japan. Such a war would expose to attack British communications with Australia and New Zealand, and British trade in the Far East and in the Indian Ocean, and might even jeopardize the communications between the United Kingdom and the Middle East. The efforts which the British authorities would be bound to make to prevent excessive damage to these vital interests would weaken their whole war effort against Germany. Indeed, if the threat to Singapore became imminent, the British authorities might be forced temporarily to transfer the British fleet from the Mediterranean in order to free naval forces for action in the Indian Ocean.

It will be appreciated what a profound set-back this last step would constitute. Thus war with Japan would inevitably lengthen the war with Germany and would, indeed, make ultimate British success improbable without the full participation of the United States.

Hence, while the direct danger to American interests in the Far East constituted by a further Japanese movement is clear, the indirect danger to the United States is even more serious. Indeed, it seems evident that Japanese aggression against British interests in the Far East represents a serious threat to the safety of the United States on account of its effect on the British war effort as a whole. It is essential, therefore, in the interests not only of the British Empire but of the United States, to take steps which will prevent the Japanese from taking the plunge.

[Enclosure 2]

*Substance of Telegram B Received at the British Embassy From the Foreign Office on February 11th*

In your further talks with the United States Government you will no doubt call attention to the views of the Chiefs of Staff. The important point to emphasize is that the initiative lies with Japan. If Japan is bent on war in combination with Germany, mere attempts on our part to avoid the issue are unlikely to be successful. The only thing likely to avert war is to make it clear to Japan that further aggression will meet with the opposition both of the United States and of ourselves.

A joint declaration to the Japanese by the United States and the British Empire that any attack on the Netherlands East Indies or on the British possessions in the Far East would involve Japan in war immediately and irreparably with both the United States and the British Empire is obviously the course most likely to achieve this end. It is realised, however, that such a proposal may present certain difficulties from the point of view of the United States.

So far as His Majesty's Government are concerned the Foreign Secretary has made it clear to the Japanese Ambassador that if British territories are attacked they will be defended with the utmost vigour. Speaking to the Japanese Ambassador on February 7th, Mr. Eden said that while His Majesty's Government had no aggressive intentions they did not intend to sacrifice the British possessions in the Far East at the dictation of any Power. Nor were His Majesty's Government prepared to agree that Japan alone was entitled to control the destinies of the peoples of the Far East. Great Britain intended to discharge her obligations to those people in that part of the world for whom she was responsible and if British territories were attacked, the British people would undoubtedly defend them with the utmost vigour.

It would be most useful if the President, when seeing the new Japanese Ambassador<sup>6</sup> on his arrival, could speak to him in somewhat

<sup>6</sup> Adm. Kichisaburo Nomura.

similar terms and make plain beyond the possibility of misunderstanding the interest of the United States in Far Eastern affairs. If a joint declaration on the lines indicated above is impracticable then it is clearly of the greatest importance that the United States Government should independently go as far as they can to make plain their attitude to the Japanese Government.

With this object in view you should seek an interview with the President and in placing before him on the most comprehensive lines our information regarding the present situation in the Far East, inform him of the line already taken by the Foreign Secretary with the Japanese Ambassador in London.

You should furthermore point out that in the view of the British authorities the situation would be greatly improved if in addition to any statement or warning that the United States Government may see fit to make to Japan, the American naval forces in the Far East were to be increased, either by sending reinforcements to Manila or despatching a detachment to Singapore. At this stage of events the most effective check upon further Japanese adventures would appear to be some definite move on the part of the American Fleet.

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740.0011 P. W./92 : Telegram

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

TOKYO, February 14, 1941—1 p. m.  
[Received February 14—4:15 a. m.]

226. We are informed in confidence that in the course of an interview with the Assistant Military Attaché of the British Embassy, Major General Wakamatsu, Director of Military Intelligence, made the following statements:

1. Japanese military opinion is still divided on the question of the southward advance due primarily to the reason that the position of the United States is not clear.

2. This division of opinion is due in part to the fact that while the United States during the past year or more has progressively restricted the export of certain important military materials to Japan,<sup>7</sup> these restrictions have not been made simultaneously effective at any time. This step-by-step policy has made it difficult for Japanese opinion to crystallize and conservative Japanese circles are able to point out that, despite restrictions, trade with America is still continuing. Had the United States at the beginning ceased all exports to Japan it would have facilitated a definite Japanese decision as to the best course of action.

3. The French are finished in Indochina.

GREW

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<sup>7</sup> See vol. iv, pp. 565 ff.



611.51G31/2

*The French Ambassador (Henry-Haye) to the Secretary of State*[Translation <sup>8</sup>]

Referring to the *aide-mémoire* of the Department of State of February 8, 1941, the Ambassador of France has the honor to advise His Excellency the Secretary of State that the French Government has taken note, with interest, of the intention manifested by the Government of the United States to enter immediately into trade negotiations with Indochina. It has taken note of the desire expressed by the Ambassador of the United States to have American importers proceed with the purchase of rubber, tungsten, tin and antimony.

The Ambassador of France is happy to advise His Excellency the Secretary of State that the French Government is disposed, in agreement with the Government General of Indochina, to give a favorable reply to this request. To that end, instructions have been sent to Admiral Decoux requesting him to make known the quantities of the above-mentioned commodities which could be exported.

As regards 1941, the Government General of Indochina would be in a position to make a certain tonnage of rubber available to the United States. Shipments would be payable, F.O.B. Saigon, in dollars at the New York market rate. In order to facilitate the transactions in question, the Government General of Indochina will take, when the time arrives, all necessary steps to lift the temporary export prohibition now applied to that product.

On account of the negotiations now in progress at Tokyo, the French Government would wish to know, as soon as possible, whether the United States would be in the market for Indochinese white rice and, if so, what would be the tonnage of its purchases. Prices of white rice are as follows, in piastres, valid for the whole of 1941:

|   |                              |
|---|------------------------------|
| Rice Number 1   | 122 piastres.                |
| Rice Number 2   | 117 piastres, per metric ton |
| F.O.B. Saigon, net weight shipped, bags not included. |                              |

The French Government would wish to see Indochina procure, with the available funds thus created in dollars, the American products which are indispensable to its economy, its defense and its security. It does not therefore doubt, under such circumstances, that the proceeds of the Indochinese sales to the United States will be left for the free disposal of Indochina. A list of the American products which the colony in question needs will soon be communicated to the United States.

Moreover, with a view to facilitating exchanges between these two countries and taking into account the customs autonomy granted to Indochina, the French Government is disposed to study the lines of

<sup>8</sup> Revised by the editors.

an arrangement in tariff matters to be granted to American products. Such arrangements would be inspired, should the occasion arise, by the contractual régime in force between Indochina and France, and between Indochina and other French possessions, as well as the system of exchanges contemplated between Indochina and Japan. Tangible advantages would result therefrom for American products.

A quota system being now applied in Indochina with respect to the majority of imports, French as well as foreign, the French Government would be disposed to give most American products the benefit of special quotas. The advantages thus granted by Indochina to products of the United States would be applied under conditions identical with those of the trade agreement between France and Indochina, that is to say, during a period of one year.

Mr. Henry-Haye is happy [etc.]

WASHINGTON, February 14, 1941.

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740.0011 P. W./110

*The British Prime Minister (Churchill) to President Roosevelt*<sup>9</sup>

Many drifting straws seem to indicate Japanese intention to make war on us or do something that would force us to make war on them in the next few weeks or months. I am not myself convinced that this is not a war of nerves designed to cover Japanese encroachments in Siam and Indo-China. However, I think I ought to let you know that the weight of the Japanese navy, if thrown against us, would confront us with situations beyond the scope of our naval resources. I do not myself think that the Japanese would be likely to send large military expedition necessary to lay siege to Singapore. The Japanese would no doubt occupy whatever strategic points and oilfields in Dutch East Indies and thereabouts that they covet and thus get into a far better position for a full-scale attack on Singapore later on. They would also raid Australian and New Zealand ports and coasts causing deep anxiety in those Dominions which have already sent all their best-trained fighting men to the Middle East. But the attack which I fear the most would be by raiders including possibly battle-cruiser[s?] upon our trade routes and communications across the Pacific and Indian Oceans. We could by courting disaster elsewhere sent [*send*] a few strong ships into these vast waters, but all trade would have to go into convoy and escorts would be few and far between. Not only would this be a most grievous additional restriction and derangement of our whole war economy, but it would bring altogether to an end all reinforcements of the armies we had planned to build up in the Middle

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<sup>9</sup> Transmitted by the British Ambassador to the Secretary of State for President Roosevelt under cover of a letter dated February 16, 1941.

East from Australasian and Indian resources. Any threat of a major invasion of Australia or New Zealand would of course force us to withdraw our fleet from the Eastern Mediterranean with disastrous military possibilities there, the certainty that Turkey would have to make some accommodation, and reopen German trade and oil supplies from the Black Sea. You will therefore see, Mr. President, the awful enfeeblement of our war effort that would result merely from the sending out by Japan of her battlecruiser[s?] and her twelve eight inch gun cruisers into the Eastern oceans, and still more from any serious invasion threat against the two Australasian democracies in the Southern Pacific.

Some believe that Japan in her present mood would not hesitate to court an attempt to wage war both against Great Britain and the United States. Personally, I think the odds are definitely against that, but no one can tell. Everything that you can do to inspire the Japanese with fear of a double war may avert the danger. If however they come in against us and we are alone, the grave character of the consequences cannot easily be over-stated.

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741.94/476 : Telegram

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

Tokyo, February 17, 1941—4 p. m.

[Received February 17—12: 37 p. m.]

244. Embassy's 243, February 15 [17], noon.<sup>10</sup> Following is substance of telegram from my British colleague to London commenting on his interview with the Minister for Foreign Affairs:

"Prolixity of Minister of Foreign Affairs' language makes it difficult to carry away any clear cut impression from these long interviews with him but he made one point quite clear, namely, that in view of the difficulties which he and the Prime Minister were having with certain influential quarters (from remarks let fall during other parts of the conversation I judge these to be the army and possibly also the navy) he could not blame me for feeling some anxiety as to the future (this remark being private should on no account be quoted). A further point on which he laid special emphasis was that neither Great Britain nor United States need have the slightest fear of any Japanese attack so long as we took no action calculated to force Japan to take measures in her own defense.

I did not fail to point out that, although Singapore was 3000 miles distant from Japan, the Japanese military and naval authorities were quite capable of stigmatizing as 'offensive' the most obvious and nec-

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<sup>10</sup> Not printed; in this telegram Ambassador Grew reported that, in the course of a conversation between Mr. Matsuoka and the British Ambassador on February 15, Mr. Matsuoka had stated that he and the Japanese Prime Minister (Konoye) were opposed irrevocably to adventurous or aggressive schemes and would go to the Japanese Emperor, if necessary, for support of their policy. If support were not forthcoming, they would resign. (741.94/475)

essary military and naval precautions in our own territory. From this part of our conversation I carried away the impression that the reinforcement of our own defenses would not be regarded as unnatural but that what Mr. Matsuoka apprehended was some enlarged Anglo-American action which might play into the hands of those who were pressing the Japanese Government to strengthen their strategic position in Southeastern Asia.

2. In another point in the conversation Minister for Foreign Affairs repeated an assurance given in an earlier interview that at no time had the German Government shown any desire to embroil Japan with the United States or Great Britain, except in eventuality contemplated by Article 3 of the Tripartite Pact. On my suggesting that the Germans were using indirect rather than direct methods of pressure to achieve this purpose, he replied that he could only speak for his official relations with the German Government."

GREW

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740.0011 P. W./155

*The Australian Minister (Casey) to the Adviser on Political Relations (Hornbeck)*

WASHINGTON, February 18, 1941.

DEAR DOCTOR HORNBECK: I have heard by telegram from Sir John Latham in Tokyo that he saw the Vice-Minister for Foreign Affairs towards the end of last week. The latter deplored the messages sent by the British and United States Ambassadors which he said were alarmist and quite unfounded. The Vice-Minister said that Japan would not enter the war unless she were attacked or the United States came in. He denied vigorously that Japan would allow herself to be used by Germany to help some German move in the War. When Sir John Latham pointed out that the army might create an incident as on former occasions and force the hand of the civil government, the Vice-Minister said "Have we not an adequate war?" (that is in China). Sir John Latham believes that the Vice-Minister, in view of his manner, was sincerely apprehensive of a further involvement of Japan in war.

Yours sincerely,

R. G. CASEY

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794.00/241 : Telegram

*The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State*

Moscow, February 19, 1941—7 p. m.

[Received 7:27 p. m.]

311. I inquired of Vyshinski<sup>11</sup> last evening as to his views concerning the situation in the Far East. He would not discuss the So-

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<sup>11</sup> Andrei Y. Vyshinski, Soviet Assistant Commissar for Foreign Affairs.

viet-Japanese negotiations but expressed the opinion that the Japanese mediation in the Thailand-French Indochina conflict was a sign of weakness. He also expressed the opinion that Japanese economic and financial conditions are steadily deteriorating and said that he does not expect the outbreak of further hostilities in the Pacific in the near future.

STEINHARDT

892.24/413

*The British Embassy to the Department of State*<sup>12</sup>

[Extract]

[WASHINGTON,] February 19, 1941.

His Majesty's Government are concerned with the possibility that large stocks of oil, particularly of 86 octane gasoline, may be accumulated in Thailand. These may be used by the Japanese against the Burma Road or might well form a reserve available for Japan in aggression against Malaya and the Netherlands East Indies.

2. The accompanying statement<sup>13</sup> shows the best estimates available to His Majesty's Government for stocks of oil in Thailand on December 1st, 1940. To these have been added known recent shipments from the United States, at present the only source of supply of oil products to Thailand. Except in the case of aviation spirit, stocks of which, in terms of months' supplies, are proportionately much higher than those of other products, there does not seem to be great cause for alarm at present, but it is significant to note that a recent shipment of motor gasoline was consigned to Mitsui in Thailand and, moreover, the country's requirements being small, further shipments, not perhaps large in themselves, would serve to build stocks conveniently accessible to the Japanese. It should be mentioned that figures recently given by the Thai Ministry of Defense for the requirements of the country for six months appear to be far in excess of normal. A statement of these figures is attached.<sup>13</sup>

3. His Majesty's Government do not wish to propose an embargo on oil for Thailand, but they would like to see supplies restricted to regular and well defined limits, and they invite the United States Government to give the matter their urgent consideration.

<sup>12</sup> Left at the Department about March 3.

<sup>13</sup> Not printed.

811.20 (D) Regulations/1336: Telegram

*The Secretary of State to the Consul General at Singapore (Patton)*

WASHINGTON, February 20, 1941—7 p. m.

3. Your February 11, 5 p. m.<sup>14</sup> Licenses are required under the Act of July 2, 1940<sup>15</sup> for the export of a wide variety of articles and materials. Applications for licenses are granted or rejected in accordance with the needs of the national defense. In view of these needs licenses for the export of many materials are issued very sparingly.

A number of commodities are not permitted to be exported to any Far Eastern destinations other than those in the British Empire, the Netherlands Indies, the Philippines, and unoccupied China. Aviation gasoline and lubricating oil, iron and steel scrap, and many other products are not licensed for export to Thailand. Licenses are issued for the export to Thailand of iron and steel products other than scrap in usual pre-war quantities only.

You may lay these facts before the Controller of Exports and suggest that he not permit the reexport to Thailand of commodities of United States origin consigned to British territory. Should he permit such reexports the Department might not be able to grant with such freedom as it now does applications for licenses to export to British Malaya.

HULL

740.0011 P. W./152

*The British Prime Minister (Churchill) to President Roosevelt*<sup>16</sup>

I have better news about Japan. Apparently Matsuoka is visiting Berlin, Rome and Moscow in the near future. That may well be diplomatic sop to cover the absence of action against Great Britain. If Japanese attack which seemed imminent is now postponed, this is largely due to the fear of the United States. The more these fears can be played upon the better but I understand thoroughly your difficulties pending the passage of the bill on which our hopes depend.<sup>17</sup>

Appreciation given in my last personal and secret message<sup>18</sup> of the naval consequences following Japanese aggression against Great Britain holds good in all circumstances.

[LONDON,] February 20, 1941.

<sup>14</sup> Not printed.<sup>15</sup> An act to expedite the strengthening of the national defense, approved July 2, 1940; 54 Stat. 712.<sup>16</sup> Copy transmitted to the Secretary of State by the British Ambassador under covering letter of February 21, together with copy of his letter of the same date to President Roosevelt (neither printed).<sup>17</sup> Lend-lease bill, approved March 11; 55 Stat. 31.<sup>18</sup> Transmitted February 16, p. 79.

751G.92/259 : Telegram

*The Secretary of State to the Minister in Thailand (Grant)*

WASHINGTON, February 21, 1941—8 p. m.

31. According to a telegram of February 15 from Vichy,<sup>19</sup> based upon information supplied by the French Government, the French Ambassador at Tokyo recently refused to continue the negotiations for a Thai-Indochinese settlement unless the Thai attitude be moderated; a notable improvement in the Japanese attitude resulted; the Japanese Chargé d'Affaires at Vichy has informed the French Government that the Japanese Minister at Bangkok has been instructed to insist on moderation of the Thai attitude and on withdrawal of Thai troops who recently crossed the Mekong in Luang Prabang.

HULL

741.94/478 : Telegram

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

TOKYO, February 22, 1941—11 a. m.

[Received February 23—7 : 15 a. m.]

281. Following is the text of the memorandum<sup>20</sup> in compliance with the Department's 121, February 21, 1 p. m.<sup>21</sup>

"Confidential. His Imperial Japanese Majesty's Minister for Foreign Affairs is rather surprised to learn of the undue concern on the part of His Britannic Majesty's principal Secretary for Foreign Affairs which is no doubt based upon informations emanating from the British Embassy in Tokyo and other sources. There is, of course, no way to ascertain what kind of informations the British Government have been receiving, but the Minister for Foreign Affairs would like to avail himself of this opportunity to state that so far as he can see there is no ground for entertaining alarming views on the situation in East Asia.

On more than one occasion the Minister for Foreign Affairs explained to the British Ambassador in Tokyo and to the public at large that one of the primary purposes of the Tripartite Pact is to limit the sphere of the European war by preventing those powers not engaged in hostilities at present from joining the war and also to bring about its termination as quickly as possible. The Japanese Government have not so far found any reason or occasion to alter this avowed aim which constitutes a fundamental basis of their policy. The British Government may rest assured on this point.

<sup>19</sup> Telegram No. 198, February 15, 5 p. m., not printed.

<sup>20</sup> From the Japanese Ambassador in the United Kingdom to the British Secretary of State for Foreign Affairs, provided Ambassador Grew by the British Ambassador in Japan.

<sup>21</sup> Not printed.

However, the Minister for Foreign Affairs feels that he owes it to candor to say that he still is entertaining a certain amount of anxiety, if not misgivings, as to the movements of the British and American Governments in their attempt to expedite and enlarge warlike preparations with an eye to meeting supposed contingencies in the Pacific and the South Seas.

Press reports about these movements originating from American sources and elsewhere are causing increasing misgivings in Japan with the consequence that in some quarters it is contended that Japan should lose no time in taking measures to meet the worst eventuality in these regions.

The concern felt is rather natural in the face of these disturbing reports. If the American Government could only be persuaded to restrict their activities in this respect to the Western Hemisphere, prudently avoiding to cause anxiety unnecessarily in the minds of Japanese, the situation would indeed be very much mitigated. Having had the privilege of forming personal acquaintanceship at Geneva with His Britannic Majesty's principal Secretary for Foreign Affairs and prompted by the belief that an exchange of frank views in a general way at this juncture will be of some service in enabling the two peoples to see eye to eye, the Minister for Foreign Affairs wishes to take the liberty of further observations. The uppermost thought in his mind has always been the world peace. He sincerely hopes that, on the one hand, the affair will be brought to an end as soon as possible, and on the other the European war will see an early termination. It is his earnest and constant prayer that the powers may gather again to discuss at a round table their differences and deliberate on the great question of organizing a permanent peace upon a just and equitable world order. In this connection, he desires to assure his eminent colleague that far from aspiring to control the destinies of, and to dominate, other peoples, it is Japan's established policy to inaugurate an era of peace and plenty and of mutual helpfulness throughout the region of Greater East Asia by promoting the spirit of concord and conciliation. As repeatedly affirmed, Japan's motto is "no conquest, no oppression, no exploitation." He therefore strongly deprecates those biased reports designed to calumniate Japan.

The Minister for Foreign Affairs frankly confesses his utter inability to see any good purposes served by prolonging the war, whatever the motive. Whatever the outcome, whoever the victor, there are present in the European, if not the world, situation elements of a grave danger to face a fearful spectacle of chaos and confusion possibly eventuating in the downfall of modern civilization. It takes statesmanship of a high order to foresee and meet in time this catastrophic contingency. The Minister for Foreign Affairs has not lost hope yet that such statesmanship will be not wanting in the British Empire.

Lastly, the Minister of Foreign Affairs would like to make it clear that Japan, deeply concerned as she is with an early restoration of peace, is fully prepared to act as a mediator or to take whatever action calculated to recover normal conditions, not only in greater East Asia, but anywhere the world over.



The Japanese Minister trusts that His Britannic Majesty's principal Secretary for Foreign Affairs will not hesitate to share with him the conviction that upon the shoulders of the leading powers rests the great and grave responsibility of restoring peace and saving modern civilization from an impending collapse. Such responsibility can only be fulfilled by wise and courageous statesmanship willing to display an accommodating and generous spirit in listening to others' claims and contentions. It is however necessary to add that whatever Japan may do, she will always be actuated by the consciousness of responsibility which she owes to humanity."

Sent to the Department via Shanghai.

GREW

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751G.92/271 : Telegram

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

VICHY, February 22, 1941—2 p. m.

[Received 3 : 15 p. m.]

214. Embassy's telegram 208, February 19, 6 p. m.<sup>22</sup> Chauvel states that the French Government has decided to reject the Japanese terms of settlement of the Indochinese-Thailand dispute. Ambassador Henry is being instructed to state that the cession of "approximately one third of Cambodia with four hundred thousand inhabitants" would make the administration of Indochina extremely difficult. By way of leaving the door open he is to indicate that the French might agree as a concession to the Japanese, which they had been unwilling to make to Thailand, to turn over the two enclaves along the right bank of the Mekong in the Kingdom of Luang Prabang in the north and in Laos in the south as far as the Cambodian frontier.

Ambassador Henry is being instructed at the same time to protest at the resumption of the violently anti-French campaign in the entire Thailand press, including that journal which is commonly known to enjoy a Japanese subsidy. A similar protest has been made here and the Japanese Chargé d'Affaires has also been informed of the Government's decision not to accept the settlement.

Chauvel stated that in making the decision to reject the Japanese terms of settlement of the Indochinese-Thailand dispute the French Government is well aware that its action may result in a more aggressive Japanese attitude and possibly Franco-Japanese hostilities in Indochina.

LEAHY

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<sup>22</sup> Vol. iv, p. 45.

751G.92/273 : Telegram

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

TOKYO, February 23, 1941—2 p.m.  
[Received February 23—9:47 a.m.]

285. Embassy's 284, February 23, noon.<sup>23</sup> My French colleague at luncheon today told me that the demands of the Thai in the present negotiations are utterly preposterous and impossible of acceptance. The Japanese mediators had advanced compromise terms which the Ambassador states are still unacceptable. This morning he had an hour's interview with the Minister who said that he would do his best to bring about a more reasonable solution. The Ambassador believes that [if] a number of Thai, who he says "have gone completely off their heads" and have been sending considerable bodies of troops across the Mekong River, can be persuaded to extend the period of armistice beyond February 25, it may be possible to find a reasonable basis of settlement.

The Ambassador therefore appealed to me to request the American Government with great urgency to counsel the Thai to moderation and to an extension of the armistice. I replied that I would bring the Ambassador's appeal to the attention of my Government. I said that, of course, our Government would have to be guided by broad considerations which might not be apparent to us here but that if anything could be done I believed it would be more likely to take the form of counseling moderation on both sides than a unilateral step. The Ambassador said that he fully appreciated this consideration.

Sent to the Department, repeated to Bangkok.

GREW

751G.92/270 : Telegram

*The Minister in Thailand (Grant) to the Secretary of State*

BANGKOK, February 23, 1941—3 p. m.  
[Received 9:25 p. m.]

104. French Chargé d'Affaires has given me in strict confidence outline of the results of the "mediation" conference at Tokyo as reported to him by his Government at Vichy.

The Japanese have delivered to the French a virtual ultimatum which is supposed to expire today Sunday at noon, the terms of which are as follows:

(1) Cession to Siam of the two territories of Luang Prabang and Pakse on the right bank of the Mekong which constitutes the official territorial claim of the Thai.

<sup>23</sup> Not printed.

(2) Cession of the whole of the Province of Battambang, two-thirds of the Province of Siem-reap and one-third of the Province of Kampongthom, all the way to the River Mekong—all in Cambodia, the entire territorial cession approximating 70,000 square kilometers.

(3) Thailand to pay to France baht 10 million.

(4) Establishment of a commission to fix boundaries and make necessary adjustments.

(5) Japan to be [delegated?] with the control and application of the proposed treaty.

French Chargé d'Affaires is of the opinion that point 5 is designed to establish a virtual Japanese protectorate over both Indochina and Thailand.

Sent to Cavite for repetition to the Department, to Chungking, to Hong Kong and to Shanghai. Shanghai please repeat to Tokyo.

According to the French report, the negotiations in Tokyo have proceeded as follows:

On February 8, the first meeting, Prince Varnvaidya, Chairman of the Thai delegation, demanded all of the territory annexed by France since 1863, comprising all of Laos and Cambodia. The French demurred and the conference became deadlocked as far as official meetings were concerned until February 16 when Matsuoka called in M. Robin, of the French delegation, and said he was at a loss to proceed because of the wide divergence of views between the French and [the Thai?]. It was then agreed that the French Secretary General should meet the Thai Minister with a view to finding a solution. The next day, February 17, however, before this meeting could be held Matsuoka summoned the French and Thai representatives and announced that he had "a plan for final settlement". The French demurred and demanded that [the Thai?] first withdraw their troops which had crossed the Mekong in the north.

The Japanese Minister for Foreign Affairs thereupon announced that he must proceed immediately with his plan for two reasons: (1) the international situation, (2) a reason which he could not divulge. The plan as outlined above was then announced. The French delegates said they must await instructions from Vichy. Between February 17 and February 22 the Secretary General of the French Delegation was summoned urgently by Matsuoka and requested for an immediate reply "yes or no" and informed that Thailand had made reply and furthermore would not agree to extend the armistice beyond February 25. The time limit for the French reply was then set for February 23 at noon.

751G.92/274 : Telegram

*The Minister in Thailand (Grant) to the Secretary of State*

BANGKOK, February 24, 1941—7 a. m.

[Received 8:17 a. m.]

105. The French Chargé d'Affaires Garreau called to see me after midnight and said he had received telegraphic information from French authorities in Indochina to the effect that France had rejected the Japanese plan for the cession to Thailand of large slices of territory in Indochina and that hostilities may be resumed immediately upon the expiration of the truce tomorrow Tuesday at 10 a. m. if not before. He also said that Bangkok would be bombed immediately hostilities began and further that he had recommended this to Admiral Decoux in Indochina, [and?] suggested designated areas on both sides of a general neutral zone which is largely residential. He adds that I should regard this as a warning to Americans residing in Bangkok.

I replied urging restraint, pointing out that Bangkok is practically an "open city" since it has a large and scattered population, including a sizeable foreign colony, which is defenseless from air since there are no air raid shelters. I said I thought that thousands of innocent people including foreigners would likely be killed in any air attack regardless of designated zones and that I was of the opinion that the French might lose more than they would gain by such an attack through the force of public opinion abroad, that there were many exclusive military objectives which could be attacked without endangering the lives of nearly a million civilians in Bangkok. Garreau said Bangkok was the "nerve center" of Thailand and must be attacked and while he would convey my message to the French military authorities he could not promise more than a delay to enable civilians including Americans to get out of Bangkok in the event hostilities are renewed.

GRANT

740.0011 P. W./125 : Telegram

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

TOKYO, February 24, 1941—4 p. m.

[Received 6:18 p. m.]

291. The substance of a telegram sent to London by my British colleague on February 20 follows below :

"Mr. Ohashi having again characterized as unfounded the recent alarm in regard to Japanese intentions in southeast Asia, I gave him in some detail my view as to grounds for the recent increase in tension.

(a) General speeding up of Japan's southward expansion policy

which appeared to be not only approved but promoted by the Japanese Government, Army and Navy. All this talk of 'greater East Asia Area' and a 'co-prosperity zone' was, in my opinion, most dangerous because these euphemisms cloaked a policy of political, economic, and perhaps military expansion which, if persisted in, must inevitably lead to a clash with powers possessing territory and interests in those regions. When the Japanese spoke of an area of 3000 miles away as 'Japan's lifeline' they should remember that through this area passed our own lifeline, namely the communications of the rest of the Empire with Australia and New Zealand.

(b) Mr. Matsuoka's recent speeches in the Diet and the extravagant claims by himself put forward in the Japanese press.

(c) Japanese occupation of Tongking and maneuvers to secure strangle hold on rest of Indochina.

(d) Persistent reports that a price was to be demanded for Japanese mediation in the Thai-Indochina dispute.

(e) Increasingly intimate relations with the Germans, who were working under ground to turn Japanese policy to Germany's advantage, citing various examples of German fifth column activities.

2. I concluded that, as long as these activities continued, Japan was bound to come up against an increasingly strong opposition from other powers and would only have herself to blame if they landed her in serious difficulties. In such circumstances, it would be folly for us to neglect the normal and reasonable counter measures which we were taking and which were of a purely defensive character.

3. In reply Vice Minister for Foreign Affairs contended:

(a) Japan's aspirations in these regions were essentially economic and, provided that they could be satisfied, no political or military question whatever need arise. To illustrate reasonableness of economic interest Vice Minister referred to recent proposals submitted to the Netherlands East Indies Government. If there had recently been an increase in the interest of Japanese public opinion in southward expansion, this was because recent measures being taken by the United States and Great Britain tended to cut Japan off from other valuable markets and sources of supply. There was a widespread feeling that Japan now had to face a deliberate attempt by Great Britain and the United States at encroachments and strangulation—a gradual but steadily increasing and remorseless pressure applied in regions under their control. It was this which had made economic expansion in East Asia and the South Seas a matter of life and death in Japan.

(b) Vice Minister for Foreign Affairs dismissed his Minister's jeremiads in the Diet with a tolerant smile. Under Diet procedure notice of questions was not given in advance so that Minister had to reply on the spur of the moment to questions which were frequently couched in provocative language to catch the eye of electorate. Difficulty was increased by practice of the press in removing passages from their contexts and generally giving sensational and inaccurate accounts. Too much attention was being paid to these impromptu utterances in the Diet which should not be regarded as considered statements of government policy.

(c) This occupation had been arranged by agreement and presence of troops was purely [in connection?] with war in China.

(d) Minister for Foreign Affairs had categorically repudiated this suggestion in his last conversation with me.

(e) Vice Minister for Foreign Affairs believed I had an exaggerated idea of these alleged activities. In case, however, I suspected the existence of some secret clause obliging Japan to go to war in circumstances other than those contemplated in article 3,<sup>24</sup> he desired to give me positive assurance that no such secret clause existed. Japan had neither the obligation nor the wish to intervene in the European war by force except in the one case above mentioned.

4. In conclusion I observed that, if Japan abstained from language or acts aimed at a modification of the *status quo* in the areas we had been discussing, the general feeling of tension and disquiet in the Far East would rapidly disappear.”

GREW

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751G.92/278: Telegram

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

VICHY, February 24, 1941—6 p. m.

[Received February 25—4: 05 a. m.]

227. Embassy's telegram No. 214, February 22, 2 p. m. Chauvel stated this afternoon that there has been a slight reduction in the tension at Tokyo as far as the French are concerned. He showed us a telegram from Arsène-Henry in which the latter reported his talk with Matsuoka wherein he informed the Japanese Foreign Minister of France's rejection of the Japanese proposal for settlement of the Indochinese-Thailand dispute and the reasons for such rejection. Matsuoka appeared to understand the French position but indicated that the cession by the French of the two enclaves along the Mekong was not sufficient to Japanese eyes.

Henry likewise reported that the Thais had also rejected the Japanese offer, specifically with respect to paying the proposed ten million indemnity payment for the French territorial cessions.

Upon Japanese insistence however Thailand has agreed to extend the armistice until March 7. A further telegram from Arsène-Henry indicated that the French and Thai delegations at Tokyo are to receive a new settlement proposal at 5 o'clock this afternoon. Chauvel fears that this proposal will likewise prove unacceptable to France and that the more reasonable attitude displayed by Matsuoka will not be shared by the Japanese military elements. He foresees that in the end the latter will formally demand that some settlement of their making be accepted under threat of force. We asked what the French attitude would be in such a case and he said he did not know; that the matter is under consideration at present. He remarked again on the weak military position of Indochina and added significantly: "There are 30,000 white Frenchmen in the colony."

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<sup>24</sup> Of the Tripartite Pact of September 27, 1940; *Foreign Relations, Japan, 1931-1941*, vol. II, p. 165.

He likewise showed us a "disturbing" telegram received from Governor General Decoux from Hanoi. It reported that correspondence intercepted by the French gives evidence that the steamship *Kamei Maru* is scheduled to sail from Yokohama on February 25 for Thailand and with a cargo of 14 tanks, 166 tank accessories, 300 light machine guns, 3,000 explosive bombs and several hundred cases of arms and munitions sold to Thailand under "recent contracts". That correspondence likewise indicates that on an undetermined date further war material as yet undelivered under "previous contracts" will be forwarded to Thailand.

It consists of 31 tanks, 6,400 bombs, 70 tons of powder and 900 light machine guns. Chauvel remarked with some concern that given the state of Indochinese defenses the foregoing constitutes a rather formidable strengthening of Thailand's military power, particularly the tanks. As to whether the Japanese intend ultimately to utilize these weapons now sold to Thailand themselves he would not venture to express any opinion. He said that these shipments to Thailand are contrary to Japanese promises that such shipments would cease with French acceptance of Japan's mediation in the Thailand dispute.

LEAHY

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751G.92/273 : Telegram

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

WASHINGTON, February 24, 1941—8 p. m.

127. Your 285, February 23, 2 p. m. The Department has given careful thought to the suggestion of the French Ambassador reported in your telegram under reference and has reached the conclusion that action at the present time along the lines suggested would not be likely to serve a useful purpose for reasons *inter alia* as follows: (a) Such action would afford certain Japanese leaders a pretext to allege that the United States was intruding into the situation and to make capital thereof for ulterior purposes; (b) the attitude of this Government is already well known to the Thai and the French Governments; (c) as the armistice is due to expire February 25, the question of extending the armistice will presumably have been settled before this Government could act; and (d) press reports of February 24 from Tokyo indicate that the armistice agreement may be extended.

Should the French Ambassador approach you again on this matter and should you consider such action advisable, you may inform the Ambassador along the general lines indicated above and may add that your Government will continue to give the situation under reference its solicitous attention.

HULL

751G.92/277 : Telegram

*The Minister in Thailand (Grant) to the Secretary of State*

BANGKOK, February 24, 1941—10 p. m.

[Received February 24—5:36 p. m.]

107. [Tokyo] Embassy's telegram No. 284, February 23, noon, to the Department.<sup>25</sup> Paragraph No. 3 not clear. Tokyo please repeat and amplify paragraph.

British Minister today indicated to me that he has retreated again to former position to which he has tenaciously held with a few slight intermissions, i. e., he would not be opposed and in fact would be pleased to have the Thai acquire the territory proposed in the projected plan as reported in my telegram No. 104, February 23, 3 p. m. He went so far as to suggest to me that the American Government might urge Vichy to yield "in order to prevent a clash". I replied that it was my personal opinion that my Government would not take any such action since it would constitute a surrender of our consistent policy of urging the strict maintenance of the *status quo*. I have good reason to believe that the British Minister is again giving encouragement to the Thai Government in connection with their territorial aspirations with a view to keeping the friendship of the Thais at any cost, including collaboration with Japan.

Sent to the Department, Tokyo.

GRANT

751G.92/284 : Telegram

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

TOKYO, February 27, 1941—1 a. m.

[Received February 26—10:55 a. m.]

316. In the course of my conversation with the Foreign Minister this morning<sup>26</sup> I asked him if he would tell me the present status of the negotiations in the dispute between Thailand and Indochina under Japanese mediation. Mr. Matsuoka replied that he had proposed a plan which had not been found acceptable and that he had then proposed a second plan which had now been submitted to the Governments at Bangkok and Vichy respectively. The Minister said that he considered this second plan eminently reasonable and that if it should not be accepted by both parties he frankly did not know what further could be done.

The Minister then indulged in an impassioned diatribe against alleged British intrigue in Thailand in which, the Minister said,

<sup>25</sup> Not printed.<sup>26</sup> February 26.



British propaganda had incited the Thais to most unreasonable demands. He said that the British Government could now make a "masterly stroke" for peace if it would issue a public statement urging moderation upon the Thais and Mr. Matsuoka hoped that I would make this suggestion to the British Ambassador here. I asked the Minister whether he authorized me to repeat this entire conversation to Sir Robert Craigie and he replied in the affirmative.

Owing to the illness of the British Ambassador I communicated the foregoing to the Counselor of the British Embassy, making clear the fact that I was undertaking to do no more than to report the conversation, just as the Ambassador is in the habit of reporting similar conversations to me. The Counselor characterized the charge that the British had been intriguing in Thailand as a piece of "impertinence". He quoted the British Minister in Bangkok as having reported that similar charges in the Japanese press are "a tissue of lies from beginning to end".

Sent to the Department, repeated to Bangkok.

GREW

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751G.92/289 : Telegram

*The Consul at Hanoi (Reed) to the Secretary of State*

HANOI, February 27, 1941—3 p. m.

[Received 10:35 p. m.]

23. The Governor General stated this morning that the Japanese by formal note dated February 24 proposed that the French Government cede to Thailand those sections of Laos west of the Mekong and a large section of Cambodia, a total of about 70,000 square kilometers or one tenth of Indochina's area. The note required a yes or no answer not later than February 28.

He stated further that the tone of the note to the French Government as well as statements by General Sumita at Hanoi showed that Japanese "mediation" was definitely assuming the form of enforced "arbitration". He considered that the Japanese are presenting a virtual ultimatum which will be followed by a show of armed force if the above-mentioned terms are not substantially accepted. In this connection he cited Sumita's statement that the additional troops in Tongking will be withdrawn after the Thailand dispute is settled.

Although the Governor General was unable or unwilling to inform me as to the expected reply of the French Government, the fact that he stressed the impossibility of resisting both Japan and Thailand indicates that the territorial cession will be made or at least in great part.

As during previous crises, when the Japanese wanted to impress the Indochina authorities with the futility of resistance, Japanese planes are in great evidence over Hanoi and Haiphong. However, notwith-

standing the probability that Japanese so-called mediation will have to be accepted, I note a much better spirit among the French and a desire to resist. But there is little question that without substantial supplies of airplanes and munitions this desire cannot be realized if Japan reinforces Thai aggressions.

Sent to Cavite for repetition to the Department, Canton, Chungking, Shanghai.

REED

611.51G9/30 : Telegram

*The Consul at Hanoi (Reed) to the Secretary of State*

HANOI, February 27, 1941—5 p. m.  
[Received February 27—4: 55 p. m.]

24. Tokyo's telegram No. 52, January 12, noon and my February 11, 4 p. m.<sup>27</sup> By letter dated today the Governor General again confirms that the Japanese authorities in Indo-China are responsible for the restriction on the free movement of American owned transit cargo stored in Indo-China, citing a letter from General Sumita dated February 17 to the effect that in accordance with recent instructions from his Government he is compelled to refuse permission for the moment [*movement*] of any cargo in Indo-China which was at any time destined for China.

The Governor General in his letter as well as during a conversation this morning stated that he would again intervene on behalf of American owned cargo. In this connection some hours subsequent to this conversation the Chief of the Governor General's Military Cabinet telephoned that the Japanese mission appeared to be disposed to reopen the question of the reexportation of American owned cargo.

Sent to Cavite for repetition to the Department, Chungking, Peiping, Hong Kong, Shanghai.

REED

741.94/481

*The Adviser on Political Relations (Hornbeck) to the Secretary of State*

[WASHINGTON,] February 28, 1941.

MR. SECRETARY: These two documents, one of which covers the remarks made by Prime Minister Churchill to the Japanese Ambassador and the other of which is the text of the British Government's note,

<sup>27</sup> Neither printed.

handed by Churchill to the Ambassador, were given to Mr. Dunn<sup>28</sup> last evening by an officer of the British Embassy.

Assuming that the memorandum of Mr. Churchill's remarks to the Japanese Ambassador accurately and comprehensively covers what was said, it would appear to me that Mr. Churchill, while speaking in a conciliatory and friendly manner, made no concessions and indicated pretty clearly that the Japanese, were they to move against British or Dutch territories in the Far East, might expect to encounter a firm and perhaps very comprehensive resistance.

S[TANLEY] K. H[ORNBECK]

[Annex 1]

*Memorandum of Conversation, by the British Prime Minister  
(Churchill)*

Before handing the memorandum to the Japanese Ambassador we had some conversation in which I dwelt upon the long and friendly relations between our two countries, my own feelings towards Japan since the alliance of nineteen hundred and two and the great desire felt here not to sunder relations. Japan could not expect us to view with approval what was going on in China but we had maintained a correct attitude of neutrality very different from that we had shown when we had helped Japan in her war against Russia.

2. I assured the Ambassador that we had not the slightest intention of attacking Japan nor any wish to see her other than prosperous and peaceful. I said what a pity it would be if with China already on her hands Japan should find herself at war with Great Britain and the United States. This would not only extend the conflict but prolong the war. I then made clear the point in the memorandum which referred to Mr. Matsuoka's mediation offer.

3. The Ambassador said he quite understood the point about mediation which had only been mentioned as part of a general attitude. Japan had no intention of attacking us or the United States nor had she any desire to become involved in war with either power. The Japanese would not attempt to attack Singapore or Australia and the Ambassador repeated several times that they would not attempt to gain a footing or make encroachments in the Netherlands East Indies. Perhaps they had made a mistake in entering China but even we made mistakes sometimes and it was our partisanship for the Chinese which had caused some estrangement with Japan.

4. I pointed out that the military measures we had taken were purely defensive and that Singapore was a defensive point designed

<sup>28</sup> James C. Dunn, Adviser on Political Relations.

only to enable us to join hands with Australasia who was dear to us. The Ambassador did not contest this but complained against the Press campaign. I said this campaign had not been started by the Government but arose out of the Far Eastern developments and utterances of Japanese statesmen. I thought it had done good and cleared the air because now not only small military circles who largely control the Japanese Government but the whole Japanese nation saw what was going on and the dangers ahead. I had confidence that the Japanese did not wish to embark on such a tremendous struggle as would be inevitable if they went to war with the British and the Americans. The Ambassador renewed his protestations and claimed that all Japan wanted was to preserve the peace of the Pacific.

5. I felt bound to remind the Ambassador of the tripartite pact and said it was ever in our minds. One could not believe that the pact so much in favour of Germany and so little in favour of Japan had not got some secret provision and at any rate Japan had left us in doubt as to the interpretation she would put upon it in certain eventualities. The Pact had been a very great mistake for Japan. Nothing had more harmed her relations and nothing had brought Great Britain and the United States closer together. The Ambassador referred to the explanations made at the time and claimed that Japan's aim had been to limit the conflict.

6. The Ambassador's manner throughout was friendly and depreciatory.

[Annex 2]

*Memorandum by the British Prime Minister (Churchill)*

In the Secretary of State's absence I received the Japanese Ambassador today and handed him a communication of which the following is the text:

The Note from His Imperial Japanese Majesty's Minister for Foreign Affairs containing message to His Britannic Majesty's Secretary of State for Foreign Affairs has been laid before the Prime Minister.

2. The Prime Minister is gratified to observe that Mr. Matsuoka sees no reason to apprehend any untoward developments in East Asia and notes with satisfaction his assurances about the peaceful intentions of the Imperial Japanese Government.

3. Since Mr. Matsuoka, for his part makes reference to "movements of British-American Governments in their attempt to expedite and enlarge the warlike preparations", the Prime Minister would allow himself to offer certain observations which he hopes may remove any misunderstandings of the position of His Majesty's Government.

4. There is no question of His Majesty's Government making any attack upon or committing any act of aggression against Japan; and the Prime Minister is sure that this also represents the intentions of the United States; though, of course, he cannot claim to speak for them. All preparations which are being made in oriental regions by

Great Britain and the United States are of a purely defensive character. Incidentally, the Prime Minister would wish to assure Mr. Matsuoka that the concern which Mr. Eden expressed to the Japanese Ambassador was not based exclusively on reports from His Majesty's Ambassador at Tokyo, but on the course of events in the Far East and on a study of the speeches of the Japanese Minister for Foreign Affairs himself.

5. Turning now to the war in progress in Europe between Great Britain and Germany it will be within Mr. Matsuoka's recollection that, before the outbreak of the war His Majesty's Government made every effort by concessions and reasonable dealings to avert hostilities. That is recognized throughout the world and indeed the Government of the day in this country were severely criticized for having travelled too far along this road. Their efforts were unavailing, and the German Government by attacking Poland after so many breaches of faith and of treaties chose the arbitrament of war.

6. His Majesty's Government having thus been forced to enter this grievous quarrel have no thought but to carry it to a victorious conclusion. Naturally it takes some time for the peaceful communities which compose the British Empire to overthrow military preparations of countries which have long been exulting in their martial might and adapting their industries to war production. But even now His Majesty's Government feels well assured of their ability to maintain themselves against all comers and they have every reason to hope that within a few months they will, with the rapidly increasing supply of materials which is coming from the United States, be overwhelmingly strong.

7. Mr. Matsuoka makes allusion to the help which this country is receiving from the United States. The Prime Minister would observe that help is being given for the very reason that the battle which this country is waging is for the overthrow of the system of lawlessness and violence abroad and the collaboration of cruelty and tyranny at home which constitutes the German Nazi régime.

8. It is this system that the peoples of the British Empire, with the sympathy and support of the whole English-speaking world, are determined to extirpate from the continent of Europe. His Majesty's Government have no designs upon the integrity or independence of any other country and they have no advantage for themselves except the satisfaction of having rid the earth of a hateful terror and of restoring freedom to the many insulted and enslaved nations of the European continent. This they would regard as the greatest honour that could reward them and the crowning episode in what for the Western world is a long continuity of history.

9. Mr. Matsuoka, with the loftiest motives, has hinted at his readiness to act as mediator between the belligerents. The Prime Minister is sure that in the light of what he has said and upon further reflection Mr. Matsuoka will understand that in causes of this kind not in any way concerned with territorial, trade or material gains, but affecting the whole future of humanity, there can be no question of compromise or parley.

10. It would be a matter of the profoundest regret to His Majesty's Government if by any circumstances Japan and this country were to become embroiled, and this not only because of their recollection of the years during which the two countries were happily united in al-

liance but also such a melancholy event would both spread and prolong the war without, however, in the opinion of His Majesty's Government altering its conclusion.

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751G.92/298 : Telegram

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

VICHY, March 1, 1941—8 p. m.

[Received March 3—2 a. m.]

256. Embassy's telegram No. 229, February 25, 2 p. m.<sup>28</sup> The French Government decided last night in the face of Japanese threats of force to accept the Japanese mediation proposal.

Chauvel showed us this afternoon a number of telegrams which led to this decision. Arsène-Henry reported his conversation with Matsuoka wherein he informed him of the French rejection of the second Japanese proposal for settlement of the Thai-Indochinese dispute. Henry reported that Matsuoka, while "sympathetic to the French position" emphasized the need for settling the Thai dispute immediately and "remained unconvinced" by the French Government's arguments. He urged Henry to telegraph at once asking the French Government to reconsider its decision and indicated, according to Henry's telegram, that failure to accept the Japanese proposal would mean abrogation of the Franco-Japanese accord of August 30, 1940, and probable utilization of force against Indochina.

A telegram received from Garreau at Bangkok reported that our Minister's efforts to persuade the Thais to take a less intransigent attitude had not been successful. The attitude of the British Minister, Crosby, on the contrary, read the telegram, was to urge the French to accept the Thai demands in the hope thereafter of drawing a satisfied Thailand away from Japanese influence. Garreau characterized this difference in policy between the British and ourselves in Thailand as most unfortunate and referred to Crosby's maneuvers as a "disloyal" effort to sell the French down the river.

Chauvel also showed a telegram from the French Consul General at Batavia reporting Dutch regrets that there was no unified Anglo-American policy of firm resistance in the Far East to check Japanese intentions of further aggression in the South.

In the light of the foregoing three telegrams and probably even more because of German "intimations" at Wiesbaden, which Chauvel admitted they "felt", the French Government "without any dissenting voice", he said, had decided to bow to the Japanese demands. He read us the telegram sent last night to Ambassador Henry.

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<sup>28</sup> Not printed.

It began with an outspoken recital of French grievances against Japan's attitude since last summer which included a statement that the French felt convinced that Thai aggression and territorial demands had been instigated by Japan, that Japan's original mediation offer had become an arbitral award handed down with direct threats of Japanese force if not accepted, et cetera. The French, read the telegram, felt compelled to accept the Japanese ultimatum provided ultimatums [*cessions?*] of territory could be made to Japan for handing over to Thailand rather than direct cessions by Indochina to Thailand itself and secondly provided that there be certain clarifications and minor modifications in the area to be ceded and the setting up therein of some form of special administration. This last the French hoped may make it easier to regain this territory at some future date than if it is directly and simply incorporated in Thai territory (Matsuoka had also intimated that he would "try" to get the Thais to agree to the ten million ticales indemnity payment which was incorporated in the original Japanese proposal but omitted from the second. The French, however, show no interest in receiving any indemnity payment for a cession of territory which they consider rightfully theirs). Chauvel seemed to feel that the Japanese would be inclined to accept these French suggestions but it seems of course clear now that the French will not resist any Japanese demands backed by threats of force.

Chauvel then went on to explain the reasoning behind this French decision. From information from all their sources they are convinced that the Japanese threat of force is not an empty one and that they would proceed to direct hostilities against Indochina with at least six divisions which are now immediately available (mostly on Hainan). He said that the French had even considered the possibility of withdrawing from Tongking and Cambodia and attempting to defend Annam, inviting the Chinese into Tongking, but they had found it would be so difficult to supply and defend that area that any such move would be unfeasible. What the French are trying to do, he said, is at all costs to stay in Indochina. They feel that once they are forced out of the colony their chances of ever regaining possession of their rich colony would be slim indeed; that, consequently, it was decidedly preferable to remain there even under Japanese control and subject even to possible extreme demands in the future (including naval and air bases) than to be forced out altogether. They are consequently playing for time, hoping to draw out negotiations as far as possible and Chauvel seems to feel that the Japanese may now leave Indochina alone for another month or two. Even the Germans, he believes, would not favor Japanese occupation or annexation of Indochina. With the general situation both in Europe and the Far East as it is he said it is too soon for the French to "act". The time may come,

and he hopes it will, when the French will be able to play a useful role in the international situation in the Far East as well as elsewhere again but the moment has not yet arrived.

As to the sizeable arms sales and shipments by Japan to Thailand, he has now reached the obvious conclusion that the Japanese are merely using this method to build up strong armaments in Thailand for themselves as at least a potential threat against Singapore. He believes that Japanese interests will be directed toward Thailand rather than against Indochina as far as the immediate future is concerned. He is of the opinion (my telegram 57, January 15, 7 p. m.<sup>34</sup>) that the most likely place for Japanese aggression, if indeed they decide to move, is against Borneo. He finds, however, a certain Japanese "hesitation" to take any definite plunge to the south.

LEAHY

740.0011 P. W./148

*Memorandum of Conversation, by the Secretary of State*

[WASHINGTON,] March 3, 1941.

The British Ambassador called at his request. In the course of the conversation I said to the Ambassador that I myself do not trust the statements the Japanese Ambassador recently made to Mr. Churchill in London to the effect that Japan would not undertake to attack either Singapore or the Dutch East Indies. The Ambassador did not take issue but stated that he was inclined to the view that they would not make such attacks immediately.

C[ORDELL] H[ULL]

751G.92/307: Telegram

*The Minister in Thailand (Grant) to the Secretary of State*

BANGKOK, March 4, 1941—2 p. m.

[Received 10:30 p. m.]

119. I called on the Prime Minister Luang Pibul today and in the course of a conversation lasting 1 hour and 30 minutes regarding the general political situation as well as the immediate problem of the territorial dispute between Thailand and France I elicited statements and comments which are to be regarded as strictly confidential. I also presented to the Prime Minister the Naval Attaché and Attaché for Air Commander Thomas and the Military Attaché Jackson. The reception accorded by the Prime Minister and the Deputy Minister of Foreign Affairs who was present was exceedingly cordial throughout.

<sup>34</sup> Not printed.



The principal points of my conversation with the Prime Minister which followed the presentation of the Attachés follows:

1. A settlement of the Thai-French dispute will be reached likely within the next few days in Tokyo, Thailand receiving the territories of Luang Prabang and Pakse on the right bank of the Mekong and in addition a section of Cambodia as far as the provinces of Battambang and portions of the provinces of Siem Reap and Kampong Thom extending to the Mekong, as indicated in my telegram no. 104, February 23, 2 [3] p. m. Thailand has agreed to the French request that the entire zone shall be demilitarized and the rights of French nationals residing in the zone shall be fully protected. The Prime Minister said the Japanese had proposed a second plan to provide for the settlements on the north and east bank of the Mekong opposite Luang Prabang and extending in a northeasterly direction to the Chinese frontier and in addition a much narrower strip of territory in Cambodia than that mentioned above but the Prime Minister had rejected this proposal since it would place Thailand on the Chinese frontier. In this connection the Prime Minister made a curious statement to the effect that he had attempted to confuse the issue in Indochina by requesting large territorial concessions, Laos and Cambodia, "in order to tie Japan in a knot" and retard her southward drive which would endanger Thailand. He said he still believes that Japan plans to take over the whole of Indochina and predicted the total collapse of the French control. He denied that he was forced to accept Japanese mediation in the dispute with France but said he would have preferred to continue to negotiate exclusively with the French who had accepted Japan's mediation first.

2. Japan would like to have military bases in Thailand and has recently urged the Thai to transfer some of their military forces from the eastern to the southern frontier opposite Malaya to check the British. The Prime Minister refused to accede to this request and actually transferred troops from the south to the east. Thai will resist the establishment of Japanese bases here, but must be strong in order to succeed. The Prime Minister admitted that efforts have been made to have Thailand join the Axis group but that Thailand has resisted the pressure and desires to remain neutral in the present struggle.

3. Japan is not going to attack Malaya now and will attempt to avoid a conflict with the United States and with Great Britain because of her economic situation but she will continue her program of expansion through intrigue and sabotage, raising the issue of race and color, in lieu of open attack.

4. If the war in Europe drags along it will be to the great disadvantage of England since there is likely to be trouble in her colonies. In this connection he mentioned India. The Axis powers will be weakened too but not to the degree of England which will tend to

become an isolated island. As the result Japan will be the real winner in the Far East. It would be to the advantage of England and the United States therefore to bring the war to a close through a negotiated peace. The Prime Minister emphasized this point and indicated he doubts that England can win the war even with our help. He is greatly impressed with German military strength.

Throughout the conversation the Prime Minister indicated that he has no illusions regarding Japan and the potential threat to Thailand, that he hopes to avoid entanglement and believes the positive friendship of England and the United States will be of material assistance to this end.

I said to the Prime Minister that contrary to much publicity my Government's policy, urging the strict maintenance of the *status quo* which we sincerely believed in the interest of all parties concerned, including Thailand, was not motivated by any antagonism or unfriendliness towards Thailand, that the United States had not attempted to sabotage the mediation conference at Tokyo as alleged and that the recent evacuation advice to certain American citizens in Thailand was similar to the advice given to Americans in other countries of the Far East and was not directed at Thailand. The Prime Minister responded cordially that he understood and appreciated these facts.

GRANT

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740.0011 P. W./189

*The First Secretary of the Australian Legation (Watt) to the Australian Minister (Casey)* <sup>35</sup>

MINISTER: Attached hereto is a list <sup>36</sup> of dates (7th to 20th February) together with a summarized record of events which occurred during that period. The only matters referred to in this record not obtained from Press sources are (a) the warning given by President Roosevelt to the Japanese Ambassador when the latter presented his credentials (February 14th) and (b) extract from the text of the personal message from the Japanese Minister of Foreign Affairs to the Foreign Secretary (February 17th).

2. While any conclusions reached after examination of this series of events must be somewhat speculative, it is suggested that they are consistent with the hypothesis that Japan intended to make a major thrust south, not earlier than the 14th February or later than the 20th February—probably about the 18th February.

3. It will be recalled that when President Roosevelt saw Viscount Halifax on 8th February, he told the British Ambassador that advices received suggested that the Japanese might be planning a move on

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<sup>35</sup> Date of receipt in the Department not indicated.

<sup>36</sup> Not printed.

10th or 18th February. It is known from personal letters received from the Australian Legation in Tokyo, written towards the end of January that even at that time American sources in Japan were paying some special attention to 18th February as a possible date for Japanese action. It will be noted that Admiral Nomura's arrival in America was so timed that he would be able to report to Tokyo his impressions of his first conversation with the President and the Secretary of State before 18th February (Admiral Nomura saw the Secretary of State on 12th February and the President on 14th February). Again, it is perhaps not entirely a coincidence that the new Japanese Ambassador to Germany arrived in Berlin on 17th February.

4. Assuming that Japan intended to act on or about 18th February (presumably against British or Dutch possessions only and on the assumption that Japan would not thereby be involved in a war with the United States), events which occurred between 10th and 18th were no doubt such as to cause her grave misgivings that her plans were known and would be opposed. In the first place, as early as 10th February action was taken in Singapore which suggested that that area was on the alert and expected trouble in the immediate future. The Australian Acting Prime Minister's statement on 12th and 13th seemed to show that Australia had received sudden information of an impending clash and was bracing herself to oppose it. Most important of all, on 14th February President Roosevelt clearly warned Admiral Nomura, while on 15th the interviews between the British Ambassador, the Australian Minister, the Netherlands Minister and Mr. Cordell Hull must have suggested that America was consulting with Great Britain, Australia and the Netherlands with a view to completing plans designed to prevent a successful Japanese thrust southward. At the same time, the American Press showed intense interest in Far Eastern developments and the tone was such that Japan must have felt at least considerable doubt whether United States might not throw in her lot with the British Empire and the Netherlands should Japan attack only Dutch and British possessions.

5. It seems reasonably clear that Japan was giving serious consideration to the new situation which had arisen by the 15th February (see statement by Japanese Cabinet Information Bureau's spokesman) and that by the 17th February Japan had decided to endeavour to establish her "peaceful" intentions (see message from Japanese Foreign Minister to British Secretary of State of Foreign Affairs).

6. It is of interest to note that in the official statements issued in Japan on 15th and 18th February great emphasis is laid on the supposed attitude of the American Government. The Japanese Foreign Minister's statement on 18th February even refers to the "warlike preparations" of the American Government as well as of the British Government.

6. [*sic*] If Japan did in fact intend to move south about 18th February, it is submitted that a combination of the following factors deterred her from doing so:

- (a) The realisation that her plans were probably known.
- (b) The evident determination of the British Empire and the Netherlands Indies to resist any attack by Japan.
- (c) The fear that America would not remain neutral even if Japan attacked only British and Dutch territory.

It is most probable that the third factor was by far the strongest.

7. If these conclusions are correct, it seems important not merely that the British Empire and the Netherlands should maintain vis-à-vis Japan an attitude of alertness and determination to resist, but also that Japan be given no shadow of a reason to assume that America would remain neutral provided American territory were not directly attacked. The events of February suggest that one of the most effective means of deterring Japan from a southward thrust (short of sending an American fleet to Singapore or the issue of a common Anglo-American declaration that the *status quo* in Malaya and the Netherlands East Indies must not be interfered with) may well be to ensure that whenever a Japanese thrust south appears to be impending the "American spotlight" should be turned at once upon the area in question and that every official and unofficial indication should be given that America is unlikely to tolerate Japanese interference with the *status quo*.

A[LAN] S. W[ATT]

[WASHINGTON,] March 6, 1941.

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740.0011 P. W./188

*Memorandum by Mr. Joseph M. Jones of the Division of Far Eastern Affairs*

[WASHINGTON,] March 7, 1941.

Only the first enclosure to Mr. Butler's letter of March 3 (the enclosure dated February 15) seems to have been transmitted to the Department textually.<sup>37</sup>

The account of Mr. Matsuoka's conversation with the British Ambassador on February 20 is interesting principally in that it shows that the Japanese Government took careful note of all the developments in Washington, Australia and the Netherlands Indies which were apparently designed to indicate to Japan the firm resolution of those countries to resist further aggression. Mr. Matsuoka said that some 3,500 additional troops had been sent to Tongking but this had oc-

<sup>37</sup> Letter and enclosures not printed.

curred over a fortnight ago and since then no Japanese reinforcements had been sent southward but that he was under great pressure from the Japanese military and naval authorities to despatch reinforcements to the south without delay and that unless some means were found of arresting preparations on our (the British) side he would be unable to resist those demands. The British Ambassador of course denied strongly the reasonableness of any contention that defensive measures 3,000 miles away from Japan could be a menace to Japan. The British Ambassador stated to Mr. Eden that he believed it to be true that Matsuoka was restraining the army and navy from exploiting the situation by sending large reinforcements southward. He said that the situation was much easier than it had been a week ago and that the combined firm stand by the United States, Australia, the Netherlands and the British had had a most salutary effect.

In reply on February 24 Mr. Eden said to Ambassador Craigie that he regarded Matsuoka's representations as designed either to slow up the defensive preparations which the British have undertaken or to provide an excuse for Japanese action. He said that he did not believe for a moment that Mr. Matsuoka or the Japanese general staff had any doubt as to the significance of the moves taken by the British and that their representations were meant to serve as a smoke screen which would blind the British to the Japanese real intentions.

Ambassador Craigie's telegram of February 26 to Mr. Eden concerns the matter of the making public in Parliament of Mr. Matsuoka's representations. Mr. Matsuoka felt that the publication would be undesirable and Ambassador Craigie was inclined to agree.<sup>38</sup>

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611.51G9/32 : Telegram

*The Consul at Hanoi (Reed) to the Secretary of State*

HANOI, March 7, 1941—4 p. m.

[Received 5 : 24 p. m.]

32. Reference my telegram No. 24, February 27, 5 p. m. I am reliably informed that the Governor General, in reply to his recent intervention on behalf of American-owned cargo, has received a letter from General Sumita under date March 5 to the effect that: first, all transit cargo in Indochina regardless of nationality if at any time

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<sup>38</sup> On March 5, in acknowledging Mr. Butler's letter and enclosures, the Adviser on Political Relations (Hornbeck) stated in an attached memorandum: "We are somewhat surprised at Sir Robert Craigie's acceptance, apparently without question or challenge, of Mr. Matsuoka's repeated affirmations to the effect that Japan has not been sending (large) reinforcements southward." Dr. Hornbeck asked: "Is there not ample evidence—and known to Sir Robert—that Japan has within recent weeks sent a substantial number of transports southward and that a substantial number of Japanese cruisers are in waters along the south coast of China and the coast of Indochina?"

destined for free China is considered as having been destined for the Chungking Government and none of this may be reexported or moved for the time being; and second, the local Japanese authorities are awaiting instructions from Tokyo as to the action to be taken with regard to merchandise that is specifically American.

An official of the Economic Section of the Government General points out that the Japanese are making a distinction between transit cargo and merchandise which is in bond in Indochina without a declared free China destination (comparatively a small amount French and German, chiefly that which arrived in Indochina subsequent to the closing of the frontier with China). He believes that the statement that all transit cargo is considered as having been destined for the Chungking Government is a preliminary to its seizure by the Japanese.

I believe that the Japanese [in] Indochina [will require?] so much evidence of American ownership as to delay action indefinitely. I do not believe that the Japanese have any immediate intention of releasing the major part of the merchandise in bonded warehouses in Indochina (either [American] or other cargoes) and that they are purposely delaying the permission of reexportation until political developments indicate that they may seize this merchandise without fear of repercussions or that it is politically expedient for them to release at least a part of the bonafide American-owned cargo.

Sent to Cavite for repetition to the Department, Chungking, Peiping, Hong Kong, Shanghai.

REED

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892.6363/114

*Memorandum by the Chief of the Division of Far Eastern Affairs (Hamilton) of a Conversation With the First Secretary of the British Embassy (Thorold)*

[WASHINGTON,] March 8, 1941.

Mr. Thorold of the British Embassy called at his request. He left with me the attached item <sup>39</sup> in regard to the chartering of a steamship to carry gasoline or diesel oil from California to Thailand. He referred to various papers which the British Ambassador had left recently with the Secretary of State in regard to the question of restricting exports to Japan <sup>40</sup> and the question of restricting exports of oil to Thailand.<sup>41</sup> He said that the British Embassy hoped that, in as much as the subject of restricting exports of oil to Thailand was a small question as compared with the larger question of restricting

<sup>39</sup> Not printed.

<sup>40</sup> See memorandum by the Secretary of State, March 3, vol. iv, p. 788.

<sup>41</sup> See memorandum from the British Embassy, February 19, p. 82.

exports to Japan, the question of restricting oil exports to Thailand to normal quantities would not be lost sight of by the Department and might possibly be handled by the Department more expeditiously than the larger question relating to restricting exports to Japan. Mr. Thorold inquired whether I could give him any indication of my views on the question of restricting exports of oil to Thailand to normal quantities.

I replied that at present I was not in position to make any comment other than to say that I would make note of what he had said and that I would see that his observations were brought to the attention of other officers in the Department.<sup>42</sup>

M[AXWELL] M. H[AMILTON]

800.6176/177 : Telegram

*The Consul at Hanoi (Reed) to the Secretary of State*

HANOI, March 10, 1941—4 p. m.

[Received 9 : 30 p. m.]

36. An official of the Government General who assisted in the economic negotiations at Tokyo and who more recently visited the Netherlands East Indies and Malaya informs me that an arrangement is being concluded between Indochina, the Netherlands East Indies and Malaya to limit the exports of rubber to Japan to the established needs of Japan for home consumption. Indochina will export about 25,000 tons to Japan during 1941 and the other two countries will reduce their exports to Japan so that the total exports of rubber do not exceed the established needs of Japan.

Sent to Cavite for repetition to the Department, Chungking, Peiping, Hong Kong, Shanghai.

REED

751G.92/326 : Telegram

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

TOKYO, March 11, 1941—7 p. m.

[Received March 11—11 : 27 a. m.]

389. Embassy's 387, March 11, noon.<sup>43</sup>

1. My French colleague informs me that the proposed exchange of notes embodying Japan's mediation plan for settlement of the Thai-

<sup>42</sup> In a memorandum of the same date Mr. Hamilton recommended that United States petroleum exports to Thailand be restricted to "normal quantities" and that steps to effect that end be taken "promptly". These views were concurred in by the Adviser on Political Relations (Hornbeck) and by the Adviser on International Economic Affairs (Feis).

<sup>43</sup> Not printed.

Indochina dispute was initiated this afternoon and that signature will follow in due course. It is assumed that the Japanese Government will soon publish the notes in order to register Mr. Matsuoka's "successful" mediation.

2. I am informed that the Japanese note states in translation, "We propose for your unconditional acceptance the following terms", and that the French note states, "We cede at your insistence".

3. The Japanese guarantee the effective carrying out of the settlement. The French Government undertakes to enter into no agreement or entente with any other power which would result in placing Indochina in opposition to Japan. A commission headed by Japanese is to supervise the details of carrying out the terms of settlement.

4. The plan proposed by Matsuoka (see Embassy's 345, March 2, 4 p. m.<sup>44</sup>) as well as another plan drawn up by Monsieur Robin and Matsumiya of the Japanese Foreign Office, both of which were regarded by the French Government as reasonable, were both discarded and the Japanese returned to their original plan with the qualification that the ceded territories were to be demilitarized. The French regard the loss of the Province of Battambang as the most serious condition of the settlement in view of its fertility in rice and other produce.

5. The final plan was presented in the form of a peremptory ultimatum by the mediators. My French colleague informs me that the chief Thai delegate, whom he met at the ceremony of initialing, characterized the settlement as "devoid of all common sense".

Sent to the Department; repeated to Bangkok.

GREW

794.00/245

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

[Extracts]

No. 5444

TOKYO, March 13, 1941.

[Received April 2.]

SIR: With reference to the Embassy's strictly confidential telegram No. 259, February 18, 9 p. m.,<sup>45</sup> describing a sensed change in the Japanese attitude toward foreign policy, I have the honor to comment upon certain indications that the situation as regards Japanese-American relations has in Japan to some degree relaxed. The tone of the press, which in the first weeks of the year was aggressive in urging Japan to proceed fearlessly with plans for a southward advance, has become notably milder. Instead of proclaiming that Japan's opportunity for bold action has come and that no effective

<sup>44</sup> Not printed.

<sup>45</sup> Vol. iv, p. 43.



resistance may be feared, emphasis is now placed on defending the policy of southward expansion, on explaining that it does not imply aggression and that its aims are economic and peaceful. It seems probable that this change of atmosphere may have resulted from the realization that the American attitude has stiffened and that aid to Britain need not imply that an American weather eye has been turned away from the Pacific. It may also be due to the delay in Germany's attack on England and to a doubt of German victory, at least quick German victory.

The somewhat cautious policy which Japan has pursued both in the negotiations with the Netherlands East Indies and the mediation of the Thailand-French Indochina dispute is evidence that the Government is not now disposed to take positive action. Certainly the people, whose lives are already painfully circumscribed by wartime control, could not be expected to support cheerfully a policy which would mean war with the United States. It is admitted, of course, that untoward incidents or action by armed forces in the field are possible contingencies which would completely change the picture.

The change in emphasis in the Japanese attitude toward relations with the United States, principally as indicated in official statements and in the vernacular press, appears to center in the following three elements: admittance that one of the greatest obstacles to adjustment of Japanese-American relations is the policy of southward expansion, belief that a Japanese-American war can and should be avoided, and earnest desire to minimize tension in Japanese-American relations.

It may then be concluded, on the basis of such indications as have been noted above and on the general feeling which can be sensed in Tokyo, that Japan has for the moment paused. Armed intervention, which was loudly threatened at the beginning of the Thailand-French Indochina difficulties, did not materialize although delays succeeded one another in the mediation parley and several "final" plans were submitted by the mediator. The dramatic moves into the Netherlands East Indies which were freely predicted a few months ago have not taken place and Japan's terms in the economic sphere have apparently been considerably modified. There is increasingly evident in the press an insistence that Japan's immediate problem is settlement of the China Incident and that her foreign policy should be canalized to that end. In spite of such books as *If Japan and America Fight* predicting an inevitable Japanese victory, no strong sentiment for challenging the United States can be detected. The attitude is rather one of defensive explanation of the pacific nature of Japan's policy. These indications do not mean, however, that Japan's long-run policies have been scrapped or that the South Seas

are less alluring than before. They may suggest that Japan is awaiting the German signal, or that the leaders of the nation have become convinced that Japan's present position, both internal and external, does not favor vigorous action, and that the wisest course is hesitation.

Respectfully yours,

JOSEPH C. GREW

611.51G9/33 : Telegram

*The Consul at Hanoi (Reed) to the Secretary of State*

HANOI, March 15, 1941—5 p. m.

[Received March 15—3:25 p. m.]

40. A letter of today's date from the Governor General confirms the information contained in the first paragraph of my telegram no. 32, March 7, 4 p. m. In summary the Japanese mission alleging that the Chungking Government has used the American flag to obtain the exportation of merchandise belonging to that Government considers all transit cargo as belonging to that Government and opposes the reexportation and movement of such cargo regardless of nationality until further orders. Cargo, the nationality of which is unquestionably American, will have the possibility of being authorized [*released?*] at an opportune time when so ordered by the Japanese Government.

Sent to Cavite for repetition to the Department, Chungking, Peiping, Hong Kong, Shanghai.

REED

740.0011 P. W./180

*The Australian Minister (Casey) to the Adviser on Political Relations (Hornbeck)*

WASHINGTON, March 15, 1941.

DEAR HORNBECK: I enclose herewith for your information a summary of a conversation <sup>46</sup> between the Japanese Ambassador in London and the Australian High Commissioner in London, Mr. Bruce, at an interview sought by the Japanese Ambassador. Mr. Bruce says that the main impressions created in his mind, as the conversation proceeded, were the Ambassador's desire to see the Sino-Japanese conflict liquidated and his anxiety at the possibility of Japanese action leading to the United States coming into the war.

I am [etc.]

R. G. CASEY

<sup>46</sup> Not printed.

751G.92/861 : Telegram

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

Tokyo, March 17, 1941—11 p. m.

[Received March 17—3:22 p. m.]

423. 1. In conversation with my French colleague he made the significant observation that while the result of Japan's mediation in the Thai-Indochina controversy was a great blow to Indochina it was not a fatal blow, whereas Thailand has suffered an absolutely fatal blow and to all intents and purposes has been reduced to the position of Manchukuo. It was one thing, said the Ambassador, for a colony like Indochina to undertake not to enter commitments with third countries in opposition to Japan but quite another and a far graver step to be taken by a sovereign nation. Henceforth Thailand would be definitely under the yoke of the Japanese military extremists.

[2?] As an indication of the manner in which the mediation had taken place, the Ambassador said that about the middle of February Monsieur Robin, Chief of the French Delegation, had proposed to Mr. Matsumiya, who was representing the Foreign Office, a meeting of the Thai and French delegations face to face. Matsumiya had expressed his entire concurrence in the suggestion and had agreed to arrange the meeting. Monsieur Robin had then drafted a statement of the French point of view for presentation at the proposed meeting the next day when, without previous warning, the French Delegation were suddenly summoned to the official residence of the Foreign Minister and were handed the first Japanese copy of ["plan"].

The Ambassador's point was that the plan had clearly been prepared by the Japanese military and that the Foreign Office had been kept in ignorance of it until within a few hours of its presentation.

3. With regard to the influx of Japanese troops into Indochina in great excess of the number agreed upon with the French Government, the Ambassador said that, when he had informed the Minister for Foreign Affairs of the facts, Matsuoka had shown the clearest evidence of ignorance, unpresuming [*sic*] and anger and had stated openly that if this were true Japan had become dishonored after failing to observe her pledged word.

4. The Ambassador said that a large share of responsibility for the outcome must be borne by the British Minister in Bangkok of whose activity in urging the Thai to press their extensive claims the French possessed ample evidence. Crosby, he said, had pursued "dragoman diplomacy" in seeking to turn the expansionist interests of Thailand toward Indochina and away from Malaya and the net result had been to throw Thailand directly into the future control of the Japanese military extremists.

Sent to the Department, repeated to Bangkok.

GREW

751G.92/407

*Memorandum of Conversation, by the Chief of the Division of Far Eastern Affairs (Hamilton)*

[WASHINGTON,] March 18, 1941.

The Thai Minister called at his request in regard to other matters. When he had completed what he had to take up with me, I said that I wished to take advantage of the fact that he was in my office to call to his attention informally that the Thai Radio News Service and Thai papers had recently been carrying stories to the effect that the American Minister at Bangkok had called at the Ministry of Foreign Affairs to inform the Thai Government officially that it was the desire of the United States to maintain the *status quo* of Indochina, but that the recovery of lost territories by Thailand constituted a special case to which the American Minister did not object. I said that, in view of these misleading and erroneous reports, our Minister had felt impelled to issue statements to the press calling attention to what had actually taken place. I said that Japanese press agencies had also picked up the stories emanating from Thai sources and had given them considerable publicity. I told the Minister that we were surprised at this development; that publication of inaccurate information was of course unfortunate in its effect on relations between Thailand and the United States; and that such publicity was bound to cause confusion and misunderstanding, as well as to play into the hands of any elements which might desire to create mischief and to bring about effects detrimental to both Thailand and the United States.

The Minister made some remarks in regard to the press in his country at times acting in an irresponsible manner. He said that he would report to his Government the fact that we had called informally to his attention our view that we did not see how publicity of the type which had apparently emanated from Thai sources could have a useful effect in relations between our two countries.

M[AXWELL] M. H[AMILTON]

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751G.92/368: Telegram

*The Minister in Thailand (Grant) to the Secretary of State*

BANGKOK, March 19, 1941—9 p. m.

[Received March 19—5:52 p. m.]

166. The recent events which have culminated in the "mediation" award to Thailand by Japan of a large slice of Indochina territory, considerably more than that officially announced by the Thai Government at the beginning of the dispute last August, have confirmed my belief, which has been indicated in previous telegrams, that this coun-

try is securely snared in Japan's trap and that today Thailand is for all practical purposes a party to the Japanese program for East Asia and therefore allied with the Axis against the democracies. If the responsible leaders of this Government have not sold out they are nevertheless pawns in the Japanese game and tomorrow will be the puppets of Japan. If these leaders ever had any real idea of resisting Japan it is too late now. Determination to take advantage of the collapse of France and demand territories in Indochina last August was the first false step. We warned the Thai leaders against it. They turned a deaf ear to our counsel and began to call us "unfriendly" and "unsympathetic". The acceptance of Japanese "mediation" was the final and fatal step.

The Thai with the material assistance of Japan have achieved a "victory" according to the Thai Prime Minister, but he might have added, only a partial victory, for the Thai are not satisfied. They want more territory and they propose to get it, collaborating with Japan in driving the French completely out. All signs point to that. The "mediation" agreement in Tokyo was only the [first?] step. The next few weeks or perhaps months constitute only an armistice unless by some miracle the Axis and Japan utterly collapse and abandon their program of expansion and control.

There are pretensions being displayed in official quarters here. One is that the Thai fully recognize the Japanese menace and wish to avoid it, as it was stated to me recently by the Prime Minister, as outlined in my telegram no. 119, March 4, 2 p. m. The other is that the Thai are just as friendly with their British, American and other white friends as they have been in the past. Recent events belie both assertions. The Thai under the stimulation of Japanese influence are now race conscious and they are vigorously promoting an all-Buddhist religious program. I am convinced that if they have their way all of us here are on the way out along with the French in Indochina. I believe we should face this fact and begin to prepare for it now.

GRANT

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756D.94/138

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

No. 5453

TOKYO, March 19, 1941.

[Received April 17.]

SIR: I have the honor to refer to the Department's telegram no. 172 of March 15, 5:00 p. m.,<sup>47</sup> instructing the Embassy to submit by pouch certain information received in confidence from my Netherlands colleague concerning the status of the Netherlands East Indies-Japanese

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<sup>47</sup> Not printed.

economic negotiations, and to outline below the information in question. Reference in this connection is also made to Embassy's despatch no. 5363 of February 10, 1941,<sup>48</sup> and telegrams referred to therein on the same subject.

Following a short interruption in the early part of February due to the necessity of clarifying certain statements of the Japanese Government in regard to the inclusion of the Netherlands East Indies in the "Greater East Asia Sphere" negotiations were resumed in Batavia between Mr. van Hoogstraten, head of the Commerce Department, and the Japanese Consul General in Batavia, Mr. Ytaka Ishizawa, as well as between Mr. Yoshizawa, head of the Japanese delegation and Mr. van Mook, chief of the Economic Ministry. Conversations were likewise resumed between the representatives of the Mitsubishi oil interests and the Dutch oil companies relative to the exploitation by Japanese of certain oil areas in the Netherlands East Indies. [Here follows account of the status of negotiations at the beginning of March.]

It is of special interest to note in regard to the above information that the element of hesitancy and caution in the implementation of present Japanese policy which was observable in Tokyo during February (reported in the Embassy's strictly confidential telegram no. 259, February 18, 9 p. m.<sup>49</sup> and further discussed in despatch no. 5444 of March 13, 1941) appears to have been reflected in the economic negotiations with the Netherlands East Indies. Any such manifestation, however, of a more reasonable attitude on the part of the Japanese should, it is believed, be viewed largely as a temporary expedient dictated by a sense of prudence engendered on the one hand by uncertainty as to the prospects of a German victory in Europe; and, on the other, by the aggravated risks of conflict with the United States.

Respectfully yours,

JOSEPH C. GREW

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740.0011 P. W./161 : Telegram

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

TOKYO, March 20, 1941—1 p. m.

[Received March 20—8:10 a. m.]

437. The following information has been received from the Rumanian Military Attaché who states that it was obtained from the Italian Naval Attaché here:

1. As a result of reinforcements sent during last month, Japanese troops in Hainan have now reached a total of approximately 135,000. Some 15,000 Japanese troops are now in French Indochina.

<sup>48</sup> *Foreign Relations, Japan, 1931-1941*, vol. II, p. 303.

<sup>49</sup> Vol. IV, p. 43.

2. Germany and Italy have been pressing for an immediate Japanese attack on Malaya and the Netherlands East Indies but the Japanese general staff has refused to consider launching an attack at this time.

3. Matsuoka will, in Berlin and Rome, explain the reasons why Japan cannot start the southward advance at the present time.

Please inform Navy Department.

GREW

751G.92/411

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

[Extracts]

No. 5463

TOKYO, March 24, 1941.

[Received April 17.]

SIR: With reference to Embassy's telegrams nos. 387, March 11, noon,<sup>50</sup> 389, March 11, 7 p. m., and previous telegrams concerning the negotiations under Japanese mediation between the representatives of French Indochina and Thailand held in Tokyo from February 7 to March 11, 1941, I have the honor to set forth below for the records of the Department, a brief account of the proceedings and results of these negotiations.

One aspect of the proceedings of the conference strongly emphasized by a member of the French delegation was that Mr. Matsuoka was not the master of the situation which he pretended to be, and on a number of occasions was clearly acting as the puppet of Japanese militarists, concerning whose immediate intentions in regard to the conference he appeared to be in ignorance.<sup>51</sup> It was also evident that Mr. Matsuoka was less concerned with the details of the territorial settlement than with achieving some form of agreement as speedily as possible in order to permit his departure for Europe.

*Conclusion.*

In reviewing the results and probable consequences of the agreement reached at this conference, it must be admitted that in so far as the territorial settlement is concerned Japan appears to have acted in a more or less impartial manner, and did not as was generally anticipated give wholehearted support to Thai maximum demands. Even the

<sup>50</sup> Not printed.

<sup>51</sup> In a memorandum dated May 10, the Adviser on Political Relations (Hornbeck) suggested that the Japanese Minister for Foreign Affairs, whether acting independently or as a puppet of the military element, played a role during the negotiations which "indicates how unreliable a negotiator Matsuoka may be."

territorial settlement, however, cannot be considered as the result of mediation, as it was from all evidence dictated by the Japanese with little regard to the interests or desires of the parties concerned. The apparent fairness of the territorial settlement, therefore, may be regarded as indicating that the Japanese were less interested in that aspect of the negotiations than in the commitments and undertakings contained in the exchange of letters with Thailand and Indochina.

It may be stated here that neither Thailand nor Indochina appears to be satisfied with the results of even the territorial settlement. My French colleague and members of the French delegation point out in this connection that the loss of the city of Battenbang [*Battambang*] and its adjoining territory in Cambodia represents a very real economic loss to Indochina, while from all reports, Thailand is utterly disappointed at the failure of Japan to give more vigorous support to the Thai claims. It is in the contents of the letters exchanged by the Japanese Foreign Minister with the chief delegates of French Indochina and Thailand that the real results and potential significance of this conference lie. By virtue of the commitments and undertakings contained therein, Japan has at least laid the groundwork for the political, economic, and presumably eventual military control of Indochina and Thailand. The commitment binding Indochina and Thailand not to enter into any agreement with third countries contrary to Japanese interests, affords Japan the opportunity of exercising a large measure of control over the foreign relations of Indochina and Thailand, and the positive undertaking to develop "closer economic ties" with Japan provides the basis for Japanese economic penetration of these areas. Finally, the Japanese guarantee of the execution of the agreement and the presence of Japanese-controlled commissions to be set up for that purpose in the ceded areas, will afford almost unlimited opportunity for Japanese political and even military penetration and control.

The position of Indochina, already seriously threatened by the establishment last August of Japanese forces in its territory, is rendered even more precarious as a result of the Tokyo conference. Genuine concern has been voiced by my French colleague and members of the French delegation as to the effects of the humiliating cession of territory on the stability of French rule in Indochina. It is feared that it might with Japanese instigation lead to serious agitation on the part of the native population against white rule, which could and would be then utilized by the Japanese as a pretext for occupying the entire colony on the grounds of restoring order.

The position of Thailand, on the other hand, is in many respects even worse, since it should be apparent even to the most pro-Japanese



officials in that country as a result of the Tokyo conference, that Japan was and is merely utilizing the territorial claims of Thailand for its own ends. Indeed, as my French colleague pointed out with some cogency, the commitments contained in the exchange of letters constitute a more serious impairment of sovereignty in the case of Thailand than Indochina, in that Thailand is ostensibly an independent country, whereas Indochina is a colony whose ultimate status in the last analysis depends on the fate of France.\*

It is of some interest in this connection to note that the chief Thai delegate, Prince Varavarn, went to great lengths to attempt to persuade the Tokyo correspondent of the *New York Herald Tribune* that Thailand's independence of action had been in no way affected by the commitments given; that Thailand did not consider itself as forming part of the "East Asia Co-prosperity Sphere" and was quite free to conclude with England or the United States a similar agreement not to enter into a pact directed against these countries. The somewhat obvious "face-saving" purpose of Prince Varavarn's statements is revealed by the information contained in Bangkok's undated telegram no. 162<sup>52</sup> that the Thai Prime Minister had refused to give to Great Britain an undertaking similar to that given to Japan on the grounds that the commitment to Japan constituted a "special case."

The probable effects of this settlement on the British position in Burma and Malaya as a result of this agreement and the opportunities it affords to Japan for anti-British agitation in these areas will form the subject of a separate despatch.

The benefits accruing to Japan from the Tokyo conference are sufficiently obvious as to require little elaboration. Apart from the diplomatic success involved, the result undoubtedly constitutes an important step in the furtherance of Japan's southward advance. Japan is now in a position, gradually if necessary and by more vigorous and aggressive action if the situation is propitious, through its increased influence in both Indochina and Thailand, to acquire complete dominance in these areas whose importance to the defense of Singapore and British Malaya cannot be overestimated. Whether or not, and to what extent, Japan will utilize for this purpose the opportunities afforded by the Tokyo agreement will, it is believed, depend on considerations of major Japanese policy based on Japan's estimate of the correlations of forces both in Europe and the Far East and the consequent risks involved.

Yours respectfully,

JOSEPH C. GREW

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\* See Embassy's telegram no. 423, March 17, 11 p. m. [Footnote in the original.]

<sup>52</sup> This telegram was dated March 18, 4 p. m., not printed.

892.24/67

*Memorandum of Conversation, by the Chief of the Division of  
Far Eastern Affairs (Hamilton)*

[Extract]

[WASHINGTON,] March 28, 1941.

The Thai Minister called at his request. He referred to his previous call on March 18<sup>53</sup> in regard to various applications which had been rejected for license to export petroleum products to Thailand. . . .

The Minister then said that he wished to speak to me quite frankly in regard to the general question of relations between the United States and Thailand. The Minister said that he had very much at heart the maintenance of good relations between our two countries; that the Thai people and the Thai Government prized the long heritage of friendly relations with this country; that from an economic point of view Thailand was today dependent upon the United States; that, to use an old Thai saying, Thailand was like an egg in the hollow of the hand of the United States and, if the United States closed the hand, the egg would be crushed; that he had not felt it opportune to bring up the question of endeavoring to improve relations between the United States and Thailand while fighting was going on, but that now that fighting had ceased he felt impelled to bring to our attention his view that it was very important that the Thai Government not feel that the American Government was following a policy directed against Thailand; but that there be some manifestation of an attitude on the part of this Government which could be used in Thailand as a basis toward reestablishing the traditional friendly relations between our two countries.

. . . . .  
M[AXWELL] M. H[AMILTON]

## CHAPTER II: APRIL-JULY 3, 1941

Anglo-American cooperation to counteract extension of Japanese control in Thailand; British proposal of declaration by United States, British, and Netherlands Governments respecting threat to their security from further Japanese southward advance; disinclination of Secretary of State to issue further statement to Japan (April 28); signature of Franco-Japanese commercial accords on Indochina (May 6) and of Thai-Indochina peace settlement (May 9) at Tokyo; American representations to Japan and France over Japanese military seizure of American transit cargoes in French Indochina; breakdown of Japanese-Netherlands East Indies economic negotiations (June 17); American decision to offer economic aid to Thailand

<sup>53</sup> Mr. Hamilton's memorandum of conversation for that date not printed.

792.94/95

*Memorandum of Conversation, by the Secretary of State*

[WASHINGTON,] April 8, 1941.

The British Ambassador called at his request. He handed me two *aide-mémoires* relative to the Thai-Japanese situation, copies of which are hereto attached.<sup>54</sup> I thanked the Ambassador. He then said that he hoped we would give this matter consideration as he thought it was one of importance.

In the course of the conversation, the Ambassador said that the British Minister in Thailand thought that United States-Thai relations could be returned to a more friendly basis if this Government would make due compensation promptly for the airplanes which had been purchased and paid for in this country by Thailand and were intercepted by this Government in Manila and kept for its own use. I replied that, of course, this Government would return the money to Thailand. I then added that I myself am not at all convinced that the present Thai Government is a real friend of this Government or any other government except the Japanese, with whom it went into collusion for the purpose of securing Japanese aid which enabled it to obtain the annexation of a large amount of the territory of Indo-China; that, in my opinion, there exists Japanese-Thai alliances of a more or less military, political and economic nature. The Ambassador referred to the views of the British Minister in Thailand, which fell short of the views I expressed.

I concluded by saying that we would give every attention to the two *aide-mémoires*.

C[ORDELL] H[ULL]

792.94/95

*The British Embassy to the Department of State*

## AIDE-MÉMOIRE "A"

Japan's mediation in the dispute between Thailand and Indo-China makes it necessary to take stock once more of the situation in South-East Asia.

2. The settlement is more unfavourable to Indo-China than would have been the case if it had been negotiated direct at an earlier stage. The Thais on the other hand, while not achieving their fullest ambitions, have with Japan's help gained much, and it is clear that the Thai Government are highly satisfied with the results. Ostensibly Japan has not yet exacted any definite price for her mediation, and she is inclined to claim credit in this respect. Actually she has succeeded

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<sup>54</sup> *Infra*.

in bringing Thailand much more under her influence and has accordingly obtained a most favourable position for exacting her price as and when opportunity offers. The situation is therefore full of dangerous possibilities.

3. Japan's general position as mediator and guarantor gives her ample opportunities for keeping naval forces in Indo-China and Thai waters and even military forces in South Indo-China (Japanese naval forces appear to be using Camranh Bay and Sattahib as bases without any specific agreement to that effect). In return for her guarantee Japan receives an undertaking from both sides that they will not "enter any agreement or undertaking envisaging direct or indirect political, economic or military cooperation against Japan", while the communiqué issued when the settlement was announced referred to agreements to be subsequently made with respect to the maintenance of peace in greater East Asia and the promotion of specially close relations between Japan and Thailand and Japan and France. All this marks an important stage in the extension of Japanese influence and opens the way for gradual absorption both of Indo-China and of Thailand.

4. Strong pressure will doubtless be exerted now on the French to conclude the commercial negotiations which have been proceeding for three months and are designed to give Japan very extensive economic advantages in Indo-China, from which Germany will indirectly profit.

5. In Thailand the immediate danger is that Japan will first exact her economic price in tin and rubber, of which a proportion will go to Germany. There are political dangers also. Japan may instigate Thailand to make territorial claims against Great Britain. The French are dissatisfied with the Tokyo award and disorders might break out again. Either of these eventualities would provide a pretext for further Japanese intervention, offers of assistance and requests for military facilities in Thailand.

6. In Indo-China there is little chance of effective action at present. It is in Thailand that the main question of policy arises. Although brought to the brink, it seems that the Thais do not yet appreciate the full extent of the potential danger and certainly do not regard themselves as having gone over to Japan. There is thus some scope for action, and action is necessary both for economic and strategic reasons;

(a) *Economic*: To prevent loss to ourselves and gain to the Axis of an important source of supply of rubber and tin; and

(b) *Strategic*: To prevent the Japanese from working around our flank in Malaya. The presence of Japanese forces in the Gulf of Siam and in particular in the Kra Isthmus would substantially increase our difficulties in defending Singapore.

Suggestions as to the form the action might take are contained in *Aide-Mémoire* "B".<sup>55</sup>

WASHINGTON, April 8, 1941.

792.94/95

*The British Embassy to the Department of State*

AIDE-MÉMOIRE "B"

The background of the situation in Thailand has been given in *Aide-Mémoire* "A".<sup>56</sup> This *Aide-Mémoire* contains suggestions for possible action.

2. The most effective way of keeping Thailand from falling completely under Japanese influence would be to take naval and military action which would impress her. Failing the practicability of such action, possible courses are: (1) To exercise such economic and financial pressure on the Thai Government as we can; (2) To offer some economic and financial assistance on suitable conditions.

3. His Majesty's Government have for their part already considered course (1). They hold some assets, e. g., the importance to Thailand of markets in the adjoining British territories, control over gunny bags and the Thai financial deposits. His Majesty's Government are instituting control of ore bags, and any severe restriction of gunny bags would seriously affect the market of Thai rice. But economic pressure would be double-edged. It would adversely affect the supply position of Malaya and might only drive Thailand more surely into the arms of Japan, thus accelerating Japanese expansion and facilitating the supply by Japan to Germany of such essential commodities as rubber and tin. His Majesty's Government feel that while the possibility of pressure should be kept present in the background, i. e., that Thailand should be aware that we can place them in difficulties if we wish, course (2) should be tried first.

4. The Thais have been accustomed to look to London in economic and financial matters, and the Thai Prime Minister recently made a concrete request for a loan and for assistance in the purchase of oil and armaments.

5. As regards armaments, it seems unlikely that any assistance is practicable. His Majesty's Government are not able to supply them, and it is assumed that the United States, in view of their own rearmament programme and the assistance which they are giving to the Democracies, will hardly be in a position to spare arms for Thailand.

6. As regards a loan, the Thais have asked for £3,000,000 against

<sup>55</sup> *Infra.*

<sup>56</sup> *Supra.*

which they would issue local currency for development expenditure, as follows: (amounts in millions of Ticals)

|                                |      |
|--------------------------------|------|
| Railway Construction . . . . . | 4. 5 |
| Irrigation . . . . .           | 3. 2 |
| Postage . . . . .              | 1. 8 |
| Highways . . . . .             | 11.  |
| Cotton and Silk . . . . .      | 3. 4 |
| Port of Bangkok . . . . .      | 3. 6 |
| Abattoirs . . . . .            | 1. 4 |

7. Towards the financing of this programme (or the purchase of oil), the Thais could find £1¼ million by reducing the cover now held against their note issue from 111% to 105%.

8. His Majesty's Government feel that if the United States Government are prepared to cooperate in the offer of a loan on suitable conditions, this would probably be the most effective step that could be taken to keep the Thais from complete absorption in the Japanese new order. The concrete proposal of His Majesty's Government is that they should find any sterling required for expenditure in the sterling area, plus half the amount required as backing for the new currency to be issued, if the United States would similarly provide the dollar expenditure required for purchases in the United States (it is clear that while the major objects mentioned above could be met by payments in local currency some must involve expenditure abroad on materials, most of which His Majesty's Government could not in present circumstances supply), and the remaining half of the cover required.

9. As regards oil, a full statement of the position at that time was set out in the memorandum which was handed by Lord Halifax to Mr. Hull on March 3rd.<sup>57</sup> In that memorandum His Majesty's Government urged that supplies of oil to Thailand should be restricted to regular and well-defined limits and invited the United States Government to give the matter their urgent attention. The changes since that date in the military and political situation in the Far East make it possible to use our capacity to regulate the supply of oil reaching Thailand as a means of control which can be made to appear as economic assistance; the British and United States Governments could in conjunction with the oil companies devise practical means of assuring to Thailand balanced supplies of oils of the different types which they are likely to require, having regard to their normal consumption and the position of their stocks at the date of the agreement. Provided that the Thai Government were willing to enter into discussions with appropriate experts of the British and American Governments upon both their stocks and current requirements, His Majesty's Government would be willing to give them now an assurance that their supply position would be safeguarded so long as there was no evidence

<sup>57</sup> See memorandum by the Secretary of State, March 3, vol. iv, p. 788.

that they were re-exporting oil products to dangerous destinations or were building up special oils of a kind that might constitute a strategic reserve for any military operations in or near Thai territories. The Thai Prime Minister has recently made an urgent appeal to His Majesty's Government for the immediate supply of oil, and as an earnest of their good intentions, provided effective Thai cooperation is forthcoming, His Majesty's Government are prepared, within the limits imposed by discretion, to supply forthwith to the Thai Government small quantities of petroleum products provided United States Government see no objection. The Thai Government will no doubt recognize that before such a step can be taken His Majesty's Government and the United States Government will have to be genuinely satisfied about both the character and urgency of Thailand requirements. All these concessions in respect of oil would be contingent upon the acceptance by the Thai Government of the whole of the guarantee suggested by this memorandum.

10. Before making the appeal mentioned in the preceding paragraph, the Thai Prime Minister had returned an unsatisfactory reply to a request from His Majesty's Minister for an assurance similar to that given to the Japanese Government about the conclusion of agreements aimed directly or indirectly against Japan. The Thai Prime Minister took refuge in the argument that this assurance was part of a specific bargain with Japan. His Majesty's Government would propose to make it clear that a similar assurance would have to be part of a specific bargain with them over financial and oil supplies. Furthermore, they feel that any help to the Thai Government should be dependent on:

(a) An appropriate guarantee against the diversion of rubber and tin and rice out of the usual trade channels for the benefit of Japan and on the furnishing of information as to Thai's commitments to Japan in respect of these commodities; and

(b) An undertaking that the development projects to be financed by the loan shall not be undertaken in such a manner as to increase the Japanese hold on Thailand.

WASHINGTON, April 8, 1941.

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892.24/56

*Memorandum by Mr. Cabot Coville of the Division of Far Eastern Affairs*<sup>58</sup>

[WASHINGTON,] April 10, 1941.

It is suggested that Mr. Hamilton include the following points in his next conversation with the Thai Minister:

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<sup>58</sup> Initialed by the Chief of the Division (Hamilton) and by the Assistant Chief of the Division of Controls (Yost).

With regard to the Minister's statements in recent conversations on the subject of rejections of applications for export licenses for various orders of iron and steel products largely destined for Thai Government projects, the matter has been looked into and it has been found that all those iron and steel applications about which the Minister inquired were rejected in accordance with the policy announced by the President on December 10, 1940,<sup>59</sup> to the effect that the export of iron and steel products outside the Western Hemisphere and the British Empire would be limited to usual pre-war amounts. Rejection was made prior to the Minister's inquiry. If appeal is to be made from rejection decisions it is convenient for the Department that new applications be made, each accompanied by the rejected application and preferably identified by covering note describing the relation of the goods ordered to the Thai Government projects in question.

With regard to the assertion of the Thai Minister to Mr. Hamilton on March 28 to the effect that it is his understanding that licenses are not necessary for the export of five-gallon or smaller containers, it should be pointed out to the Minister that although smaller containers are exempt, the export of five-gallon containers is subject to license.

The Department desires to inform the Thai Minister that in reference to such petroleum products as have now been made subject to the license requirements because of defense needs of the United States the Government of the United States is endeavoring to handle the granting of export licenses to Thailand in such a way as to interfere as little as feasible with the normal needs of Thailand.

With regard to the statements of the Minister concerning the desire of Thailand to purchase from the United States such quantities of petroleum products as were previously obtained from the Netherlands Indies, the Department's study of available statistics indicates in general that the normal petroleum products needs of Thailand, as measured by figures for earlier years, are being currently met, largely by imports from the United States. In this regard the Department will be glad to receive and study any further statistical information which the Thai Government may desire to supply. The United States is endeavoring fairly to administer regulations which are necessary on account of the national defense, and in administering such regulations the American Government is prepared to give full consideration to any reasonable requests.

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<sup>59</sup> See press release of December 10, 1940, *Foreign Relations, Japan, 1931-1941*, vol. II, p. 232.



740.0011 P. W./186

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

[WASHINGTON,] April 10, 1941.

The British Ambassador called to see me this afternoon at my request.

The Ambassador gave me a copy of a secret memorandum<sup>60</sup> containing information regarding British naval and military forces at Singapore which he had prepared in response to a request made by Secretary Hull. (I subsequently handed this memorandum to the Secretary personally.)

S[UMNER] W[ELLES]

756D.94/137 : Telegram

*The Consul General at Batavia (Foote) to the Secretary of State*

BATAVIA, April 12, 1941—9 a. m.

[Received April 12—2:42 a. m.]

38. Reference is made to my telegram number 30.<sup>61</sup> The agenda of the conference has not yet been agreed upon and I have been informed that points upon which agreement has been reached are really inconsequential. Yoshizawa is making a tour of Sumatra, the Japanese delegation is being augmented by increasing numbers of army and navy officers and unconfirmed rumors are to the effect that the members of the Japanese delegation expect to return to Japan in the not distant future. Local officials who have been optimistic up to the present time now believe that a most serious situation will follow Matsuoka's return to Tokyo.<sup>62</sup> This opinion is based upon the following: increased espionage activities of Japanese agents; gradual but noticeable evacuation of Japanese women and children; replacement of Japanese merchant vessels with older smaller ships having the same names; if Japan does not strike now the most favorable moment will pass—and Japan cannot afford to lose further face; and German suc-

<sup>60</sup> Not printed; it indicated the British Government's intentions to increase British air strength in Malaya to 22 squadrons of 336 aircraft (846d.20/62).

<sup>61</sup> Dated March 27, 4 p. m., not printed.

<sup>62</sup> The Japanese Minister for Foreign Affairs was on a trip to Moscow, Berlin, and Rome. In telegram No. 744, April 11, 9 p. m., the Ambassador in the Soviet Union (Steinhardt) reported a conversation with Mr. Matsuoka who "expressed the view that the alarmist reports emanating from London and echoes in Australia at the time were designated to induce the President and Mr. Hull to 'take action against Japan'. He added that Japan had not at any time nor has it now the slightest hostile intentions against Singapore or the Dutch East Indies." (740.0011 European War 1939/9900)

cess in the Balkans will increase confidence in the Axis Powers. For the first time I am of the opinion that the situation is grave and that hostilities in the near future may be unavoidable.

FOOTE

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740.0011 P. W./191

*The British Embassy to the Department of State*<sup>63</sup>

TELEGRAM FROM THE BRITISH AMBASSADOR AT TOKYO, TO THE FOREIGN OFFICE, APRIL 13TH, 1941

Following information has been furnished by a reliable secret source . . . who has been accurate on two former occasions: (a) Hainan occupation two weeks before its occurrence, and (b) three weeks' notice of Military Alliance under the Tripartite Pact.

According to the source a Japanese Expeditionary Force of 12 to 15 Divisions is now in Formosa and Hainan with transports standing by. Under the guise of manoeuvres and when foreigners were not allowed to disembark at Nagasaki about the middle of March, eight or ten Divisions had been sent to Formosa. These with three or more Divisions already in Hainan compose the force.

The plan is for direct attack on Singapore to synchronize with the blocking of the Suez Canal by German action so as to prevent the passage of our naval forces. The attack of "devastating" strength on the Suez Canal is said to be imminent.

The Japanese idea is that the United States will not be ready to intervene if Singapore is attacked soon because they are pre-occupied with the battle of the Atlantic, aid to Britain, submarine menace, etc., and opinion at home is not united. The Japanese however have light naval forces based on mandated island and a fleet at Formosa. They had abandoned the original plan of seizing bases in Indo-China as that would have warned the United States, which might have reacted. Their present plan for direct surprise attack in force on Malaya does not call for such bases.

American press-men had something on these lines last night but are unable to send the story out.

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740.0011 P. W./194

*The Australian Minister (Casey) to the Adviser on Political Relations (Hornbeck)*

WASHINGTON, April 14, 1941.

MY DEAR HORNBECK: In a telegram from Tokyo, dated April 13th, Sir John Latham has expressed the following views:—

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<sup>63</sup> Received in the Department on April 14.

The story of the imminence of a direct attack on Singapore may be a deliberately planned attempt to find out the United States reaction, or an actual plan prepared by the army and navy unknown to the Foreign Office and some of the Government, which is always possible in Japan.

This could account for the report being at complete variance with the information confidentially received that the Japanese Foreign Minister while in Europe, was very resistant to the attempts of Germany and Italy to involve Japan in war.

If it is true, the best preventatives are signs that Singapore is alert and prepared, preparations for immediate air etc. reinforcements from Australia, and some indication that the United States is prepared and ready to move at a moment's notice.

I am [etc.]

R. G. CASEY

892.24/62

*Memorandum by the Assistant Chief of the Division of Far Eastern Affairs (Adams) of a Conversation With the First Secretary of the British Embassy (Thorold)* <sup>64</sup>

[WASHINGTON,] April 15, 1941.

Mr. Thorold called at the Department upon Mr. Adams' request.

Mr. Adams referred to the two *aide-mémoire* designated "A" and "B", dated April 8, 1941,<sup>65</sup> left by the British Ambassador with the Secretary of State in regard to Thailand, and said that they were being studied and a reply prepared. Mr. Adams said that in the meantime the Thai Minister expected to call at the Department on April 16 in regard to exports from the United States to Thailand and that Mr. Thorold had been requested to call so that Mr. Adams could go over with him what Mr. Hamilton proposed to say to the Thai Minister. Mr. Adams explained that the Department wished, while considering the British Embassy's *aide-mémoire*, to avoid any preliminary action that might run counter to the ideas which the British Government had in mind. Mr. Adams then handed Mr. Thorold the attached two-page memorandum dated April 10<sup>66</sup> containing points which it was suggested that Mr. Hamilton include in his next conversation with the Thai Minister.

Mr. Thorold said that the memorandum indicated an attitude exactly along the lines along which the British Government was thinking. Mr. Thorold was especially interested in the statement concerning the export of petroleum products and said that what the British

<sup>64</sup> Initialed by the Chief of the Division (Hamilton).

<sup>65</sup> *Ante*, pp. 120 and 122.

<sup>66</sup> *Ante*, p. 124.

Government had in mind was that the normal needs of Thailand should be met but that no supplies in excess of normal requirements should be made available.

Mr. Thorold thanked Mr. Adams for informing him of the proposed remarks to the Minister of Thailand and the conversation there closed.

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892.24/63

*Memorandum of Conversation, by the Assistant Chief of the Division of Far Eastern Affairs (Adams)* <sup>67</sup>

[WASHINGTON,] April 16, 1941.

The Thai Minister called at the Department to keep an appointment with Mr. Hamilton. He had been informed by telephone that Mr. Hamilton would possibly be engaged in a conference which it was necessary for him to attend and that, if so, the Thai Minister would be received by Mr. Adams.

Mr. Adams received the Thai Minister and expressed Mr. Hamilton's regret that he was unable himself to receive the Thai Minister. The Thai Minister said that he supposed Mr. Adams was acquainted with the purpose of his visit. Mr. Adams replied that he was and proceeded to convey to the Thai Minister the substance of the attached memorandum dated April 10, 1941 <sup>68</sup> containing points which Mr. Hamilton had proposed to include in his conversation with the Thai Minister.

In accordance with Mr. Acheson's <sup>69</sup> suggestion, Mr. Adams added that he was quite sure that the Thai Minister would understand that the facilities of the American iron and steel industries were being extended to the utmost, that our own defense needs must, of course, receive first consideration and that only after those needs and the needs of Governments actively resisting aggression were met would it be possible to consider other requirements and desires.

The Thai Minister expressed his appreciation of the Department's willingness to receive and consider appeals for rejected applications covering exports from the United States to Thailand. He said that with regard to appeals still to be made, he would have the firms concerned carefully follow the Department's suggestions in regard to the preparation of new applications. He stated, however, that there was a special case in which appeals had already been filed which he wished to take up, covering 800 tons of 20 pounds rail which were to

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<sup>67</sup> Initialed by the Chief of the Division (Hamilton).

<sup>68</sup> *Ante*, p. 124.

<sup>69</sup> Dean G. Acheson, Assistant Secretary of State.

be used in the construction of a branch line for the transport of sugar cane from sugar plantations in Thailand to the Government mill at Uttaradit. He said that he thought the case was a rather special one because the machinery for the sugar mill had been purchased from the Philippines. The Thai Minister asked whether he might leave with Mr. Adams a note in regard to the matter.<sup>70</sup> Mr. Adams said that he would be very glad to pass the note on to the Office of Controls together with a notation of the Minister's comment.

On the subject of oil, the Thai Minister said that he had attempted to obtain the use of tankers in the United States for the transportation of petroleum products from the United States to Thailand but had failed in his efforts. He said that he desired to ask frankly whether difficulty would be caused if he were to succeed in obtaining one or more tankers of Japanese nationality for the purpose of transporting petroleum products from the United States to Thailand.

Mr. Adams replied that, speaking personally, he thought that so far as commodities not subject to export restrictions were concerned no difficulty would be encountered, but that if commodities involving the need for export licenses were considered, there would naturally arise the question of why, in view of Japan's known need for tankers for Japan's own purposes, Japanese interests would inconvenience themselves to the extent of supplying ships for the transportation of petroleum products from the United States to Thailand. The Thai Minister did not pursue the subject of Japanese tankers further.

He thanked Mr. Adams for receiving him and said that he would like to leave a one-page memorandum in regard to Thailand's oil requirements. Mr. Adams said that he would be glad to have it and reminded the Thai Minister that the Department would be glad to receive and study any further statistical information which the Thai Government might desire to supply. The Thai Minister said that he would endeavor to gather some statistics in regard to past importations and present normal requirements. Mr. Adams referred to that part of the memorandum dealing with diesel oil and asked what the main use in Thailand was for diesel oil. The Thai Minister replied that the locomotives on the Thai railways were diesel locomotives and that the main use was for railway transportation.

(NOTE) Mr. Coville came in during the conversation and was present during the latter part of it.

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<sup>70</sup> Not printed.

740.0011 P. W./187: Telegram

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

Tokyo, April 17, 1941—7 p. m.  
[Received April 17—4: 15 p. m.]

568. 1. It is believed important at this time to take stock of expressed Japanese opinion concerning a policy of southward advance. While it is true that one does not see the reasons for Japan's long term policy of expansion southward, there are two distinct schools of thought regarding the method and tempo of its execution.

One, represented by the pro-Axis group and therefore the more vocal, urges that the time is now ripe for a move southward while Japan's position is still strong. The other points to the danger of becoming involved in Soviet Russia (in spite of the Neutrality Pact <sup>71</sup>) and the United States and advocates peaceful penetration. Tokyo has been plastered with posters sponsored by organizations representing both points of view.

[Here follows a summary of private, semi-official, and official opinion representing the two contrasting points of view.]

4. The conclusions which might reasonably be drawn from the facts above presented are that (a) notwithstanding the conclusion of the treaty with Russia little change is noted in the opposition to Japan's taking the initiative in a policy of southward advance which continues to exist and to be expressed; and (b) the fact that the present Cabinet, in its pursuit of policies certain to bring Japan into armed conflict, continues to be guided primarily by the development of military events in Europe and the effects thereof on American policy. With regard to point (b), it must be admitted that the unfortunate trend of military operations in the eastern Mediterranean during the past two weeks has had noticeable repercussions in this country in a direction favorable to the position of the pro-Axis elements.

GREW

740.0011 P. W./185: Telegram

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

Tokyo, April 17, 1941—9 p. m.  
[Received April 17—12: 47 p. m.]

570. Tolischus <sup>72</sup> tells me that while traveling on a train with two prominent members of the Diet today he told them of a report in New

<sup>71</sup> Signed at Moscow, April 13; see telegram No. 763, April 13, 11 p. m., from the Ambassador in the Soviet Union, vol. iv, p. 944.

<sup>72</sup> Otto D. Tolischus, Tokyo correspondent of the *New York Times*.

York to the effect that Japan proposed to intercept such American supply ships as might proceed to the Red Sea and that the two Japanese immediately consulted Admiral Yamamoto, Commander-in-Chief of the Japanese Fleet, who happened to be on the same train. They reported to Tolischus that the Admiral categorically denied any foundation whatever for the story and said that Japan intended to avoid complications in the Pacific and that he proposed to use his entire influence in that direction.

Sent to the Department; repeated to Manila for the Commander-in-Chief.

GREW

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761.9411/112 : Telegram

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

LONDON, April 19, 1941—9 p. m.  
[Received April 19—8:40 p. m.]

1560. This afternoon Eden asked me to see him and told me in detail the Foreign Office information relating to the Russo-Japanese pact and possible Japanese action to the south. He also told me that Lord Halifax had given to you all the British information on this subject.<sup>72a</sup> His object in sending for me was to ask that I support the request he said Lord Halifax had made to you in regard to a statement by us. I think he thought that in this way he could emphasize the importance he places on our Government agreeing to their request.

I have very clearly in mind the conversation I had with the President, with you, and Dr. Hornbeck in relation to Singapore. Although Eden did not ask directly that I request strengthening of our naval forces at Manila, he pointed out the weakness of a Japanese movement south from Formosa and Hainan. He did say that he hoped our navy would not limit its consideration of Singapore to a purely tactical approach, but would also recognize all efforts [apparent omission] very real political importance.

WINANT

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<sup>72a</sup> See memorandum by the Under Secretary of State, April 10, p. 126.

792.94/98 : Telegram

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

LONDON, April 21, 1941—9 p. m.

[Received 10:40 p. m.]

1578. Mr. R. A. Butler<sup>73</sup> sent for Johnson<sup>74</sup> this afternoon on instructions of the Foreign Secretary. Mr. Eden mentioned that this would be done when I saw him on Saturday. Mr. Butler's purpose was admittedly to attempt to reenforce representations which he said had already been made to the Department by Lord Halifax in regard to the situation in Thailand. Mr. Butler said that so far there had not been any definite reply to those. It was frankly admitted that the British interests in Thailand in an immediate sense perfect [*sic*] to ours and much greater. They are genuinely apprehensive here however that if Thailand falls further into the arms of Japan, the Japanese will acquire bases from which operations could be undertaken against Malaya and Singapore and which would make the defense of that area much more necessary from the British point of view besides offering serious menace to communications through the Straits. The British feel therefore that until it is proved that Thailand is beyond praying for they cannot afford to abandon their efforts to retrieve what has been left by Japanese mediation. They feel that whatever line of action they may now take would be made immensely more effective if they could get some form of sympathetic cooperation in action from the United States. Along certain lines of approach particularly financial assistance they would necessarily require American collaboration and they would have to look to America almost entirely to implement any agreement for furnishing arms to that country.

Mr. Butler also mentioned what he said was the unfortunate circumstance that the British Minister Sir J. Crosby and the American Minister were apparently not on terms of mutual sympathy and confidence. He regretted this as he thought that the British Minister was acting in entire loyalty and that any suspicion of British motives in Thailand was unfounded.

The British therefore would propose to proceed toward Thailand in three stages as follows, these paragraphs being quoted from a brief memorandum furnished by Mr. Butler:

[Here follows text similar to *aide-mémoire* printed *infra*.]

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<sup>73</sup> British Parliamentary Under Secretary of State for Foreign Affairs.

<sup>74</sup> Herschel V. Johnson, Minister Counselor of Embassy in the United Kingdom.



You will probably remember that Ray Stevens,<sup>75</sup> now Chairman of the Tariff Commission, was several years advisor to the ex-King of Thailand. He succeeded Sayre.<sup>76</sup> He might be helpful.

WINANT

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740.0011 P. W./192

*The British Embassy to the Department of State*<sup>77</sup>

AIDE-MÉMOIRE

The following alternatives have been suggested by the Foreign Office as a basis for discussion if it is felt desirable to proceed with the suggestion that a declaration should be made by the United States, the British and Netherlands Governments either jointly or separately on analogous lines.

(a) "Should the Japanese make any further major move to the South the interests of the United States, the British Empire and the Netherlands would be jointly and individually affected."

(b) "The United States, the British Empire and the Netherlands are vitally interested in the area (the limits of the area remain to be defined) and in any activities which might have a bearing on the security of that area."

WASHINGTON, April 21, 1941.

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740.0011 P. W./192

*The British Embassy to the Department of State*<sup>77</sup>

AIDE-MÉMOIRE

His Majesty's Government are anxiously awaiting the comments of the United States Government on the two *aides-mémoire* regarding the situation in Thailand, which were communicated to the Secretary of State by His Majesty's Ambassador on April 8th. In the meantime in view of the fact that vital British strategic interests are involved, His Majesty's Government feel bound to do their utmost to retrieve the present highly unsatisfactory position in Thailand. They would therefore propose to proceed in three stages as follows:—

(a) Sir J. Crosby, on his return to Bangkok at the end of April, will be instructed to have a very frank and comprehensive talk with the Thai Prime Minister. He would explain that His Majesty's Government were most dissatisfied with the present position; that

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<sup>75</sup> Raymond B. Stevens, Adviser on Foreign Affairs to the Siamese Government, 1926-1935.

<sup>76</sup> Francis B. Sayre, High Commissioner in the Philippines, Adviser on Foreign Affairs to the Siamese Government, 1923-1925.

<sup>77</sup> Handed by the British Ambassador to the Secretary of State on April 22.

they felt that the Thais had placed themselves in the hands of the Japanese as the result of the mediation settlement and that nothing could be said to the Thai Prime Minister without the risk of its being passed on at once to the Japanese. His Majesty's Minister would go on to say that there were persistent reports of Japanese infiltration into Thailand, that there was a common rumour that this was in pursuance of plans against Burma, and that there was ample evidence of commodities being diverted, as a result of measures taken by the Thai Government, from their normal channels for the benefit of the Axis powers. Sir J. Crosby would point out that at the same time, the Prime Minister of Thailand had asked for the assistance of His Majesty's Government and explain that it could hardly be expected that such assistance would be forthcoming without satisfactory assurances that Thailand would not lend herself to any measures detrimental to the security of the British possessions, that a preferential position in Thailand would not be given to the Japanese, and that Thai commodities would not be diverted for the use of the Axis powers. His Majesty's Minister would make it clear that if the Prime Minister can demonstrate to the satisfaction of His Majesty's Government that these things will not happen, His Majesty's Government will do their best to help him. Sir J. Crosby would however emphasise that in the contrary event His Majesty's Government would be obliged to look to their own interests and defences.

(b) If the Thai Prime Minister's response is unsatisfactory, His Majesty's Government would start a propaganda campaign for two or three weeks emphasising Japanese infiltration into Thailand. They would also initiate progressive measures of economic pressure.

(c) When this campaign had been in progress for a little time His Majesty's Government would make certain changes in the disposition of the R. A. F.<sup>78</sup> in the Far East. A propaganda campaign might be necessary even if the Prime Minister's response were satisfactory, in order to create for him in his own country the support required to resist further Japanese infiltration. In that case the movements of British Air squadrons could be represented to him as further support for Thailand.

2. The possibility of success would be greatly increased if His Majesty's Government could count on the cooperation of the United States. His Majesty's Government cannot provide arms, their financial proposals are dependent, at least so far as the supply of dollars is concerned, on United States participation, and they are thus left with oil as their only important inducement to offer the Thais. Their own means of economic pressure can of course be exerted independently of the United States, and any strategic moves would be the responsi-

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<sup>78</sup> Royal Air Force.

bility of His Majesty's Government. But if the United States Government were to associate themselves with the British approach to the Thai Prime Minister the effectiveness of this approach would be very greatly increased.

3. His Majesty's Government are at present hard pressed; they do not regard the Thai situation as having passed beyond repair, and they earnestly invite the cooperation of the United States Government in assisting to retrieve it, and at the same time in frustrating what would inevitably lead to a more complete encirclement of China.

His Majesty's Government consider it important that representations in the sense suggested above should be made as soon as possible after the return of His Majesty's Minister to Bangkok at the end of this month.

WASHINGTON, 21 April, 1941.

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740.0011 P. W./192

*Memorandum of Conversation, by the Secretary of State*

[WASHINGTON,] April 22, 1941.

The British Ambassador and the Australian Minister called at their request. The Ambassador gave me the attached copy of an extract from a telegram<sup>80</sup> received by him indirectly from Tokyo in regard to possible Japanese invasion of the South Sea area. The document is self-explanatory.

The Ambassador handed me copies of three despatches, which are attached,<sup>80</sup> received at his Foreign Office in London from Tokyo, Moscow and Ankara, the latter two dated April 14 and the first dated April 15, in regard to the Far Eastern situation. He also handed to me an *aide-mémoire*<sup>81</sup> relative to a possible joint or parallel declaration of the United States, the British Empire and the Netherlands with respect to the extent of injury or danger to their respective interests that would arise if Japan should undertake a military move south. I reminded the Ambassador that some months ago when Japan was threatening the Dutch East Indies I gave out a public statement to the effect that this country was not only very much interested in that area but that the interference with the Dutch East Indies by Japan would raise the whole question of peace throughout the Pacific area, and added that this was a much stronger statement than the one proposed now by the British. I did not concur in the idea of a joint statement such as is proposed but said that I would give thought to the question of a further separate and parallel statement.

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<sup>80</sup> Not printed.

<sup>81</sup> Dated April 21, p. 134.

The Ambassador handed me a copy of an *aide-mémoire*<sup>82</sup> relative to a cultivation of the Government of Thailand by the United States, as well as by Great Britain, with a view to weaning her away from Japanese influence, et cetera. I thanked him and said that, of course, this Government would do anything practicable about the matter, but that I am very much afraid that Thailand is at present in the clutches of Japan and that no one can tell when there may be a separation of these special relations.

The Minister of Australia handed me a graph<sup>83</sup> on public opinion in this country, showing a trend toward willingness "to risk war with Japan rather than let Japan continue her aggression".

C[ORDELL] H[ULL]

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740.0011 Pacific War/222

*The Australian Minister (Casey) to the Secretary of State*

No. 72/41

WASHINGTON, April 22, 1941.

MY DEAR MR. SECRETARY OF STATE: I have the honour to refer to the conversation of this morning between yourself, the British Ambassador and myself, during which Lord Halifax and I submitted on behalf of our respective Governments that urgent consideration be given to the issuing of a declaration by the United States of America, the British Commonwealth and the Netherlands that the vital interests of all these countries would be affected by any further major move Southward by Japan.

As intimated during our conversation, His Majesty's Government in the Commonwealth of Australia is much concerned at the situation which may arise in the Pacific following upon the signature of the Soviet-Japanese Neutrality Pact and the events of the past few weeks in the Eastern Mediterranean area. My Government feels that there is a strong possibility that Japan may decide that the near future represents a favourable moment in which to undertake some Southward enterprise, and believes that the necessary forces for such a Southward move are already concentrated and available for use.

It is against the above background that I have received telegraphic instructions from the Prime Minister of Australia (the Right Honourable R. G. Menzies) who is in London, and from the Acting Prime Minister (the Honourable A. W. Fadden) in Australia—to join with the British Ambassador in representing the above-mentioned viewpoint to you, and to ask that you would be so good as to consider making, on behalf of the United States Government, a public statement as to the identity of interests between your Government, the

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<sup>82</sup> Dated April 21, *supra*.

<sup>83</sup> Not reproduced.

relevant Governments of the British Commonwealth and the Government of the Netherlands, in respect of the area towards which a Japanese Southward movement might be directed.

I need hardly say that my Government will await with great interest your decision in this matter.

Believe me [etc.]

R. G. CASEY

792.94/117

*The Navy Department to the Department of State*<sup>84</sup>

WASHINGTON, April 24, 1941.

The following message was received from the Commander in Chief Asiatic Fleet<sup>85</sup> this date:

To prevent spread Nipponese influence in Thailand and Brooke-Popham<sup>86</sup> during Singapore conference urges our Government join in mutual diplomatic *démarche*.

740.0011 P. W./193: Telegram

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

TOKYO, April 25, 1941—3 p. m.

[Received April 25—9:55 a. m.]

599. 1. We have received from several reliable sources indications that the southward advance elements here attach importance to "recent reports" from the United States which encourage the stubborn belief held by the extremists that (a) the United States would under no conditions short of a direct attack on the Philippines go to war in the Pacific as a result of Japanese action, and (b) even in the improbable event of hostilities between the United States and Japan, in view of Japan's favorable geographic position the United States could not take effective naval or military action against this country. In the struggle which is apparently going on within the Japanese Government in regard to the southward advance the chief difficulty which the more far-seeing elements in the Japanese Government are encountering in [*is?*] their inability through any arguments to the contrary to shake the foregoing beliefs.

2. There is available nothing to identify the source of the "recent reports" above mentioned. Nevertheless I suggest that it might be

<sup>84</sup> Handed by Capt. Roscoe E. Schuirmann, of the Office of Naval Operations, to the Chief of the Division of Far Eastern Affairs (Hamilton) on April 25; noted by the Secretary of State.

<sup>85</sup> Adm. Thomas C. Hart, U.S.N.

<sup>86</sup> Air Marshal Sir Robert Brooke-Popham, British Commander in Chief, Far East.

helpful if the Secretary or possibly the President were to call in the Japanese Ambassador and make to the latter a statement which would be calculated to disabuse the extremist elements here of the belief outlined in the previous paragraph.

3. I make this suggestion advisedly and after careful consideration, for the reason that the British reverses in the Eastern Mediterranean are having substantial adverse repercussions in this country, on a [one] manifestation of which is the increasing frequency with which references are made that the United States will be wise to avoid giving to Japan a cause for war.

GREW

740.0011 P. W./201

*Memorandum of Conversation, by the Secretary of State*

[WASHINGTON,] April 28, 1941.

The Minister of Australia called at his request. Before he proceeded to say anything, I undertook to make oral reply to the recent suggestion of the British Ambassador and the Australian Minister<sup>87</sup> that our three countries, jointly or on parallel lines, broadcast a statement of views relative to our respective interests in the Pacific area, warning Japan that we are closely observing developments and giving every attention to our rights and interests and otherwise disposed to protect them, et cetera, et cetera. I said that my present general view is that at this stage actions rather than words are decidedly more important; and I referred to my statement some months ago to the effect that, if the Japanese raised a question of special economic relations with the Netherlands East Indies, this would not only interfere with American rights and interests, but would raise the question of peace throughout the Pacific area. Since that time public conferences often held here between the British Ambassador, the Australian Minister and myself, and always widely broadcast to the Far East as well as other parts of the world, together with regular statements to Japanese representatives located here reminding them of our concern for the safety and protection of Americans and American interests in the Far East, are it seems to me amply sufficient so far as words are concerned.<sup>88</sup> Speaking in very strict confidence, a message was recently sent to Matsuoka from London and he took advantage of it to shout loud threatening words in reply. I said that the use of words or pub-

<sup>87</sup> See memorandum by the Secretary of State, April 22, p. 136.

<sup>88</sup> The Chief of the Division of Far Eastern Affairs (Hamilton) suggested in a memorandum of May 1 that this oral reply by the Secretary of State to the Australian Minister (Casey) obviated the necessity for individual replies to the British Ambassador and the Netherland Minister on the same subject, as it could be assumed that Mr. Casey would inform them of the "substance of the Secretary's comments." (740.0011 P.W./213).

lic statements at this time are liable to play into the hands of the fire-eating or extremist elements in Japan, which are only influenced now by definite action on the part of the British, the Australians and the United States, such as, for instance, the recent visit of American naval vessels to Australian ports. This seemed to satisfy the Minister, or at least he offered no further argument.

I inquired as to the reenforcements at Singapore, and he replied that the British were getting more airplanes in that area and the Australians were sending some troops there. He said that Mr. Willkie<sup>89</sup> had been unable to accept their invitation to visit Australia and Singapore, and inquired whether I had any other suggestion in mind. I replied that, unfortunately, I did not have at the moment.

The Minister then inquired whether it was in the minds of the Administration, with reference to patrolling the seven seas, actually to do patrolling in the Pacific. I replied that each of the seven seas was, of course, referred to in this connection by the President. I said that we should bear in mind that the primary purpose in patrolling the Atlantic is due to the fact that German naval vessels and airplanes are undertaking to attack and destroy British vessels and shipping and the British forces, whereas in the Pacific there is no such evident movement of force at this stage, and that, therefore, the patrolling question might not become acute in that area either from our standpoint or that of any unfriendly country. This seemed to satisfy the Minister.

C[ORDELL] H[ULL]

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740.0011 P. W./212

*The Netherland Chargé (Van Boetzelaer) to the Secretary of State*<sup>90</sup>

[WASHINGTON,] April 28, 1941.

SIR: The Netherland Government has been informed that the British Ambassador, upon instructions from London, suggested to Your Excellency that, as regards the Far East, a declaration should be made by the United States, the British and the Netherland Governments jointly or separately on analogous lines.

I have the honor to inform Your Excellency that the Netherland Government wishes to support the *démarche* undertaken to this effect by Lord Halifax.

My Government suggests that the following formula be chosen for such declaration:

“Should the Japanese make any further major move to the South the interests of the United States, the British Empire and the Netherlands would be jointly and identically affected.”

<sup>89</sup> Wendell L. Willkie, Republican candidate for President in 1940.

<sup>90</sup> Transmitted under covering letter dated April 29 to the Adviser on Political Relations (Hornbeck).

In case the United States should find it advisable to choose a different formula, Her Majesty's Government will be glad to take any suggestion in consideration.<sup>91</sup>

Please accept [etc.]

W. V. BOETZELAER

751G.94/336 : Telegram

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

TOKYO, April 30, 1941—11 a. m.

[Received April 30—1:20 a. m.]

612. With reference to the trade negotiations between Japan and Indochina, I learn that agreement has now been reached on all points and will be ready for signature in about a week. M. Robin is to be received by the Foreign Minister early next month before returning to France.

The distribution of rubber as finally agreed is given by a usually reliable source as follows, in thousands of tons: France 18, Germany and Japan jointly (under Wiesbaden agreement) 25, Japan separately 15, United States 10. Reservation of quota for the United States was only secured with great difficulty.

According to the same source, Admiral Decoux considers that the agreement gives away too much; he has not yet formally assented to it, and there is even a suggestion that he may resign on this issue.

This source confirms that Germany and Japan do not agree over their shares of the Wiesbaden quota.

The question will presumably be discussed by the establishing [*forthcoming?*] economic mission.

Repeated to Tokyo.

GREW

756D.94/142 : Telegram

*The Consul General at Batavia (Foote) to the Secretary of State*

BATAVIA, May 3, 1941—11 a. m.

[Received May 3—6:15 a. m.]

43. Reference is made to my telegram No. 38, April 12, 9 a. m.

1. All efforts to agree on an agenda of the conference having proved to be fruitless, the Netherland Legation [*Delegation*] permitted in-

<sup>91</sup> For oral reply, on this same question, of the Secretary of State to the Australian Minister, see *supra*. The Department came to consider it as an answer also to this communication from the Netherland Chargé, on the assumption that he would be informed of the "substance of the Secretary's comments" by Mr. Casey. Provision was made, however, for stating explicitly this assumption the next time officers of the Department talked with the Netherland Minister or the Netherland Minister Counselor (740.0011 P.W./213).



formation to reach the Japanese delegates to the effect that exports to Japan might be decreased considerably below the figures mentioned in my telegram No. 30, March 27, 4 p. m.<sup>92</sup> The Japanese delegation then requested that the entire question be reviewed once more. This was agreed to.

2. During the conversations the Japanese were informed that the following points must be accepted by Japan preliminary to any further negotiations:

3. While those Japanese companies now established in this country will be treated justly there shall be no further Japanese penetration into this country.

4. The Netherlands Indies reserves full freedom of action to carry on the war against Germany.

5. Japan must agree that the Netherlands Indies has the right to use its products or to withhold the exportation of them in such a manner as may seem advisable to the Netherlands authorities.

6. The Netherlands authorities will make no promise of any kind concerning rubber and tin.

7. Other commodities will be released in such quantities as the Netherlands authorities may consider to be necessary for Japan's internal needs. If the Netherlands authorities should have reason to believe that such commodities were reaching Germany or were enabling the products of other countries to do so the exportation thereof would either be reduced or prohibited entirely.

8. No new problems are to be injected into the negotiations.

9. The above points were transmitted to the Japanese Foreign Office, but no reply thereto has been received.<sup>93</sup>

FOOTE

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892.6363/118

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

WASHINGTON, May 6, 1941.

DEAR MR. SECRETARY: When I saw you on May 2nd I mentioned that His Majesty's Government felt that the situation in Thailand required urgent action and that it was important that we should do whatever we might be able to do as soon as possible. I have just had a telegram from London saying that the British authorities now feel that it is impossible for them to postpone their action any longer.

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<sup>92</sup> Not printed.

<sup>93</sup> The Japanese memorandum in reply, "presenting new proposals," dated May 14, was described for the Department by Consul General Foote in his telegram No. 48, May 18, 7 p. m. The proposals related to concessions to the Japanese for entry of Japanese nationals, in business enterprises, trade, mining, fishing, shipping, etc. (756D.94/147).

They have therefore instructed Sir J. Crosby to speak at once to the Thai Prime Minister in the sense outlined at (a) in the Embassy's *aide-mémoire* of April 21st. If he gets a suitable reaction, Sir J. Crosby will add that as an immediate gesture of goodwill His Majesty's Government will arrange with the Shell Company for the early delivery to the Thai Government of one hundred and fifty tons of aviation spirit to meet their needs.

I have been instructed when informing you of these developments to emphasise that His Majesty's Government still continues to hope that the United States Government will feel able to cooperate with them in this question and in particular that the State Department will soon be in a position to communicate the result of their consideration of the *aide-mémoires* on the subject of Thailand which this Embassy have recently sent to the State Department.

I take this opportunity of sending you a copy of a telegram from Bangkok dated April 30th,<sup>94</sup> but only just received, showing how serious the oil situation in Thailand has become.

Believe me [etc.]

HALIFAX

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751G.92/442 : Telegram

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

VICHY, May 6, 1941—9 p. m.

[Received May 7—3: 39 p. m.]

516. Chauvel said this afternoon that the final agreement settling the Thailand dispute under Japanese mediation is being signed at Tokyo tomorrow and that the commercial agreement between France and Japan is being signed on the following day. As to the former, the French are "relatively satisfied" with the outcome of the detailed negotiations and with the Japanese attitude which has been "correct" and on certain points "cooperative". He says that the commercial agreement which is quite outside his field and with the details of which he is not familiar does not recognize any privileged Japanese status in Indochinese economy but is merely "on a *de facto* basis", thus avoiding any dangerous legal precedent for the future.

(We learn from the Commercial Relations Section that details of the quantities and products involved are not yet available in Vichy. Bousquet<sup>95</sup> admitted however that probably most of the Indochinese minerals would be taken by Japan and said that the Japanese had agreed to pay in dollars for the Indochina rubber they are acquiring. Rice he said is the principal Indochina export involved.)

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<sup>94</sup> Not printed.

<sup>95</sup> Raymond Bousquet, temporarily in charge of the Commercial Relations Section of the French Foreign Office.

Chauvel showed us several telegrams from Bangkok indicating progress in Japanese penetration in that area "on the model of German penetration of Rumania", the forthcoming resignations of anti-Japanese or "neutral" officials, continual arrivals of Japanese war material, "tourists" and noncommissioned officers and the despatch of 90 Japanese airplanes towards the north to the Burma frontier. In fact the telegrams reported that Japanese interest appears to be directed now principally in the direction of Burma rather than to the south. His only explanation of this is that the Japanese may feel that perhaps a move against Burma at this time would be less apt to involve them in war with the United States than a move against Singapore or the Dutch East Indies. The British Minister, the Bangkok telegrams reported, is now thoroughly disillusioned with regard to his own blundering policy of attempting to offset Japanese influence by encouraging Thai demands on Indochina and he now feels there was nothing for the British to do but to strengthen their military defences and consider Thailand a Japanese puppet.

The Foreign Office has also received telegrams from Tokyo recently indicating a reluctance on the part of Matsuoka and the moderate elements to be pushed into action which might involve hostilities with the United States. The extremists are still striving "desperately" to bring about action in the south and one extremist newspaper is even advocating sacrifices to Russia in settling the Sakhalin and fisheries questions in order to free Japan's northern frontier. These efforts, however, Ambassador Henry does not seem to feel will be successful and a telegram from the French Minister at Lisbon reports that the Japanese Chargé d'Affaires there on returning from Berlin said that Matsuoka has made no commitment to Germany for an active role in the war—much to the annoyance of the Japanese Ambassador at Berlin.

LEAHY

751G.94/342: Telegram

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

TOKYO, May 7, 1941—9 p. m.  
[Received May 7—2: 50 p. m.]

650. The French Embassy has given us in the strictest confidence the texts of the agreement signed yesterday between Indochina and Japan consisting of 2 accords and 6 documents relating thereto.<sup>96</sup>

The two accords signed were, one, "Franco-Japanese agreement concerning customs commercial exchanges and methods of payment".

<sup>96</sup> Texts in French and Japanese were forwarded in covering despatch No. 5583, May 8; received June 2. For French texts of the two accords, see *British and Foreign State Papers*, vol. CXLIV, pp. 767 and 775.

Under this agreement the most-favored-nation treatment is to be accorded to the imports into each country from the other with special reductions of from 20 to 60 percent or exemptions from duties as provided in two lists of articles annexed to the agreement. Payments shall be made in piasters and yen into accounts in the Bank of Indochina and the Yokohama Specie Bank and the conversion rate between the two banks to be on the basis of the gold value of the currencies calculated in a foreign currency convertible into gold. A special account is to be established in the Yokohama Specie Bank covering the payments by Japan for rice, the proceeds of which will be balanced with the general account only at the end of a year and any balance of over 5 million yen or its equivalent in piasters is to be settled in a foreign exchange convertible into gold. The agreement is to continue in effect until December 31, 1943.

2. "Franco-Japanese convention of establishment and navigation concerning French Indochina". Provisions of the convention were generally indicated in the announcement of the Foreign Office transmitted in the Embassy's telegram number 645, May 6, 10 p. m.<sup>97</sup> The convention is concluded for a period of 5 years. In both the agreement and the convention it is provided that the stipulations are not to apply *inter alia* "to special advantages resulting from a customs union" and, in the case of agreement, to advantages granted or to be granted to Japan by Manchukuo.

The six related documents consisting of several exchanges of communications between the French and Japanese representatives, a "procès-verbal", and a protocol are briefly summarized.

1. The Japanese Government agrees that pending ratification provisions regarding most favored nation treatment, import and export quotas and methods of payment specified in the treaty shall become effective immediately. Both Governments undertake to exert efforts to secure ratification of the agreements within 2 months.

2. Regarding treatment of Japanese nationals, the French Government agrees to equal application of control measures, to consideration of the abolition of visa requirements, to equality of treatment regarding concessions, and to establishment of Japanese schools.

3. Trade rights and privileges of Japanese.

Certain professions now prohibited to foreigners are opened to Japanese, specified percentages of Japanese personnel in banking, commercial and other enterprises are permitted, real property and agricultural, mining and hydraulic power concession rights are granted with provision for capital holdings equally between Japanese and French.

4. Trade regulations.

Quantities of exports and imports between Japan and French Indochina for 1941 are specified, including 700,000 metric tons of rice and 15,000 metric tons of raw rubber for Japan. Payment for the

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<sup>97</sup> Not printed.

latter is to be made in United States dollars. These quotas may be revised should the requirements of France or French colonies increase. The Japanese Government agrees to reduction of tariff duties on rice. Subject to certain restrictions Japanese firms are permitted to belong to the Indochina Federation of Importers and Indochinese firms to join Japanese trade associations. No discrimination of treatment between Japanese and Indochinese firms is to be permitted. Periodic economic conferences and permanent secretariats in Japan and Indochina are to be set up and provision is made for further discussions regarding commercial problems affecting the two countries.

GREW

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811.20 (D) Regulations/2082 : Telegram

*The Minister in Thailand (Grant) to the Secretary of State*

BANGKOK, May 8, 1941—10 p. m.

[Received May 8—1:36 p. m.]

262. My telegram 257, May 3, 4 p. m.<sup>98</sup> Recent events involving high government and diplomatic circles indicate that a carefully planned campaign is under way to enlist us in the business of supplying Thailand not only with oil fuel for domestic purposes but oil products for an expanding military machine, iron and steel products, war planes, armaments, munitions and perhaps money with which to purchase these articles. The strategy of the campaign is to woo us with (1) references to the traditional friendship and good will between Thailand and the United States, (2) the alleged desire of Thailand to foil the "evil designs" of the Japanese by doing business with the democracies, (3) the alleged determination of the Thai to resist with force any Japanese military aggression in Thailand such as the marching of troops through the country and the establishment of air bases. The Thai high command hopes to maneuver the campaign to success through the assistance of the British Minister, Sir Josiah Crosby, who will approach Washington and London. In fact it would appear that steps have been taken to this end already. London will be asked to supply the funds and some oil through the Dutch East Indies and use its influence with Washington in obtaining from us those things which Great Britain cannot supply, i. e., war planes, armaments, munitions.

The above observations are based upon a series of incidents which have occurred recently including the local press propaganda, approaches made to me by Thailand officials, several of whom are heavily interested financially in the proposed operations, and to conversations which I have had with the British Chargé d'Affaires and with the British Minister who was requested to call to see the Prime Minister this week following the former's return from Burma.

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<sup>98</sup> Not printed.

In my conversation with Sir Josiah, subsequent to his conference with the Prime Minister, I elicited sufficient information to confirm me in my conclusions as to which way the wind is blowing. The British Minister quoted the Prime Minister as having stated he would resist Japanese military aggression on Thailand just as Greece and Yugoslavia had resisted the Axis and in order to accomplish this he must be strong. He therefore needed more war planes and armaments and money with which to purchase. The Prime Minister indicated further, according to Sir Josiah, that if he could not obtain these things from the democracies then he had no alternative but to get them from Japan. This is the same thesis which was advanced after we stopped the bombers at Manila last October and reiterated over and over again by the Thai publicity people with encouragement from the British and also certain local American business people who shut their eyes to everything except their own immediate profits. I have always believed in propaganda carefully designed for the purpose of establishing an alibi for the flirtation with Japan which culminated in active Thaiandese collaboration with the Japanese in Indochina affair through the Tokyo "mediation" and also to keep us in the state of the benevolent Santa Claus towards Thailand. I believe the present effort of the Prime Minister and the men who surround him is in the same category. I do not believe for one moment that the Thai would resist the Japanese by force should the latter come marching in. All the present signs point the other way. However, my British colleague seems to be impressed with the thought. It is right in line with the policy which he has pursued almost from the beginning of the affair involving Thailand, Indochina and Japan. I am convinced that we should watch our [step?] lest we fall in the trap, assuming that we still believe in the maintenance of the *status quo* in this general area with all that this policy implies.

I trust that this telegram will be shown personally to the Secretary.

GRANT

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751G.92/443 : Telegram

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

TOKYO, May 9, 1941—8 p. m.

[Received May 9—8:16 a. m.]

658. Announcement was made today of the signing this morning of the convention of peace between France, for French Indochina, and Thailand, with three protocols annexed, the Japanese-French protocol, and the Japanese-Thai protocol.<sup>99</sup>

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<sup>99</sup> For text of convention of peace between France and Thailand and its protocol, see *British and Foreign State Papers*, vol. cxliv, p. 805. For texts of the Japanese-French protocol and the French-Japanese-Thai protocol, see *ibid.*, pp. 800 and 802.

A statement issued by the board of information summarizing the contents of the peace treaty and the protocols has been sent via air mail to Shanghai for transmission to the Department.<sup>1</sup>

GREW

811.20 (D) Regulations/3627

*Memorandum by the Adviser on Political Relations (Hornbeck) of a Conversation With the British Minister (Butler)*

[WASHINGTON,] May 9, 1941.

Reference Bangkok's 262, May 8, 10 p. m. At dinner last evening at the Australian Legation I was seated beside Mr. Butler of the British Embassy. I did not at that time know that the Department had received the telegram above under reference.—Mr. Butler asked me why the American Government is so “standoffish” about giving assistance to Thailand toward “holding Thailand in line”; he said that he had the impression that we feel that Thailand cannot successfully be wooed. I replied that in my opinion his impression is in accord with the facts; in regard to his question “why”, I said that we—some of us at least—are of the opinion that the present unsatisfactory situation as regards Thailand is in no small part due to the course which has been followed by British diplomacy; I said that as I understand it the British Minister at Bangkok had, when first the Thailanders began to talk of getting back territory from the French, suggested that the British and the American Governments stand pat and advise the Thailanders to exercise self-restraint and not raise issues, and that soon thereafter the said British Minister had given encouragement to the movement by the Thailanders toward bringing pressure to bear on the French and regaining some of Thailand's lost territory. I said that the American Government had suggested to the Thai Government at the outset that it would be better not to raise new issues at this time and to await a moment at which there might be given full consideration, by peaceful processes, to a great many questions of possible readjustments—and that we had throughout and consistently adhered to the attitude and view thus expressed. I said that the Thailanders, having with some British encouragement and substantial Japanese assistance made gains at the expense of the French, are in our opinion now very much under Japanese influence; that the situation is one in which potential use of armed force is the most influencing factor; that the Thailanders can hope for little from and need stand little in fear of Great Britain or the United States, whereas Japan can offer much in the way of rewards and in the way of penalties. Mr. Butler said that Thailand does not want to come under Japanese

<sup>1</sup> Not printed.

control. I replied that Thailand does not want to come under any other country's control but that Japan can play more effectively upon Thailand's hopes and Thailand's fears than can, at present, Great Britain or the United States. Mr. Butler said that by conveying upon Thailand economic benefits, we might hold Thailand. I replied that in my opinion the Japanese, by virtue of their proximity, their armed force in the offing, the number of their nationals present in Thailand, their propaganda, and the various and sundry methods which they employ, have the inside track in Thailand now; that if the British believe that they can hold Thailand in line by supplying commodities and funds it might be well for the British to do the supplying without calling upon us—we being skeptical at least—to participate in that procedure; I said that the British have oil available and the amount of money called for is not large, so, if they wish to go into such a speculative venture, why should not the speculation be theirs, leaving us out of it. We are trying to avoid interfering with Thailand's normal commercial requirements. I said that materials sent into Thailand might easily be seized and be used by the Japanese. I said that I felt and I hoped that in the carrying out of our general program of defense and security, including aid to Britain and other countries, the United States can make sounder investments of its influence and practical aid than seem inherently possible in the situation which now prevails in Thailand.

At that point there came an interruption, and discussion of this subject was not resumed.

S[TANLEY] K. H[ORNBECK]

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751G.92/449 : Telegram

*The Minister in Thailand (Grant) to the Secretary of State*

BANGKOK, May 10, 1941—10 a. m.

[Received 1 : 50 p. m.]

266. My telegram 265, May 9, 6 p. m.<sup>2</sup> It is believed in diplomatic circles that the Japanese hold trump cards in the game with Thailand and Indochina in the pledge given at Tokyo that neither country will enter into an agreement or understanding with a third power which would be directed at Japan economically, politically or militarily. It is believed also that the Japanese may hold other trump cards which may not be a matter of official record but which are just as binding and which will result ultimately in giving them a strangle hold on Thailand as well as Indochina economically and politically and, if the need should arise, militarily. It is regarded as highly significant

<sup>2</sup> Not printed.



that after the Tokyo "mediation" negotiations were under way and there appeared to be a stalemate in the proceedings the Prime Minister sent to Tokyo by airplane his Minister of State and Director of Fine Arts, Luang Vichitrvadakarn, who is known to be very pro-Japanese, as reported in my telegram No. 109, February 27, 4 p. m.<sup>3</sup> It is regarded as even more significant that in the latter days of the Tokyo "mediation" Naivanich Panananda, Director of Commerce, who is violently pro-Japanese, was added to the three-man Thai delegation in Tokyo vested with full powers to negotiate. There is already evidence of Japanese encroachments in the Thai economic field, rice, tin and rubber figuring in the deals, to the detriment of British interests which have had practically a monopoly of these products. These articles it would appear are being bartered to Japan for war planes, armaments and munitions. Some of the tin and rubber, it is believed, are finding their way to Germany via Japan. The British Minister has recently conferred with the Prime Minister and with the Deputy Minister of Foreign Affairs in an effort to stem the tide. Meanwhile there is a steady infiltration of Japanese, including Government officials, professional and business men, and various Japanese "missions" are arriving from time to time. The responsible officials of the Government claim they are keeping a police check on these visitors and they insist that Thailand has made no commitments of a political or military character to Japan in connection with the "mediation" negotiations in Tokyo. Well, we shall see, perhaps in the coming course of events in this area.

GRANT

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 792.94/108 : Telegram

*The Minister in Thailand (Grant) to the Secretary of State*

BANGKOK, May 10, 1941—5 p. m.

[Received May 10—10:45 a. m.]

267. The British Minister informed me this morning very confidentially that he has received most reliable information to the effect that the Japanese Minister at Bangkok has reported to his Government that preparations are being made for a *coup d'état* in Thailand with a view to organizing a new pro-Japanese Government. The British Minister said he had reported the matter to the Deputy Minister of Foreign Affairs for transmission to the Prime Minister.

GRANT

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<sup>3</sup> Not printed.

792.94/109 : Telegram

*The Minister in Thailand (Grant) to the Secretary of State*

BANGKOK, May 12, 1941—2 p. m.

[Received May 12—1:40 p. m.]

268. My telegram 267, May 10, 5 p. m. I am inclined to think that there may be something phony in this report especially in view of the added statement of the British Minister to the effect that the Deputy Minister of Foreign Affairs when apprised Saturday of the alleged "preparations" suggested that the United States and Great Britain should do something about it. This is not the first time that I have been importuned to assist the present Government to retain control of affairs. It would appear that there is a subtle campaign going on here to create the impression that the present Government is very much opposed to the Japanese and that therefore the two great democracies should lend their active assistance to this Government. In this connection I refer the Department to my telegrams 262, May 8, 10 a. m., and 266, May 10, 10 a. m.

GRANT

892.6363/153

*The Netherland Legation to the Department of State*<sup>4</sup>

Thailand seems to have small supplies of gasoline for motorcars, Diesel oil, petroleum, and fuel oil. It is to be expected that within a short time restrictions will have to be imposed which may cause the closing down of certain industries. There seems to be a 9 months' stock of gasoline for airplanes, but of low octane.

An arrangement could be made between the oil companies of the Netherlands East Indies and the Thai Government by which quantities would be exported restricted to the minimum of consumption necessary. These quantities would be fixed under a monthly contract.<sup>5</sup>

740.0011 Pacific War/219

*The British Minister (Butler) to the Adviser on Political Relations (Hornbeck)*

WASHINGTON, May 13, 1941.

DEAR DR. HORNBECK: We have recently had two delayed telegrams from Tokyo, dated April 29th—possibly you will already have had

<sup>4</sup> Handed on May 12 to the Adviser on Political Relations (Hornbeck) by the Netherland Minister Counselor (Van Boetzelaer).

<sup>5</sup> In a memorandum of May 13, Willys R. Peck, of the Division of Far Eastern Affairs, stated that at the request of the Chief of the Division (Hamilton) he telephoned on May 13 to Baron van Boetzelaer the following message: "The State Department sees no reason for an offering by the American Government of any suggestion or advice against the proposed arrangement."

the substance of them. Craigie reports receiving information to the effect that efforts which had been under consideration for forming an anti-Axis and pro-American group have now been postponed, the reason given being that Matsuoka's visit to the Axis capitals, combined with the conclusion of the Neutrality Pact with the Soviet Union and the deterioration of the situation in the Eastern Mediterranean, has so strengthened the hands of the extremists in Japan that for the present no such move has any chance of success. Matsuoka's stock is so high that there is now a fairly strong movement (which would grow if Britain could not achieve an early success in North Africa) in favour of substituting him for Prince Konoye as Prime Minister.

Craigie's informant, who has close contacts in the business world and also with certain army officers, and whom he regards as reliable, seemed more concerned about the situation than on any previous occasion.

Information from other sources in Tokyo indicated that, apart from the attitude of the United States, the most important single factor in determining the moment for a Japanese plan to advance Southward would be the fate of Egypt and the Suez Canal. Craigie believes the Japanese Navy to be opposed to embarking on any large scale adventure until they can be sure that the Suez Canal is either in Axis hands or at least temporarily closed to use by the British Navy.

Craigie realises that the above is all fairly obvious; it serves however to emphasise the fact that failure to throw back the Axis attack on Egypt may well have repercussions far beyond the Mediterranean area.

Yours sincerely,

NEVILLE BUTLER

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892.6363/131

*Memorandum of Conversation, by Mr. Alger Hiss, Assistant to the Adviser on Political Relations (Hornbeck)*

[WASHINGTON,] May 14, 1941.

Participants: Mr. George S. Walden, Standard-Vacuum Oil Company  
Mr. Stanley K. Hornbeck  
Mr. Alger Hiss

Mr. Walden called upon Mr. Hornbeck late in the afternoon and said that he had come down to Washington to explore further the question of oil shipments from the Netherlands East Indies to Thailand. Mr. Walden said that from the commercial point of view he would prefer to refuse to sell any oil to Thailand unless the Thai Government would permit the companies to resume their regular distri-

bution business—a business which has been prohibited to them since July 1939. He said that he was aware that the British Government and the Shell Company might for political reasons take a different attitude. He said that in his opinion the wisest policy for both Shell and Socony Vacuum to follow was for both of them to inform the Thailand Government that they would be glad to resume commercial operations in Thailand and on the old basis. Mr. Walden said that he intended to press this point of view upon the Shell Company whose representatives he would see while in Washington and upon Mr. Loudon, the Netherlands Minister, whom he was to see the following day.

Mr. Hornbeck informed Mr. Walden that as far as he was aware this Government would have no objection to Standard Vacuum pursuing the course suggested by Mr. Walden.

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892.24/71

*Memorandum by Mr. Willys R. Peck, of the Division of Far Eastern Affairs, of a Conversation With the First Secretary of the British Embassy (Thorold)* <sup>6</sup>

[WASHINGTON,] May 16, 1941.

Mr. Thorold called on Mr. Peck about 12:45, noon, and in the course of a general conversation concerning the supplying of the petroleum needs of Thailand, confirmed the observations made over the telephone the day before (see memorandum of May 15<sup>7</sup>), to the general effect that the British Government would be reluctant to see Thailand's needs supplied before the British Government had received certain undertakings from the Thai Government, especially an undertaking that tin, rubber, and rice should not be diverted from their usual export channel through Singapore and sent direct to Japan. Mr. Thorold seemed anxious to learn whether the American Government shared this attitude to the extent of being willing to obstruct supplies of petroleum to Thailand unless and until such undertakings were given.

Mr. Peck observed that in present circumstances the American Government appeared to be without any legal facilities for obstructing such shipments, except in the case of petroleum products subject to export license requirements.

Mr. Thorold said he supposed this was the case, but again referred to the fact that Thailand met the obstacle of scarcity of tankers and the requirement that iron and steel containers be licensed for export.

Mr. Thorold remarked that the Shell and Standard-Vacuum Oil Companies seemed to be willing to resume the sale of petroleum prod-

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<sup>6</sup> Initialed by the Chief of the Division (Hamilton).

<sup>7</sup> Not printed.

ucts in Thailand, provided they were given the distribution privileges they enjoyed before such privileges were abolished in the summer of 1939; in that case, they would presumably distribute in Thailand petroleum products from the Netherlands East Indies, the nearest and most natural source of supply. Mr. Thorold said that if this procedure were accepted by the Thai Government, the British Government would still be anxious that Thailand be supplied on a month-to-month basis only, and not be given enough to accumulate reserve stocks. He said he thought the British and American companies concerned would willingly conform to suggestions in this regard coming from the British and American Governments. He inquired what position had been taken by the State Department in regard to resumption of business by the two oil companies.

Mr. Thorold referred to the proposals made in the British Embassy's two *aide-mémoire* of April 8 and said that the British Government felt that the American Government was in the better position of the two to deal with the question of financial and economic assistance to Thailand. Mr. Thorold assented to Mr. Peck's suggestion that attention to the proposals made by the British Embassy on April 8 seemed now to be reduced to the matter of petroleum supplies. He said, however, that rightly or wrongly the British Minister at Bangkok still insisted that Thailand was not yet irretrievably under Japanese influence. He remarked that he gathered from Mr. Hornbeck's observations to Mr. Butler a few days ago<sup>8</sup> that the State Department felt there was little, if any, hope of extricating Thailand from such influence.

About 3:15 p. m. Mr. Peck telephoned Mr. Thorold and told him that when Mr. Walden had called at the State Department on May 14 and broached his idea to Mr. Hornbeck, the latter had said that, as far as he was aware at the time, the American Government would have no objection to the Standard-Vacuum Oil Company informing the Thai Government that they would like to resume commercial operations in Thailand on the old basis.

Mr. Thorold again remarked that the British Government, for its part, was anxious that, from the short view, the Thai Government should not be able to supply its wants before giving the undertakings already referred to, and, from the long view, that it should receive supplies just sufficient for current needs, and he asked whether Mr. Peck thought that the result of Mr. Walden's talk with Mr. Hornbeck would be that the Standard-Vacuum Oil Company would immediately supply petroleum products to Thailand. Mr. Peck disclaimed any definite information about this point, but said that his impression was that it would take some time before there could be a resumption of

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<sup>8</sup> See memorandum of May 9, p. 148.

business by the companies on the old basis; he felt that the Thai Government might find it difficult to recede from its action in taking over the oil business and that Japanese influence might work against such a change.

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811.20 (D) Regulations/2419 : Telegram

*The Minister in Thailand (Grant) to the Secretary of State*

BANGKOK, May 22, 1941—11 p. m.

[Received May 22—8:32 p. m.]

280. My telegrams 257, May 3, 4 p. m.,<sup>9</sup> and 262, May 8, 10 a. m. The British Minister Sir Josiah Crosby has undertaken to furnish Thailand with fuel oil following a virtual ultimatum of the Thai Government officials that they would be compelled as alleged to do business with Japan trading the bulk of Thai rubber and tin for Japanese oil if the British failed to furnish the required oil. The Deputy Minister of Foreign Affairs informed me today that the British Minister had agreed to furnish Thailand with two boat loads of oil to meet the emergency and later in the day Sir Josiah Crosby informed me that following a conference yesterday with the Thai officials he had sent an urgent telegram to London requesting reconsideration regarding the oil supplies within 48 hours. He indicated that the Thai had practically delivered an ultimatum and said he thought the situation was "very grave" and that it was "economic warfare" between Great Britain and Japan in Thailand. He said he had proposed to furnish Thailand with oil for the duration of the war although he did not know where the oil or the containers would come from. I inquired if this meant that the British Shell and the American Standard would return to the Thai market. He said he did not know, that London would decide the matter. Sir Josiah Crosby seemed to be quite jittery over the affair and referred again to the possibility of a *coup d'état* which would result in placing a pro-Japanese government in power. He quoted the Deputy Minister of Foreign Affairs as having stated that the Japanese were charging that he, Sir Josiah Crosby, was preparing a *coup d'état* in Thailand. Sir Josiah Crosby said he indicated in reply that the present Government was not all to be desired but it was preferable to that [which] might replace it. The Thai are playing the same clever game they have been playing for a long time, only now it is with Britain and Japan in lieu of Britain and France. Oil, tin and rubber are only incidental. The fundamental fact in the matter is that the Thai are ready to climb on the band wagon with the winner in this war.

GRANT

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<sup>9</sup> Not printed.

756D.94/149 : Telegram

*The Consul General at Batavia (Foote) to the Secretary of State*

BATAVIA, May 23, 1941—2 p. m.  
[Received May 23—9:10 a. m.]

51. Reference is made to the last paragraph of section 3 of my telegram No. 48, May 18, 7 p. m.<sup>10</sup> There has been no press or other unofficial reaction to the Japanese memorandum due to the fact that no publicity has been given to it. Not even its receipt has been divulged to the press.

Official reaction is as follows:

The Netherlands reply has been drafted and is now in the hands of the Governor General who is consulting with the Council of the Netherlands Indies before delivering it to the Japanese Delegation. Van Mook has just informed me in strict confidence, however, that the reply is to the effect that acceptance of the Japanese proposals is entirely out of the question and that the negotiations should be broken off at once. He has promised me a copy of the reply as soon as it is delivered. Van Mook believes that if the Japanese do not acquiesce entirely to the Netherlands viewpoint, the long expected crisis will come quickly.

Repeated to Tokyo.

FOOTE

893.24/1059 : Telegram

*The Consul at Hanoi (Reed) to the Secretary of State*

HANOI, May 24, 1941—11 a. m.  
[Received 4:25 a. m.]

67. I have been reliably informed that the Japanese mission at Hanoi has informed the Government General by letter that in accordance with the instructions of the Japanese Government the Chinese cargo at Haiphong which can be used in war industries in Japan or which is otherwise interesting to the Japanese will be seized and shipped away (presumably to Japan) within a short time. My informant stated that the Government General has protested against this proposed action on the part of the Japanese but he remarked that under existing conditions the protest will probably be of little avail. He added that in its protest the Government General pointed out that much of the cargo at Haiphong is American and not Chinese and warned the Japanese against interference with American cargo—the Japanese replied that they had studied the question of ownership and know exactly which cargo is American and which Chinese. In the

<sup>10</sup> Not printed; it reported the Japanese reply dated May 14. See footnote 93, p. 142.

latter connection I have been informed that the United States Far Eastern Trading Corporation has been informed by an unofficial source of information that the Japanese are said to be planning to include at least a part of the company's cargo among the Chinese cargo which is to be seized and shipped away.

Although it is certain that the Government General is helpless in this matter, the Department's instructions requested are in the event that the Japanese begin to carry out their expressed intention.

Sent to Cavite for repetition to the Department, Chungking, Peiping, Hong Kong. Shanghai please repeat to Tokyo.

REED

756D.94/153 : Telegram

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

TOKYO, May 24, 1941—1 p. m.  
[Received May 24—9 : 38 a. m.]

727. Batavia's telegram 51, May 23, 2 p. m. to the Department. On May 22 Vice Minister for Foreign Affairs spoke to my Netherlands colleague about supplies of rubber and tin and in the course of this interview Mr. Ohashi said that owing to the stiffening attitude of the Netherlands authorities a stage was approaching at which the Japanese Government must consider the recall of Mr. Yoshizawa and might be compelled to take further steps which they strongly dislike to take.<sup>11</sup>

GREW

351G.115/14 : Telegram

*The Consul at Hanoi (Reed) to the Secretary of State*

HANOI, May 24, 1941—7 p. m.  
[Received 10 : 06 p. m.]

68. My telegram no. 67, May 24, 11 a. m. Both the United States Far Eastern Trading Corporation and the North American Syndicate received letters from the Japanese authorities at Haiphong late this afternoon stating that on the instructions of the Japanese mission at Hanoi the Japanese authorities at Haiphong are going to take possession of the properties of the two companies (warehouses and cargoes stored therein) tomorrow morning and demanding that all keys be

<sup>11</sup> In his telegram No. 728, May 24, 2 p. m., Ambassador Grew reported to the Department a request made by Foreign Minister Matsuoka to the British Ambassador in Japan that the British Government use its good offices with the Netherlands Government in regard to the Japanese economic negotiations in the Netherlands East Indies (756 D. 94/155).



sent to them and that the American representatives of the two companies do not oppose the seizure of the properties.

The Government General informs me that a second protest has been made to the Japanese but admits that the protest will have little effect. The Government General agrees that the only possible attitude of the American representatives is to reiterate the American nationality of the two companies, to refuse to deliver the keys, and to inform the Japanese authorities at Haiphong that any forcible entry and seizure of property will be on their responsibility.

Sent to Cavite for repetition to the Department, Chungking, Peiping, Hong Kong, Shanghai. Shanghai please repeat to Tokyo.

REED

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811.20 (D) Regulations/2469 : Telegram

*The Minister in Thailand (Grant) to the Secretary of State*

BANGKOK, May 24, 1941—9 p. m.

[Received May 25—10: 15 p. m.]

282. My telegram 280, May 22, 11 p. m. The British will furnish Thailand with two boatloads of fuel products, approximately 14,000 tons including diesel motor oil, gasoline and kerosene, within the next few weeks and negotiations are being continued between the British and the Thai Foreign Office with a view to concluding an agreement under which Britain would undertake to furnish fuel oil to Thailand for 1 year subject to *force majeure* and Thailand would guarantee a tin and rubber monopoly for Great Britain according to statement of the British Minister whom I called on today. The first oil shipments will likely come from Singapore and one tanker will be utilized, Sir Josiah indicated, although he was again vague regarding the origin of the oil. The British Minister said further that he has agreed to go along with the Thai in their previous commitments to Japan to barter tin valued at approximately 3 million baht for Japanese war planes which were furnished to Thailand during the hostilities with Indochina. In response to my inquiry as to whether there were any other agreements or understandings, Sir Josiah said the British want a guarantee from Thailand similar to that given to Japan at Tokyo recently, namely, that Thailand will not enter into any agreement with a third party which would be directed at Britain economically, politically or militarily, to which reference is made in my telegram 150, March 18 [15], 9 a. m.<sup>12</sup> In return London would likely extend the loan or credits desired by Thailand as indicated in my telegram No. 262, May 8, 10 a. m. Sir Josiah added that the credits would likely be extended one half in pound (sterling) and one half in shipbuilding implying that Washington would be called on to cooperate.

<sup>12</sup> Not printed.

It would be helpful if the Department would keep me currently informed of developments in the conference with the Thai Minister at Washington regarding the articles desired by Thailand, including fuel oil products, iron and steel and a tanker, since inquiries continue to reach me from official sources. I should like to be informed also regarding British approaches in Washington regarding the Thai situation and the results, since the British Minister has indicated that "London is consulting Washington" in these matters.

GRANT

351G.115/15 : Telegram

*The Consul at Hanoi (Reed) to the Secretary of State*

HANOI, May 25, 1941—10 a. m.

[Received 12 : 40 p. m.]

69. My telegram 68, May 24, 7 p. m. Under pressure by the Japanese authorities at Haiphong who early this morning informed the French authorities that there would be serious trouble unless the keys to all the properties of the United States Far Eastern Trading Corporation and the North American Syndicate were in their possession by 9 o'clock this morning, the French authorities demanded this morning that the American representatives of the two companies deliver the keys to them for forwarding to the Japanese authorities at Haiphong. Under protest and after having received an official order to this effect from the French authorities, the American representative of the two companies delivered the keys to the French authorities who in turn forwarded them to the Japanese authorities at Haiphong. Shortly before the receipt of the keys Japanese soldiers broke into a number of warehouses belonging to the companies and began to take away cargo, at one place detaining the watchmen on the premises.

It is understood that several Chinese firms have received letters from the Japanese authorities at Haiphong demanding possession of transit cargoes stored with them.

Sent to Cavite for repetition to the Department, Chungking, Peiping, Hong Kong, Shanghai; Shanghai please repeat to Tokyo.

REED

351G.115/16 : Telegram

*The Consul at Hanoi (Reed) to the Secretary of State*

HANOI, May 25, 1941—4 p. m.

[Received May 26—2 : 31 a. m.]

70. Reference is made to my telegram No. 69, May 25, 10 a. m.

1. That the Japanese have been planning the seizure of cargo at Haiphong is evidenced by the presence of a number of large transports

at and near Haiphong; that they were prepared to make serious trouble if the French did not agree is evidenced by the fact that since May 21 the number of airplanes at Gialian has been increased to more than 100 and that early this morning many planes flew over Haiphong as an apparent measure of intimidation. The Japanese military are in great evidence and they have placed machine guns at points close to the properties occupied.

2. In the main the letter addressed to the two American companies stated that the Japanese consider the companies still to be the Southwest Transportation Company and the China Syndicate, the transfer of title to be fraudulent and the cargo in question to be destined for the Government of Chiang Kai Shek. The Japanese previously expressed the view that all transit cargo was destined for that Government (my telegram No. 32, March 7). The letter concludes that any discussion as to the taking of this cargo will have to be undertaken at Tokyo and between the Japanese and Indochina Governments.

3. According to the latest information, the detained watchmen have been released, there have been no other incidents and the Japanese are systematically emptying the various warehouses, with particular regard to gasoline and metals. Cargo belonging to the American firm, Connell Brothers, is stored in one of these warehouses and it is possible that the Japanese may seize these goods.

4. I have protested in general terms to the Governor General and the Japanese Consul General, reserving all rights as regards the American interests that may be or may be found to be involved.

Sent to Cavite for repetition to the Department, Chungking, Peiping, Hong Kong, Shanghai. Shanghai please repeat to Tokyo.

REED

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351G.115/24

*Memorandum by the Adviser on Political Relations (Hornbeck)* <sup>13</sup>

[WASHINGTON,] May 27, 1941.

The Japanese action in seizing goods in which there is an American interest at Hanoi was, in my opinion, taken partly toward discovering what action—especially what strong action, if any—the United States Government may take.

The Japanese have in this case broken into godowns which are not their property and are not under their lawful control. They have gained the possession of the keys to those godowns by threat of force. They are removing from those godowns goods in which there exists an American interest. Whatever may be the fact as to the legal ownership of the said goods, the goods are being paid for with American money,

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<sup>13</sup> Noted by the Secretary of State.

some of them are American exports, and it is an American interest that they reach the purchaser, the Chinese Government or representatives thereof. The Japanese Government has at no time claimed the rights of a belligerent and it certainly has not assumed the obligations of a belligerent. Regardless of legal aspects—political and economic interests of the United States are involved and are being subjected to impairment. Something in the way of retaliation would seem called for toward preventing the Japanese from being encouraged to embark upon “bigger and better” burglaries.—The action suggested in the telegram here attached <sup>14</sup> (from an unidentified friend of Mr. Lyon <sup>15</sup> to Mr. Lyon), especially that of quiet action immediately by our Treasury in refusal of clearance for Japanese ships in American ports and other ships bound for yen-bloc ports would, in my opinion, be likely to have a wholesome effect.

S[TANLEY] K. H[ORNBECK]

792.94/123

*The British Embassy to the Department of State* <sup>16</sup>

TELEGRAM FROM LONDON DATED MAY 23RD

*Japan.*

Japanese Minister for Foreign Affairs has invoked our good offices with Netherlands Government to prevent economic negotiations with Netherlands East Indies breaking down. He claims that agreement is reached on all commodities except tin and rubber, of which Dutch will only supply quantities reduced in proportion to increased supplies obtained by Japan from Indo China, Siam.

He asserts Japanese requirements cannot thus be met but shows reluctance to contemplate any Japanese guarantee against re-export. Vice Minister for Foreign Affairs has threatened Netherlands Minister with recall of chief Japanese Economic Delegate in Netherlands East Indies and with possible further steps.

893.24/1059 : Telegram

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

WASHINGTON, May 28, 1941—7 p. m.

305. Hanoi's 67, May 24, 11 a. m., 68, May 24, 7 p. m., 69, May 25, 10 a. m., and 70, May 25, 4 p. m.

<sup>14</sup> Not printed.

<sup>15</sup> Frederick B. Lyon, Assistant Chief of the Division of International Conferences.

<sup>16</sup> Forwarded on May 27 to the Adviser on Political Relations (Hornbeck) by the British Minister (Butler).

1. Please approach the Japanese Foreign Office and make, as under instruction, vigorous protest against the action of the Japanese military in French Indochina as described in the telegrams under reference. In so doing please say that this Government recognizes no right on the part of the Japanese military in French Indochina to take such action and that this Government reserves all rights in regard to property involved in which it or its nationals may have an interest. Say that although this Government does not have full details in regard to all of the merchandise involved it does have a definite interest in most of such merchandise because of its American origin and of American governmental credits extended thereon. Say further that this Government has an interest in the unimpeded delivery of that cargo to such destination as may be desired by its lawful owners. Ask that the cargo in question be released to the companies which hold title to it.<sup>17</sup>

2. The American Embassy at Vichy is being instructed to protest to the French Foreign Office against the action of the French authorities in the matter.<sup>18</sup>

Sent to Tokyo via Shanghai. Repeated to Chungking, Peiping and Hong Kong. Hong Kong please repeat to Hanoi.

HULL

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893.24/1059 : Telegram

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

WASHINGTON, May 28, 1941—7 p. m.

440. The American consular representative at Hanoi reports that on May 25, 1941 French Indochinese authorities at Hanoi, under pressure from the Japanese military, ordered the American representatives of the United States Far Eastern Trading Corporation and the North American Syndicate to hand over to the French authorities for delivery by the French authorities to the Japanese military keys to the warehouses of the two companies in order that the Japanese might seize and remove from the warehouses merchandise in most of which there is a definite American interest, both official and private. Please make representations to the French Foreign Office in such manner as you may deem appropriate protesting the forced delivery of the keys in question and saying that this Government reserves in its own be-

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<sup>17</sup> For written representations made by Ambassador Grew to the Japanese Foreign Office on June 3 and 21, for the Japanese reply of June 24, and for the Ambassador's oral statement of July 8, 1941, see *Foreign Relations, Japan, 1931-1941*, vol. II, pp. 312, 313, and 315.

<sup>18</sup> See *infra*.

half and in behalf of such of its nationals as may be interested all rights in the matter.<sup>18a</sup>

HULL

811.20 (D) Regulations/2469 : Telegram

*The Secretary of State to the Minister in Thailand (Grant)*

WASHINGTON, May 31, 1941—7 p. m.

62. Your 282, May 24, 9 p. m., final paragraph. The British Embassy informs the Department from time to time of developments in the discussions now going on between the British and the Thai authorities concerning arrangements whereby there may be British cooperation with Thai efforts to obtain normal supplies of petroleum products. The American Government is not participating in these discussions. For your confidential information, the Department understands that the Shell and the Standard Vacuum Oil Companies are for their part prepared to begin discussions with the Thai Government, having in view an arrangement under which the companies, if their former distribution privileges were restored, would supply the normal requirements of Thailand from the Netherlands East Indies through their own distributing agencies. The American Government has raised no objection to negotiations for such an arrangement, but is as yet uninformed as to the definite attitude of the British and Netherlands Governments.

With regard to restrictions which affect the export to Thailand of other products, there have been no new developments. Upon the receipt of applications for export licenses the Department continues to give sympathetic consideration to the satisfying of normal Thai needs. (See Department's 53, May 3, 8 p. m.<sup>19</sup>)

HULL

892.00/226

*The British Embassy to the Department of State*<sup>20</sup>

#### THAILAND GENERAL SITUATION

The British authorities learned early last month from a good source that the Japanese were said to be plotting a *coup d' état* in Bang-

<sup>18a</sup> The Ambassador in France transmitted to the Department in despatch No. 212, May 31 (not printed), a copy of the note delivered on May 29 to the French Foreign Office in accordance with this instruction (893.24/1095).

<sup>19</sup> Not printed.

<sup>20</sup> Handed by the British Ministers (Butler and Hall) to the Secretary of State on June 3.

kok with the object of replacing the present Thai Cabinet by an entirely pro-Japanese one. When these reports were brought to the notice of the Thai Deputy Minister for Foreign Affairs by the British Minister, the former urged insistently that the policy of His Majesty's Government towards Thailand should be one of immediate help and sympathy. He represented that this was not a moment for the British Government to stand too punctiliously upon their rights, and that they should render assistance at once, and if necessary without thought of immediate consideration for value received. The Deputy Minister for Foreign Affairs claimed that only in this way could the situation in Thailand be relieved.

His Majesty's Government's recent experiences in Thailand are such as to suggest that little reliance can be placed upon the Thai Government. In spite of frequent warnings from Sir J. Crosby the Thai Government appear to be in process of alienating their independence and freedom of action to Japan and since Japan has made no concealment of her hostility to His Majesty's Government, the British Government can only regard any assurances received from the Thai Government with distrust. The Thai Government have persistently evaded suggestions that they should give an undertaking that they would not enter into any agreement directed against Great Britain. Furthermore, they have informed His Majesty's Minister that they are disposed to favour a proposal by the Japanese Government that the whole of the Thai rubber output be reserved for Japan in return for which Japan would supply Thailand with all the oil she needs. Nevertheless, the British authorities consider that many of these factors may be due more to Thai fear of Japan than to Thai hostility towards Great Britain. They intend therefore to do what they can to diminish, by propaganda and in other ways, the impression that in the last resort Japan need take no account of the views of other Powers in the Far East. But the British Government feel that it is also important, if Thailand is prepared to give concrete evidence of good will, that the British authorities themselves should be ready to give her some assistance which would lessen her dependence on Japan. With their limited military resources, His Majesty's Government cannot at present promise direct military support which might confirm the Thais in their professed intention to resist any military encroachment by Japan. They feel that also to refuse any economic assistance would only accelerate the process by which Japan is bringing Thailand under her control. It may not be possible to stop this process altogether at this stage, but it may be possible to delay it. Furthermore, even if the strategic aspect of the menace of Japanese domination of Thailand

were to be disregarded, there remains the danger that the entire Thai production of rubber and tin might go to Japan and thence, in part at least, to Germany. His Majesty's Government regard the prevention of this as an issue of vital importance, and are resolved to do everything possible to cope with it.

While His Majesty's Government do not believe that economic palliatives will be decisive and are inclined to the view that the claim by the Deputy Minister for Foreign Affairs, referred to in paragraph one above, was made in the hope of playing on the British Government's anxieties regarding Japanese domination of Thailand in order to get what they wanted from Great Britain without any commitment on the Thai side, they have nevertheless decided to inform Sir J. Crosby that they stand by their earlier offer to help Thailand in connection with finance and oil supplies; but that such assistance can only be given provided that His Majesty's Government can obtain adequate assurances in return and that they are not prepared to grant concessions of a more permanent nature without concrete evidence that Thailand's resources, in particular rubber and tin, will not be pledged to Japan.

The very great importance of denying these resources to the Axis and also some of the points that will arise if it is found possible to give assistance to Thailand on the terms suggested are dealt with in a separate memorandum of today's date.<sup>21</sup> The observations of the United States Government on this memorandum and on the other papers regarding Thailand recently communicated to the State Department will be greatly appreciated.

WASHINGTON, June 2, 1941.

892.00/226

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*Memorandum of Conversation, by the Secretary of State*

[WASHINGTON,] June 3, 1941.

Minister Butler and Minister Hall of the British Embassy called at their request. They took up the Thai situation and Mr. Butler handed me the attached memorandum<sup>22</sup> and asked for cooperation on our part. I thanked them and said that, of course, this Government was very desirous of lending all practicable and feasible cooperation that would be calculated to prevent domination of the Government of Thailand by Japan, politically, economically or militarily; that I was not sure but that Japan already had full charge of Thailand in each

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<sup>21</sup> *Post*, p. 170.

<sup>22</sup> *Supra*.



of the respects mentioned; that it was never too late, however, to explore the situation and closely observe all developments in the hope that an opportunity may arise to encourage the Thai Government to assert its sovereignty in every way and that this might call for certain economic cooperation, et cetera, et cetera.

I inquired whether the British Minister to Thailand still adhered to his original views that Thailand might be reclaimed from Japanese domination, and he answered in the affirmative. He then indicated that the United States Minister to Thailand had not cooperated in a satisfactory manner with the British Minister due to a divergence of views between them. I replied that, of course, the United States Minister is as strongly against Japanese domination as the British Minister, but that he felt that Japan has a strong hold in every way on Thailand, and that to attempt to placate Thailand by approaching her as though such domination by Japan did not exist was not calculated to get results, at least for the time being.

I said that I would be glad to give careful attention to the memorandum handed to me by the British Embassy.

C[ORDELL] H[ULL]

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740.0011 Pacific War/223

*Memorandum of Conversation, by the Secretary of State*

[WASHINGTON,] June 3, 1941.

Minister Butler and Minister Hall of the British Embassy called at their request. Mr. Butler handed to me the attached memorandum<sup>23</sup> relative to a broadcast recently made by the Netherlands Minister for Foreign Affairs to the peoples of the Netherlands East Indies on May sixth, in which he referred to joint defense in that area against any Japanese attack, et cetera. He inquired what my impression was in this respect. I replied that some months ago when Japan was threatening to establish special economic domination over the Netherlands East Indies, I took definite issue with such a course and said that that policy raised the question of peace in the entire Pacific area. I then added that I never made it a practice to make a threat without being ready to back it up, and that, therefore, I would not offer a statement too challenging or too threatening, but one of such moderation, firmness and definiteness as would with thorough adequacy meet the situation.

C[ORDELL] H[ULL]

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<sup>23</sup> *Infra.*

740.0011 P. W./223

*The British Embassy to the Department of State*

The United States authorities will no doubt have seen the text of the broadcast address made by the Netherlands Minister for Foreign Affairs to the people of the Netherlands East Indies on May 6th. In the course of this address, a copy of the relevant portion of which is attached,<sup>24</sup> the Netherlands Foreign Minister declared that in the view of his Government an attack on any point on the line running from Singapore through the Netherlands East Indies to Australia must be considered and treated as an attack on the whole line and as one equally affecting all those concerned.

The Netherlands authorities have been endeavouring for some time past to secure from the British Government some declaration from them of their readiness to defend the Dutch East Indies. Although the United Kingdom Government have so far made no definite reply to the representations from the Netherlands Government they feel that the situation has been altered by Monsieur van Kleffens' statement and that it is important for them to make a public statement to match that made by the Netherlands Minister for Foreign Affairs. Subject therefore to the concurrence of the Dominions Governments, which are being urgently consulted, and provided the United States Government see no serious objection, the British Government therefore proposes to make a public statement at an early date corresponding as closely as possible to that of Monsieur van Kleffens. This statement would welcome the determination of the Netherlands East Indies to resist attack and would emphasize the fact that the British authorities, like the Dutch authorities, have no aggressive intentions but that they have an interest in any moves likely to prejudice the security of the line, running from Malaya through the Netherlands East Indies to New Zealand and that they agree that any attack on any part of that line equally concerns all the affected parties and must be dealt with as an attack on the whole line.

The British authorities feel that such a declaration, as well as clarifying the position, would serve to encourage the people of the Netherlands East Indies and the people of other countries threatened by Japan. It would also have the advantage of making it clear that the British attitude is purely defensive and as such seems preferable to any assurances which might be given privately to the Netherlands Government and which, if they subsequently become known to the Japanese Government, might be liable to distortion and misrepresentation.

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<sup>24</sup> Not printed.

893.24/1071 : Telegram

*The Consul at Hanoi (Reed) to the Secretary of State*

HANOI, June 3, 1941—7 p. m.

[Received June 4—6 a. m.]

77. The Chief of the Military Cabinet has just informed me that he had a preliminary conversation with General Sumita this morning in regard to the transit cargo at Haiphong. In general, the following represents the Japanese program as outlined in this preliminary conversation; the Japanese consider all transit cargo ordered by or paid for by the Government of Chiang Kai-shek, regardless of the name in which it stands at Haiphong, to be destined for the Government of Chiang Kai-shek; the Japanese intend to take all such transit cargo; and all other transit cargo will be sold locally for the benefit of the owners or will be permitted to be reexported upon submission of evidence acceptable to the Japanese that the transit cargo in question is privately owned. The Chief of the Military Cabinet was unable to say what the Japanese would accept as sufficient evidence of private ownership. He stated that from his conversation with General Sumita, he gathered that the Japanese estimated the transit cargo at Haiphong that they considered to be for the Government of Chiang Kai-shek to amount to about 20,000 tons, or from one-fourth to one-third of the total transit cargo at Haiphong. He added further that he did not believe the Japanese would make any move against the transit petroleum stocks that are actually stored on the premises of the Standard-Vacuum Oil Company and the Texas Oil Company.

General Sumita is seeing the Governor General this afternoon—the latter is departing tomorrow morning for a visit in the south of about a month. The negotiations concerning the transit cargo will be handled by the Chief of the Military Cabinet in the absence of the Governor General.

Sent to Cavite for repetition to the Department, Chungking, Peiping, Hong Kong, Shanghai. Shanghai please repeat to Tokyo.

REED

894.24/1545

*The British Embassy to the Department of State*<sup>25</sup>

TELEGRAM FROM LONDON DATED JUNE 3RD 1941

*Japan.* His Majesty's Ambassador at Tokyo has been instructed to make it clear to the Japanese Minister for Foreign Affairs that we are not prepared to exert influence on the Netherlands Government to increase the supply of rubber from Netherlands East Indies to Japan particularly as we are not satisfied that Japan is not facilitating the acquisition by Germany of the rubber from Indo-China and elsewhere.

<sup>25</sup> Transmitted to the Department on June 9.

892.6363/138

*The British Minister (Hall) to the Assistant Secretary of State  
(Acheson)*

WASHINGTON, June 4, 1941.

DEAR MR. ACHESON: I am sending you the Memorandum on Financial and Economic Assistance to Thailand concerning which I spoke to you yesterday and which Mr. Butler and I referred to when we saw Mr. Hull yesterday and left with him an *Aide-Mémoire* on political relations with Thailand.

The Memorandum enclosed deals more particularly with the vital importance of denying supplies of rubber and tin to Japan and, through Japan, to Germany, and I am also attaching a note<sup>26</sup> which gives in more detail the present position with regard to supplies of these commodities in the Far East.

The Annex<sup>26</sup> to the Memorandum sets out the specific proposals which have been sent to Sir J. Crosby for transmission to the Thai Government. These proposals embody an offer to provide Thailand with stated monthly supplies of oil in return for delivery of stated proportions of the total rubber and tin production of the country.

You will note that Sir J. Crosby is instructed to put forward these proposals without prejudice to the negotiations between the Oil Companies and the Thai Government regarding their longstanding dispute over the marketing of oil in Thailand. (A further note<sup>26</sup> is attached giving a brief history of this dispute.) At the same time, as is emphasised in the Memorandum, His Majesty's Government consider that it is necessary to keep this dispute in its true perspective and that the vital importance of denying rubber and tin to Japan must be the more important objective to be won by the use of the bargaining counter of oil supplies. The United States Oil Companies will, no doubt, be guided in their attitude towards this by the advice which they receive from the State Department. His Majesty's Government hope that the United States Government will appreciate the reasons which have led them to regard this as an issue which is likely to be settled satisfactorily only after working arrangements have been made to promote the economic independence of Thailand. If we are in agreement on this point it would be of great assistance to His Majesty's Government if the State Department could advise the Oil Companies as to the line which they may have to adopt in order to co-operate in securing the desired results.

This question of rubber and oil in Thailand is closely paralleled with the similar problem in Indo-China and I should welcome a further talk with you on the position there. In both cases, this particular commodity aspect, though of vital importance in itself, forms only

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<sup>26</sup> Not printed.

one side of the whole question of countering the spread of Japanese influence in the Far East and of stabilizing the situation there. This, I am sure you will agree, can only be satisfactorily achieved by a close cooperation between the United States and the British Empire.<sup>27</sup>

Yours sincerely,

NOEL HALL

[Enclosure—Memorandum]

THAILAND: FINANCIAL AND ECONOMIC ASSISTANCE<sup>28</sup>

The principal developments in this question since Lord Halifax's letter to Mr. Hull of May 6th have been as follows.

2. Sir J. Crosby saw the Thai Prime Minister on May 8th to carry out the instructions mentioned in Lord Halifax's letter of May 6th. The Prime Minister's reaction was friendly but non-committal. He expressed gratitude for the statement that on suitable terms His Majesty's Government would be willing to help Thailand as regards regular supplies of oil and a loan. As regards the proposal to make immediate delivery of aviation spirit, the Prime Minister said that he had sufficient stocks of this at present but that Thailand needed diesel oil and motor spirit very urgently.

3. His Majesty's Government, on receiving the report of this interview, decided to make two immediate and unconditional shipments of oil products of the type requested by the Prime Minister. Arrangements are being made for one shipment of a mixed cargo of a gas oil and diesel oil to take place shortly, to be followed by a further cargo of motor spirit and kerosene. The size of each cargo will depend on the vessels available but will probably amount to between six and seven thousand tons each.

4. These shipments are being made to meet Thailand's urgent needs, and no *quid pro quo* is being demanded. As regards the future, Sir J. Crosby has been instructed to initiate detailed negotiations with the Thai Government for financial assistance and for a regular supply of oil in return for the delivery, in whole or in part, of Thailand's production of rubber and tin to Great Britain or to approved destinations, which would of course include the United States.

5. His Majesty's Government regard the limitation of supplies of rubber and tin to Japan, and through Japan to her Axis partners, as a matter of vital importance. Rubber is one of Germany's chief deficiencies; it is believed that to meet her requirements in 1941 she will

<sup>27</sup> Under covering memorandum of June 5, Mr. Acheson forwarded this letter with its accompanying documents to the Chief of the Division of Far Eastern Affairs (Hamilton), the Adviser on Political Relations (Hornbeck), and the Adviser on International Economic Affairs (Feis), asking them to study the papers preparatory to a conference with himself "to discuss what should be done". Mr. Acheson observed: "The matter seems pressing." (892.6363/139).

<sup>28</sup> Filed separately under 892.6363/137.

need to consume the whole of her existing stocks of some 21,000 tons and to import about 40,000 tons. Practically the whole of these imports must reach her via Japan, and there is ample evidence of the intention of the Japanese Government to supply her, as far as they can do so without endangering their own domestic position. It is calculated that Japan's current requirements of rubber are about 50,000 tons, and therefore any rubber that she may obtain in excess of this figure is likely to be transmitted to Germany. She is likely to obtain at least 40,000 tons from Indo-China alone, and it is therefore evident that the destination of Thailand's production amounting to some 45,000 tons is of vital importance. If it goes to Japan it is likely to meet practically the entire German deficiency. The British Government venture to hope that the United States Government will for their part take into urgent consideration all means of increasing their pressure on the Thai Government to sell as much as possible of their rubber to the United States. They believe indeed that an early approach by the United States Government on these lines would greatly assist the British in their negotiations.

6. Similarly, tin holds a high place amongst Axis deficiencies, and there is evidence of a consistent policy of blockade running via Vladivostok and Dairen in the interest of Germany. Japan's own requirements are estimated about 10,000 tons of metal per annum of which she needs to import about 8,000 tons. Of this she is likely to obtain this year some 5,000 tons from sources other than Thailand, so that her ability to purchase a sufficient amount to enable her to send further quantities to Germany in addition to maintaining her own supplies will turn largely on her success in buying from Thailand.

7. In view of the above considerations it becomes of essential importance that supplies of rubber and tin from Thailand to Japan should be reduced to a minimum. To secure such limitation His Majesty's Government consider that they must make all possible use of the only bargaining weapons available to them, viz., financial assistance, and supplies of oil, and to a lesser extent of jute. It is against this background that they feel that the dispute which has arisen between the Oil Companies and Thailand in regard to the method of supplying oil must be judged. The Oil Companies have expressed the hope that advantage would be taken of this occasion to induce the Thai Government to agree to a settlement of their long standing dispute with the Companies about the internal distribution of oil in Thailand. The Thai Government when this was put to them, refused to agree and His Majesty's Government, though sensible of the desirability of settling this dispute in favour of the Companies, consider that the over-riding importance of dealing with the rubber and tin situation necessitates the full use of the oil weapon to achieve this objective, rather than that its force should be weakened by at-

tempting to secure other objectives, however desirable in themselves. His Majesty's Government trust that the United States Government will support them in this view, should the Companies continue to try and make the settlement of their dispute with the Thai Government a condition for resuming supplies of oil.

8. The precise instructions in regard to the negotiations over oil, rubber and tin which have been sent to Sir J. Crosby are set out, very confidentially, in the Annexe to this Memorandum.<sup>30</sup> These instructions involve proposals under which supplies of oil will be made available to Thailand, but only insofar as she makes and continues to make deliveries of rubber and tin to Great Britain or to approved destinations. If some agreement can be reached under which a definite relationship can be established on a short term basis between stipulated quantities of these commodities, this would form a test of the Thai Government's desire and ability to resist Japanese pressure, and no commitment would have been entered into which would involve support of the Thais if failure to deliver the stipulated quantities of tin and rubber showed that they had passed under Japanese influence. There is reason to hope that if the United States Government would associate itself with a proposal along these lines and would press the Thai Government to sell as much as possible of the Thai output of tin as well as rubber to the United States, a satisfactory agreement might still be reached.

9. To put the matter quite briefly, His Majesty's Government foresee the imminent possibility of Thailand agreeing to supply Japan with two essential war commodities in which Germany is very short, in such quantities as would enable Japan to supply in addition to her own needs a large part of those of Germany. This is of course an immensely serious danger. To avert it the British Government have little except finance, the procedure of friendly negotiation and the promise to Thailand of an assured supply of oil. These offer a prospect of at least gaining time. Purchase by the United States Government would, if effected, constitute a complete denial of these Thailand commodities to the Axis. To this end the United States Government have some additional bargaining counters; for instance His Majesty's Government are informed that the Thai Government contemplate sending a mission to the United States in order to buy aircraft and oil. The issues being so vital, the United States Government will readily comprehend that the British Government are keenly desirous of obtaining their cooperation in preventing or at least hindering the Thais supplying indirectly two of Germany's most important and hopeful deficiencies.

WASHINGTON, June 2, 1941.

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<sup>30</sup> Not printed.

893.24/1075 : Telegram

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

Tokyo, June 6, 1941—noon.

[Received June 7—3:30 a. m.]

773. Embassy's 770, June 5, 8 p. m.<sup>31</sup> American cargo at Haiphong.

My French colleague made strong representations to the Japanese Government in a first person note dated May 31, 1941 protesting that the agreement of August 30, 1940<sup>32</sup> and the assurances recently given him by the Japanese Minister for Foreign Affairs do not give the Japanese military the right of confiscation and seizure in Indochinese territory, the sovereign rights of France to such territory being a monopoly. The note points out the responsibility of the French Government, as the sovereign power, toward the foreign owners of the goods at Haiphong and states that the French Government cannot accept the Japanese proposal that these goods be transferred out of Indochinese territory. The note, however, proposes that an arrangement be made between the two governments for the establishment of one or more depots in Indochina where these goods could be stored under joint Franco-Japanese control "offering every guaranty of security".

Translation of note will go forward by mail on June 14.<sup>33</sup>

Sent to the Department via Shanghai.

GREW

894.24/1428 : Telegram

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

Tokyo, June 9, 1941—4 p. m.

[Received June 10—10:10 p. m.]

793. The British Ambassador has received a telegram from the British Minister at Bangkok, dated June 4, summarized as follows:

Japan has been allotted 30,000 tons of rubber by the Thai Government, which is willing to allot the remaining 18,000 tons to Malaya providing the export of tin remains uncontrolled.

The Minister accordingly suggests that Malaya cease supplying rubber to Japan and that shipments from the Netherlands Indies be reduced to the absolute minimum. He understands that the Netherlands Government has decided on the quantity to be given Japan<sup>34</sup>

<sup>31</sup> Not printed; see Ambassador Grew's note of June 3, 1941, *Foreign Relations, Japan, 1931-1941*, vol. II, p. 312.

<sup>32</sup> For summary of agreement, see telegram No. 496, September 5, 1940, 6 p. m., from the Chargé in France, *Foreign Relations, 1940*, vol. IV, p. 100.

<sup>33</sup> Not printed.

<sup>34</sup> On June 5, the Netherland Minister informed the Adviser on Political Relations (Hornbeck) that the amount of rubber offered to Japan for the rest of 1941 would be 5,000 tons (756D. 94/177).



and is about to inform the Japanese Government, but that there is still time to seek a reduction in the figure on the basis of the Thai attitude. He suggests that London consult the Netherlands Government and that the British Consul General at Batavia urgently inform Van Mook.

Sent to the Department via Shanghai.

GREW

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756D.94/159 : Telegram

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

TOKYO, June 9, 1941—4 p. m.

[Received June 10—7:41 a. m.]

794. Embassy's 727, May 24, 1 p. m.; and 728, May 24, 2 p. m.<sup>85</sup> A member of the Netherlands Legation stated that the reply of the Netherlands East Indies to the latest Japanese proposals had been received in Tokyo by the Foreign Office on Saturday, June 7 and had been the subject of a series of conferences between Matsuoka, the Ministers of Commerce, War and Navy, and that the Japanese answer was expected to be delivered June 10.

The substance of the Dutch reply had been conveyed by Batavia to the Dutch Legation here and in general constituted a polite but firm refusal of the Japanese request for special privileges in regard to immigration, business opportunities and the exploitation of mineral resources, et cetera, on the ground that the Japanese were afforded assurance of facilities equal to those given any foreign interests in the Netherlands East Indies in matters of trade and business opportunities. The Dutch reply intimated without so saying that the Netherlands East Indies could not be regarded as falling within any co-prosperity sphere under Japanese leadership. In respect of trade, the Dutch reply made it clear that in view of the fact that Germany was at war with the Netherlands and in view of Japan's special treaty relation with Germany the Netherlands Government would require not only assurances but the opportunity to verify that no raw materials made available to Japan from the Netherlands Indies would be reexported to Germany. The information stated that while the reply constituted a rejection with a few minor exceptions of Japanese demands it contained no suggestion for breaking off negotiations and indicated willingness to continue to discuss specific points.

The informant stated that the Dutch Legation had no advance information as to the nature of the Japanese reply expected tomorrow.

GREW

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<sup>85</sup> With regard to the latter, see footnote 11, p. 157.

756D.94/161 : Telegram

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

TOKYO, June 10, 1941—10 p. m. [*a. m.*]  
 [Received June 10—1 p. m.]

797. Last week the Minister for Foreign Affairs called in the British Ambassador and speaking very frankly said that the Batavia negotiations were making no progress and that in the opinion of the Japanese this was due to British intrigue. The Minister urged the Ambassador to intervene with the British Government to the end that it counsel the Netherlands Government to adopt a more reasonable attitude in the negotiations. Denying that the British Government was in any way influencing the course of the Batavia negotiations, the British Ambassador nevertheless consented to cable London for instructions based upon the Minister's request. Such instructions were received and stated in effect that the Minister's request should be addressed to the Netherlands Government.

A deal [*despatch?*]<sup>36</sup> will provide the background for the references made in the first paragraph of the telegram immediately following.<sup>37</sup> Sent to the Department, code text by airmail to Shanghai.

GREW

893.24/1082 : Telegram

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

VICHY, June 10, 1941—7 p. m.  
 [Received June 11—8:30 a. m.]

666. Department's telegram 440, May 28, 7 p. m., concerning Japanese seizures of American goods in Indochina.

Chauvel said this afternoon that he had telegraphed to Hanoi to ascertain the facts before replying to the Embassy's note. He said: "Frankly we were not in a position as a practical question to prevent the Japanese from taking these goods; however, if their seizure was carried out with the connivance or under the pressure of any French authorities in Indochina it was contrary to explicit instructions. We certainly did not wish to be a party to any such attempt against which we ourselves have vigorously protested both before and after the seizure."

Chauvel added that he has had practically no news of interest on the Far East for some days, particularly no indication as to Japan's

<sup>36</sup> Despatch No. 5653, June 11, not printed.

<sup>37</sup> Telegram No. 798, June 10, 11 a. m. (756D.94/162); the first paragraph had reference to the unfavorable attitude of the Netherlands East Indies Government with respect to the Japanese proposal for British mediation; see footnote 11, p. 157.

future policies. He confirmed reports that the Russians are apparently keeping the Chinese well supplied with arms and munitions.

LEAHY

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740.0011 P. W./228 : Telegram

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

TOKYO, June 15, 1941—noon.

[Received June 16—8:35 a. m.]

825. Following is paraphrase of telegram sent by my British colleague to his Government on June 11.

[Here follows paraphrase of telegram in which the British Ambassador in Japan requested the British Government for authorization to make an oral statement to the Japanese Government intimating that a Japanese attack on the Netherlands East Indies must necessarily involve the United Kingdom as the ally of the Netherlands.]

6. In this general connection, I suggest that the Department review this Embassy's 802, June 10, 8 p. m.<sup>38</sup> I observed therein that I could not with any assurance appraise the dangers at this time of the Japanese moving against the Netherlands East Indies; and I do not now feel that I can definitely recommend that I be instructed to take action paralleling the action envisaged by my British colleague. However, in case Sir Robert Craigie should be authorized to act in accordance with his own proposal, I believe that an oral statement by me to the Minister for Foreign Affairs, either as under instructions or as on my own initiative, substantially along the lines of paragraph numbered 2 of Embassy's 230, February 14, 8 p. m.<sup>39</sup> and including the Netherlands East Indies within scope of such statement, having in mind the potential threat to Britain's life lines which would be involved in an attack on those islands, might prove helpful to the Cabinet in its reported efforts to avoid the use of force in connection with Japan's relations with the Netherlands East Indies.

GREW

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894.607 South Seas/1 : Telegram

*The Secretary of State to the Consul at Manila (Hickok)*

WASHINGTON, June 16, 1941—8 p. m.

238. For the High Commissioner.<sup>40</sup> Reference Tokyo's 803, June 11, 11 a. m.,<sup>41</sup> which is being repeated to you.

<sup>38</sup> Vol. iv, p. 264.

<sup>39</sup> *Ibid.*, p. 37.

<sup>40</sup> Francis B. Sayre.

<sup>41</sup> Not printed.

Unless you perceive objection the Department desires that you acquaint the Commonwealth Government with the contents of Tokyo's telegram under reference in such manner as you may deem appropriate and state that this Government feels that participation by the Commonwealth Government or any of its agencies in the proposed exhibition would not be desirable. You may wish in your discretion to point out that the announced objective of the sponsors of the exhibition is the promotion of Japan's so-called co-prosperity sphere program, a scheme which appears to envisage the placing of areas in the southern Pacific, including the Philippine Commonwealth, under Japanese economic and political hegemony; that participation by the Commonwealth in exhibitions of this kind would only serve to further such a scheme and would not therefore be in the best interests of the Commonwealth. Please inform the Department of action taken.

HULL

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740.0011 P. W./228 : Telegram

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

WASHINGTON, June 17, 1941—5 p. m.

335. Your 825, June 15, noon.

1. The Department notes that your British colleague's telegram to his Government was sent on June 11 and that on the date of your telegram under reference your British colleague had apparently not yet received instructions from his Government.

2. The Department assumes that as opportune and appropriate occasion arises you are continuing to keep before responsible Japanese the thoughts set forth in your 230, February 14, 8 p. m.,<sup>42</sup> paragraph 2; the Department's 280, May 17, 6 p. m.;<sup>43</sup> and the Department's mail instruction no. 2145, March 15.<sup>44</sup>

3. The Department believes that the suggestion which you offer in paragraph 6 of your telegram under reference is in conformity with the effort which you and we have been making to keep before Japanese leaders an accurate understanding of the attitude and policy of the United States. You are therefore authorized to proceed as on your own initiative along the lines which you suggest, exercising your discretion as to whether you should make a specific and separate approach on the matter or whether you should bring up the matter as opportunity offers.

HULL

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<sup>42</sup> Vol. iv, p. 37.

<sup>43</sup> *Ibid.*, p. 201.

<sup>44</sup> *Ibid.*, p. 79.

892.6363/138

*The Assistant Secretary of State (Acheson) to the British Minister  
(Hall)*

WASHINGTON, June 17, 1941.

MY DEAR MR. HALL: I refer to your letter of June 4 and to earlier correspondence and conversations with regard to the Embassy's proposal to extend economic assistance to Thailand.

We believe, with you, that a serious situation exists in Thailand and that it is desirable that efforts be made to the end that Thailand's political independence and normal economic relations may be maintained. The defense needs of the American Government are such that, irrespective of other considerations, we should be glad to purchase all of Thailand's rubber and tin, or as much as might be obtainable. The American Government is, therefore, prepared to take the following steps:

(1) This Government will purchase all the Thai rubber and tin that can be made available; to this end, it would welcome the concluding of a contract setting forth the approximate amounts of tin and rubber it might expect to receive. Assurance of obtaining these commodities would be deemed by this Government a major consideration in determining the extent of its economic assistance to Thailand.

(2) The appropriate officers of the Government will give consideration to the establishing of commercial credits of not to exceed \$3,000,000, to facilitate the purchase by Thailand of American products. The proceeds of Thailand's sales of tin and rubber to the United States might be applied toward repayment of indebtedness incurred through utilization of these credits. It must be borne in mind, of course, that the defense needs of the United States, laws in force, and other circumstances may prevent the exportation of some categories of commodities desired by Thailand.

(3) The appropriate officers of the Government will also investigate the feasibility of Thailand obtaining in the United States a loan of not to exceed \$3,000,000 on suitable terms.

(4) This Government will recommend to the concerned American oil interests participation in a plan for supplying limited quantities of petroleum products to Thailand.

(5) This Government will cause the Thai Government to be informed of the hope of the United States that Thailand's normal political and economic relations may be maintained.

You will understand of course that this letter constitutes an acceptance in principle of a plan to extend economic assistance to Thailand, the detailed working out of which must require considerable preparation and possible modification.<sup>46</sup>

Sincerely yours,

DEAN ACHESON

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<sup>46</sup> Notation by Cecil W. Gray, Assistant to the Secretary of State: "Sec. Hull informed of this June 16-41. He said to let it go. C. W. G."

656D.9431/73 : Telegram

*The Consul General at Batavia (Foote) to the Secretary of State*

BATAVIA, June 17, 1941—10 p. m.  
[Received June 18—9:12 p. m.]

61. The Governor General of the Netherlands Indies tonight received the Netherlands and the Japanese delegations to receive the Japanese reply to the Netherlands memorandum of June 6, reported in my telegram No. 54, June 7, 6 p. m.<sup>47</sup> Mr. Yoshizawa made a last attempt to persuade the Netherlands delegation to reconsider the Netherlands attitude. This was definitely refused whereupon the Japanese delegation accepted the Netherlands viewpoint. The Japanese delegation then said that if the Netherlands Indies would permit Japan to import the commodities mentioned in my telegram No. 56,<sup>48</sup> Japan would import 100,000 tons of Java sugar. The following joint communiqué was then issued:

“Both the Netherlands and the Japanese delegations greatly regret that the economic negotiations, which have been conducted between them, have unfortunately come to no satisfactory result. It is needless, however, to add that the discontinuation of the present negotiations will lead to no change of the normal relations between the Netherlands Indies and Japan.”

Complete details are not available tonight but they will be telegraphed as soon as possible.<sup>49</sup>

Repeated to Tokyo.

Foote

656D.9431/72 : Telegram

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

Тоkyo, June 18, 1941—3 p. m.  
[Received June 18—9:28 a. m.]

835. The following announcement was issued at noon today by the Board of Information:

“The recent developments surrounding the Netherlands East Indies have rendered difficult a smooth progress of the negotiations between Japan and the Netherlands East Indies which have been conducted at Batavia since September of last year. As the result, the Japanese Government, deeming such contents as are embodied in the reply of

<sup>47</sup> Not printed.

<sup>48</sup> Dated June 9, 11 a. m., not printed.

<sup>49</sup> In telegram No. 68, June 25, 4 p. m., the Consul General at Batavia reported that, with the exception of arrangements made between the Japanese importers and the local oil interests, no agreement of any sort resulted from the Netherland-Japanese negotiations (756D.94/170).

June 6 from the Netherlands delegation unsatisfactory to be specially made into an international agreement at this time, have decided to discontinue the negotiations and ordered Mister Kenkichi Yoshizawa, our special envoy, to return to Japan."

The full text of a statement issued at the same time by the Director of the Third Division of the Board of Information is being forwarded to the Department via air mail to Shanghai.<sup>50</sup> The final portion of this statement reads as follows:

"The reply of the Netherlands of June 6 is not only very unsatisfactory but asserts, in connection with the question of acquisition of essential materials and goods to which Japan attaches importance, that their quantities may be decreased at any time to suit their own convenience. In view of the fact that regarding this question, the government of the Netherlands as well as the Netherlands East Indies authorities have, on many occasions in the past, made promises of declarations to Japan, the Japanese Government, deeming such contents as are embodied in the Netherlands reply to be hardly worth being specially incorporated in an international agreement, have decided to discontinue the negotiations and to withdraw their delegation, ordering Mister Kenkichi Yoshizawa, their special envoy, to return to Japan. However, it goes without saying that Japan will hold fast to her just and fair contentions, while the normal relations between Japan and the Netherlands East Indies will by no means be affected by the discontinuance of the negotiations."

GREW

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892.6363/142

*The British Minister (Hall) to the Assistant Secretary of State  
(Acheson)*

WASHINGTON, June 18, 1941.

MY DEAR MR. ACHESON: I was very pleased to receive your letter of June 17 informing me that your Government had decided in principle to extend economic assistance to Thailand. Though it is, of course, fully recognized that the actual proposals will require considerable working out in detail we feel that there is a reasonable chance that an offer along the lines you suggest may have great influence with the Thai Government and prevent them from falling entirely under Japanese domination.

The urgent need of such influence is shown by the further deterioration of the position in Thailand since I wrote to you on June 4th. You will remember that in the instructions sent to Sir J. Crosby, he was to attempt to obtain a promise of 75% of the rubber and tin production in return for stated supplies of oil. In the event however, he has found

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<sup>50</sup> Not printed.

it impossible to obtain the desired assurances since he has been informed that 30,000 tons of rubber (some 63% of production) have been promised to the Japanese, and that while satisfactory arrangements could be made as regards the tin, not more than 18,000 tons of rubber could be provided. Sir J. Crosby has advised in favour of an agreement—which, on our side would involve provision of the full monthly oil quotas as set out in my memorandum of June 4th<sup>51</sup>—even on these unsatisfactory terms, since he considers that it is essential to maintain as much influence as possible in Thailand and that if we have no agreement the Thai Government will turn entirely to Japan. In view of his strong recommendation to this effect, the British Government, while instructing him to make a further attempt to obtain at least 50% of the rubber production, have agreed to accept the above terms if he is convinced that they represent the best that can be obtained.

The situation may now, however, be changed in the light of the assistance which your Government is now prepared to afford, and the offer of substantial credits and facilities for the import of goods from this country may well affect the destination of the 30,000 tons of rubber which are said to have been earmarked for Japan. To what extent the Thai Government is already definitely committed to Japan for this quantity we do not know, but since your offer of financial assistance is to be to a great extent dependent on the assurances which the Thai Government can give you as to supplies of rubber and tin, there is reason to hope that they may still be able to find means to divert at least part of the 30,000 tons to this country.

I should welcome an early opportunity to discuss with you the next steps to be taken in this matter with the object of securing the maximum effect from a coordinated approach to the Thai Government.

Yours sincerely,

NOEL F. HALL

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740.0011 P. W./237 : Telegram

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

TOKYO, June 18, 1941—9 p. m.  
[Received June 19—5: 25 p. m.]

841. Department's 335, June 17, 5 p. m.

1. My British colleague has today informed me of Mr. Butler's recent talks with you<sup>52</sup> and Mr. Welles and of your purported views on the subject under reference.

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<sup>51</sup> Dated June 3, not printed; it was delivered at the Department with letter from the British Minister, June 5, p. 169.

<sup>52</sup> See memoranda by the Secretary of State, June 3, pp. 165 and 166.



2. In a conversation with the Vice Minister for Foreign Affairs on June 14 Sir Robert Craigie took occasion to say that Great Britain is directly concerned in seeing a peaceful outcome of Japan's negotiations with the Netherlands East Indies. Mr. Ohashi said that it was impossible for the Ambassador to realize the extent and volume of the pressure being brought to bear on the Government by societies and groups of extremists in Japan to take a strong position vis-à-vis the Netherlands East Indies. These extremist elements point out that the Japanese public has been consistently led to expect concrete results from the widely publicized southward advance and will not be satisfied by ineffective measures. The Vice Minister said that he had been receiving delegations from such societies all day long. Both he and Mr. Matsuoka sincerely desired to avoid the use of forceful measures, he said, and they had been exerting every effort to temper the Japanese but he expressed anxiety with regard to the situation and feared that the Cabinet might fall as a result of the Netherlands East Indies issue or that there might even be an assassination.

3. Since the foregoing conversation there are indications that the situation has at least momentarily taken a more favorable turn and that the discontinuance of the economic negotiations in Batavia will not now, as officially announced today, alter the normal relations between the Netherlands East Indies and Japan. I therefore feel, and my British colleague concurs, that a specific approach to the Minister for Foreign Affairs at the present moment is not desirable but that the subject under reference may well fall in line with future efforts as occasion offers to keep before Japanese leaders an accurate understanding of the attitude and policy of the United States respecting developments in the Pacific area.

GREW

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811D.0144/4 : Telegram

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

WASHINGTON, June 20, 1941—8 p. m.

344. 1. The Department has been informed by the Navy Department in substance as follows:

The Governor of Guam reported on May 27, 1941, an airplane sighted at 8:30 p. m. local time at an altitude of about 1000 feet over Guam which before proceeding in the direction of Saipan extinguished its lights. The Navy Department was informed by the Naval Attaché at Tokyo that this was acknowledged by the Japanese Admiralty to be a naval plane en route from Palau to Saipan which had mistaken Guam for Saipan. Regret was expressed by the Japanese Admiralty that the incident had taken place. Two separate cases of unidenti-

fied aircraft flying over the Island were reported by the Governor of Guam on June 14: there was observed over the Island on June 12 about 11 a. m. local time at an altitude of approximately 15,000 feet an unidentified twin motor plane and there circled over Guam for about an hour from 9 a. m. to 10 p. m. [*a. m.*] local time on June 14 one twin motor plane at an altitude of approximately 15,000 feet and that while these two planes were not identified they were doubtless Japanese. Also, it was reported by the Governor of Guam that a twin motor plane passed over Guam at high altitude heading south at 9:20 a. m. local time on June 19 and passed over the Island again at 9:40 a. m. heading north.

2. Please bring the foregoing to the attention of the Japanese Foreign Office as soon as practicable and request urgently and emphatically that appropriate steps be taken to prevent the recurrence of such incidents.<sup>53</sup>

HULL

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792.94/122 : Telegram

*The Minister in Thailand (Grant) to the Secretary of State*

BANGKOK, June 21, 1941—11 a. m.

[Received June 22—12:30 p. m.]

316. Following the ratification Thursday by the National Assembly of the Franco-Thai convention<sup>54</sup> I called on Prince Varn-vaitya, Chairman of the Thai Delegation at Tokyo. During an hour's conversation the Prince commented as follows on the Japanese-Thai relations and the international situation:

In many conversations with Matsuoka in Tokyo during the "mediation" conference, the Prince received the distinct impression that the Japanese Minister is sincere, not a "fire brand", and desirous of coming to an understanding with the United States where he was educated. He and his colleagues are more friendly towards the United States than towards Great Britain of whom they seem to be very suspicious. However, Japan will remain true to her obligations to the Axis and if the United States goes to war with Germany Japan will likely enter the war also. Matsuoka returned from Europe convinced that the Axis would win the war but is desirous of avoiding war in the Pacific which would involve Japan. It seemed to Prince

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<sup>53</sup> Ambassador Grew made such representations by a signed first-person note on the morning of June 22.

<sup>54</sup> Peace convention between France, for French Indochina, and Thailand, with protocol signed at Tokyo, May 9; *British and Foreign State Papers*, vol. CXLIV, p. 805.

Varnvaidya that the Japanese have made a partial retreat from their original program of attempting to dominate east [Asia?] portion.

They are less belligerent and speak in milder tones of their plans [plans]. Matsuoka informed Prince Varnvaidya that Japan only wanted to work out a co-prosperity program with Thailand and other countries of East Asia since it was felt that the competition of the Western nations had not been quite fair. However, Matsuoka said Japan had no desire to eliminate the white race from East Asia. Prince Varnvaidya said that he had agreed to go along with Matsuoka on a "mutual prosperity" program between Japan and Thailand, meaning that commercial and cultural advantages would be exchanged. The Prince said he favored Thailand working out this program with Japan as circumstances and problems arise and therefore he did not advocate long term binding commercial agreements. In this connection he intimated he would oppose the proposal of the British Minister that Thailand give to Great Britain a [pledge?] similar to that given to Japan at Tokyo to the effect that Thailand would not enter into any agreement with a third power which would be directed at Japan politically, economically or militarily. He added that he was forced to give this pledge since the French had agreed to give such a pledge in return for a guarantee by Japan of the terms of the Franco-Thai convention. In this connection the Prince said he could not understand the politics of Vichy. He said the Thai pledge to Japan was a "political gesture" and would not in his judgment impair Thai foreign relations with other countries. He denied categorically that Thailand had made any commitments to Japan [with?] the pledge. He said Japan had made no other demands. In response to a question regarding the probable future of Indochina, Prince Varnvaidya said, "Japan is there and France has recognized it and therefore Japan is getting a firm grip on the situation, of course". [The Prince was?] satisfied with the terms of the Franco-Thai convention and believed that this was the end of the dispute as far as Thailand is concerned.

Sent to Cavite for repetition to the Department, to Shanghai. Shanghai please repeat to Tokyo all sections.

GRANT

811.20 (D) Regulations/3696

*Memorandum of Conversation, by Mr. Alger Hiss, Assistant to the  
Adviser on Political Relations (Hornbeck)* <sup>55</sup>

[WASHINGTON,] June 23, 1941.

Participants: Mr. N. Hall, British Minister  
Mr. G. F. Thorold, First Secretary (British Embassy)  
Mr. Dean Acheson, Assistant Secretary of State  
Mr. Herbert Feis <sup>56</sup>  
Mr. Thomas K. Finletter <sup>56a</sup>  
Mr. Willys R. Peck  
Mr. Alger Hiss

Mr. Peck read a memorandum of proposed action by the Department in connection with the subject under reference (see attached copy of Mr. Peck's memorandum of June 23 <sup>57</sup>).

It was generally agreed that it would be wise for the action suggested in Mr. Peck's memorandum to be taken (in addition to rubber, which the original draft of the memorandum referred to, it was decided that it would be wise for this Government to express its interest in acquiring Thai tin also).

Mr. Hall said that he had just received by telephone the substance of a telegram from the British Minister at Bangkok. Mr. Hall said that he understood that no definite commitments had been entered into by Thailand but that the British Minister desired support in his representations as soon as possible. Mr. Hall inquired in this connection whether the British Embassy might not promptly notify the British Minister in Bangkok as soon as we had spoken to the Thai Minister. This was agreed to and it was understood that Mr. Hall would inform the British Minister that the Department had notified the Thai Minister in Washington that the United States was anxious to acquire all the Thai rubber and tin that might be available; that the Department would give sympathetic consideration to Thai requests for export licenses as soon as the Thai Minister supplied a list of the desired items; and that the United States would in general regard sympathetically the Thai program for internal reconstruction.

It was pointed out to Mr. Hall and Mr. Thorold that the Department had as yet not consulted with the Treasury or other fiscal authorities of this Government on the question of possible credits to Thailand and it was further pointed out that it was unlikely that the American fiscal agencies would be interested in supplying ordinary

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<sup>55</sup> Initialed by the Chief of the Division of Far Eastern Affairs (Hamilton).

<sup>56</sup> Chairman and adviser, Board of Economic Operations of the Department of State.

<sup>56a</sup> Member of the Board of Economic Operations of the Department of State.

<sup>57</sup> Not printed.

commercial credits to Thailand. It was also pointed out that in all likelihood the quantity of exports to Thailand which it would be possible to permit would be limited, in view of our defense program. It was felt, however, that even relatively small quantities of certain types of products that were not in themselves immediately essential to our defense efforts would be of considerable significance to Thailand.

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811.20 (D) Regulations/3440

*Memorandum of Conversation, by Mr. Willys R. Peck of the Division of Far Eastern Affairs*<sup>58</sup>

[WASHINGTON,] June 24, 1941.

The Thai Minister called at the Department on the invitation of Mr. Peck to discuss the matter of requests made by the Thai Legation of the Department that certain refusals of export permits be reconsidered.

An oral statement was made to the Thai Minister very closely along the line set down in the memorandum of June 23.<sup>59</sup> The statement as set forth in this memorandum was approved at the conference held in Mr. Acheson's [*Acheson's*] office on June 23 with one change; that is, it was decided that the Thai Minister should be informed that the American Government was interested in buying the Thai production of tin, as well as rubber.

Mr. Peck explained that most of the refusals of export permits asked for by the Thai Legation had been caused by the needs of the United States in the present emergency. He said that the United States also had need of rubber and tin and on reviewing the whole matter it had been decided that there was a possibility that if the Thai Government would cooperate to the extent of making large quantities of tin and rubber available to the United States, the rejected applications for export permits might be reconsidered. In other words, the two Governments, by making special efforts in some directions, might be able to be of material service to each other.

The Thai Minister expressed great pleasure at hearing this proposal. He inquired approximately how much rubber and tin the American Government desired to purchase. Mr. Peck said that the American Government would like to purchase Thailand's entire output of rubber and tin. The Minister said that Thailand had only two vessels available for the transportation of the commodities mentioned and he inquired whether the American Government, if the proposed

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<sup>58</sup> Initialed by the Chief of the Division (Hamilton).

<sup>59</sup> Not printed.

arrangement were carried out, would send ships to Thailand. Mr. Peck said that no investigation into the question of transportation had been made as yet, but he assumed that transportation could be provided.

The Minister observed that, in regard to tin, previous practice had been to send tin ore to the Straits Settlements for smelting; he presumed that the United States had been in the habit of purchasing tin from Thailand through Singapore. He said there were certain outstanding arrangements with the British concerning the export of tin.

Mr. Peck replied that, as the Minister would undoubtedly know from what he had read in the press, the United States was currently extending assistance to Great Britain on a large scale and he felt authorized to state that the American Government would be willing to take up with the British Government any such matter as the British position in Thailand's tin export. In fact, he said, the American Government would be glad to see exports from Thailand follow the same channels as hitherto.

Mr. Peck pointed out that in the message he had just conveyed there was merely a request that the Thai Government supply a tentative but comprehensive list of all those articles which the Thai Government regarded as most important for its use; no indication whatever had been given of the number or quantities of such articles it might ultimately be found possible to export. However, since the American Government is anxious to purchase rubber and tin from Thailand, it is obvious that the list will be scrutinized with the object of issuing export permits in as many cases as possible.

The Minister said that he fully realized that no undertaking had been given in this respect. Nevertheless, he felt that it was distinctly encouraging that the whole matter had been brought up in this concrete form and he was greatly pleased.

In delivering that portion of the pre-arranged message relating to the willingness of the American Government to assist the Thai Government, so far as practicable, in carrying out its program of internal development, Mr. Peck laid special stress on the fact that this assistance would be proportioned to Thailand's response to the American Government's desire for rubber and tin.

The Minister said that he had brought with him a number of communications from the Legation asking the Department's assistance in bringing about reconsideration of rejected applications for export permits. He said he did not know whether, in the light of the message communicated by Mr. Peck, it would be preferable for him to deliver these requests, or withhold them pending the outcome of investigations concerning the subject under discussion.

Mr. Peck said that obviously all such requests would have a better chance, in principle, if the American and Thai Governments had come to an understanding on the matter just discussed, but he could see no reason why the Minister should not leave the communications in the Department for study. The Minister concurred in this view and handed Mr. Peck seven third person notes dated June 23, 1941 concerning rejected applications for export licenses.<sup>60</sup>

Mr. Peck intimated that it would be desirable that the Minister supply as soon as possible the list of exports deemed by Thailand the most important. The Minister said that he was moving his Legation to Cape Cod on June 27, but that he would try to supply the list before then. Mr. Peck said that the present proposal had been made to the Thai Government through the Minister in Washington, rather than through the American Minister in Bangkok, because, on the American side, any negotiations that took place would require consultation with numerous departments of the American Government; on this account American action would be facilitated if negotiations were carried on in Washington rather than in Bangkok; the Thai Minister said he thought this would be agreeable to his Government.

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892.6363/145

*The First Secretary of the British Embassy (Thorold) to  
Mr. Willys R. Peck of the Division of Far Eastern Affairs*

WASHINGTON, June 24, 1941.

DEAR MR. PECK: AS I promised you in our telephone conversation this morning, I am giving you particulars of the position regarding rubber and tin in Thailand as communicated to us by our Minister in his cable of June 22nd.

Sir J. Crosby informs us that the Thai Prime Minister told him that 30,000 tons of rubber had been promised to Japan as long ago as May 20 but that he would be willing to assign 18,000 tons to Malaya. It is probable that these two amounts would approximately cover the likely rubber production in Thailand over a twelve-month period but the question of the allocation of any surplus is still under consideration. However, I do not think that we need take the Prime Minister's statement as necessarily meaning a firm commitment to the Japanese and I believe we should act on the assumption that the possibility of securing economic assistance from the United States Government may well have the effect of substantially reducing the quantity allocated to Japan.

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<sup>60</sup> Not found in Department files.

With regard to tin, Sir J. Crosby states that British and Australian mining companies in Thailand control over two-thirds of the total production and continue to send their ore to Malaya. We understand that under present circumstances at least, the Thai Government will not be interfering with the destination of the ore produced by these companies.

As regards the remainder of the ore produced (representing about 5,000 tons in terms of metallic tin) a fierce price war is being waged in the open market. The Thai Government, and Japanese, German and Italian buyers are offering up to 80% above Singapore prices. The Thai Government is apparently anxious to retain an open market for the tin produced by non-British Companies but here again I think we should assume that they might be prepared to allocate at least part of the quantity in question for sale to United States interests at reasonable prices, if they were persuaded that by such action they could secure your economic assistance.

Yours sincerely,

G. F. THOROLD

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893.24/1090 : Telegram

*The Consul at Hanoi (Reed) to the Secretary of State*

HANOI, June 25, 1941—2 p. m.

[Received June 25—10:37 a. m.]

85. The Chief of the Military Cabinet estimates that the Japanese military authorities have seized up to date approximately 40,000 tons of transit cargo at Haiphong. He states further that the Japanese military authorities have requested detailed lists of the transit cargoes stored at Hanoi but that the Indochina authorities have refused so far to supply the lists. He adds that it is not improbable that the Japanese military authorities will forcibly enter bonded warehouses at Hanoi and seize at least a part of transit cargoes stored therein.

The seizures are continuing and the Japanese operations are extending to all bonded warehouses at Haiphong. American, British, Chinese, and French owned transit cargo has been and is being seized in addition to transit cargoes of the United States Far Eastern Trading Corporation and the North American Syndicate. The Japanese military authorities still refuse to permit a check of their [transit cargo by representatives of American companies?] and it is impossible to say how much American owned transit cargo has been seized but it appears definite that a [certain] part of transit cargoes owned by the companies mentioned in my telegram 83, June 10, 4 p. m.,<sup>a</sup> has been taken.

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<sup>a</sup> Not printed.



The Chief of the Military Cabinet states that he has informed repeatedly General Sumita that transit cargo either American owned or in which there is an American interest has been and continues to be seized by the Japanese military authorities. The latter is understood to have replied that there is no convincing proof of such American ownership or interest but that if such proof is forthcoming there will be no further seizures or there will be reimbursement for seized American property. My informant believes that General Sumita is raising the question of sufficient proof merely to delay matters and to enable the Japanese to finish their seizures.

Sent to Cavite for repetition to the Department; Chungking, Peiping, Hong Kong; Shanghai please repeat to Tokyo.

REED

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811.20 (D) Regulations/2469 : Telegram

*The Acting Secretary of State to the Minister in Thailand (Grant)*

WASHINGTON, June 26, 1941—5 p. m.

68. Department's 62, May 31, 7 p. m.

1. The Department has held a number of conferences with the British Embassy on the subject of giving economic aid to Thailand and in a letter dated June 17 concurred in the Embassy's view that it would be advisable to take measures designed to keep Thailand's economic relations in normal channels and to assist that country to preserve political independence. The Department accepted in principle the proposal to extend economic aid to Thailand with these objects in view and announced the desire of the American Government to purchase Thai tin and rubber in the largest amounts obtainable. The letter stated that the Government would recommend to American oil companies that they cooperate with other interests in supplying limited quantities of petroleum to Thailand and that the American Government would acquaint the Thai Government with our hope that normal political and economic relations of Thailand would be maintained.

The Department informed the Embassy also that the appropriate Government departments would take into consideration the feasibility of the negotiation of a loan by Thailand in the United States not to exceed \$3,000,000 in amount and in addition the establishment of credits with the same limitation to assist Thailand to satisfy its needs for such American products as might be available for export.

2. In deciding to take certain steps coordinated with the British plan for economic assistance to Thailand the Department has not overlooked your warning of the possibility that Thailand may have ulterior motives in seeking assistance.

3. For your confidential information, the Department has made it clear to the British Embassy that assurance of obtaining Thai rubber and tin will be a major consideration in determining the scope of American economic assistance.

4. The Thai Minister was orally informed on June 24 that the American Government would be glad to purchase the entire Thai output of rubber and tin or as much thereof as possible, and for its part would welcome from the Thai Government a list of those American products regarded as most important for Thai use. The American Government would examine the list to discover how far it would be able to go in authorizing such exports. Further discussions will take place in Washington.

5. The Thai Minister was told that the British Embassy had informed the Department regarding the program of internal development in Thailand and that the American Government was disposed to assist in carrying out this program provided the Thai Government showed itself disposed to assist the American Government in the matter of rubber and tin. The conversation did not go beyond the general limit just discussed.

6. The Legation will take no initiative with the Thai authorities in this matter, but if approached by them should limit itself to the general statement that the American Government is favorably disposed toward measures likely to contribute, through trade with the United States and Great Britain, to the economic welfare of Thailand and to meeting the needs of the United States. You are authorized to discuss this matter now and at all stages with your British colleague, and you should keep in close touch with him regarding it.

WELLES

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893.24/1092 : Telegram

*The Consul at Hanoi (Reed) to the Secretary of State*

HANOI, June 27, 1941—8 a. m.

[Received June 27—7 a. m.]

87. Early this morning the Japanese military authorities took possession of all bonded warehouses at Hanoi and began to take away certain transit cargo stored therein. No check of the amount and the nature of the transit cargoes so seized can be made until the Japanese military authorities finish their operations but it is known that they have seized 28 trucks and 13 tractors belonging to the United States Far Eastern Trading Corporation—part of the Universal Trading Corporation.

Sent to Cavite for repetition to the Department, Chungking, Peiping, Hong Kong, Shanghai. Shanghai please repeat to Tokyo.

REED

892.6363/147

*The First Secretary of the British Embassy (Thorold) to  
Mr. Willys R. Peck of the Division of Far Eastern Affairs*

WASHINGTON, June 28, 1941.

DEAR MR. PECK: Since speaking to you this morning we have received a further cable from our Minister in Bangkok. He informs us that he saw the Deputy Minister for Foreign Affairs yesterday and the latter told him that the Thai Minister in Washington had been invited to call at the State Department where he had been informed that Thailand might be offered economic assistance on suitable terms. Sir J. Crosby impressed on the Deputy Minister for Foreign Affairs that this was a golden opportunity for Thailand to restore her former good relations with the United States and with her aid and with that of Britain, to avoid becoming an economic vassal of Japan. The Deputy Minister expressed anxiety lest by introducing the United States as a third party into the discussions which are already in progress over rubber and tin, the situation would be complicated and cause delay. Sir J. Crosby gave it as his opinion that the Deputy Minister need have no fear of this and that assignments to Great Britain would be tantamount to assignments to the United States and vice versa.

I am glad to see that this reply by our Minister is in accordance with the reply which you have already given to the Thai Minister on the same point. As I am sure you will appreciate, we shall have to be careful to see that the Thai Government should not be allowed to claim that they are fulfilling their side of any agreement with the United States Government merely by promising to you the tin and rubber which would in any case have been sold to us, without making any inroads on the Japanese allocation. As it stands, your present request for the entire production of the two commodities protects the position but I imagine that at a later stage there may have to be some modification of this position.

[Here follows comment on licenses for certain goods sent to Hong Kong.]

Yours sincerely,

G. F. THOROLD

893.24/1092: Telegram

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

WASHINGTON, June 30, 1941—11 p. m.

363. Your 882, June 26, 4 p. m.,<sup>62</sup> 887, June 26, 9 p. m.,<sup>63</sup> and Hanoi's 87, June 27, 8 a. m., American merchandise at Haiphong.

The Department desires that as opportunity offers you continue to press the Japanese Foreign Office for release and restoration by the Japanese to its rightful owners of the merchandise in question, re-emphasizing that this Government recognizes no right on the part of the Japanese military to take any action whatever in French Indochina against merchandise or other property in which there is an American interest. Say that persistence by the Japanese in action such as that under discussion can only lead to further deterioration in relations between the United States and Japan.<sup>64</sup>

Sent to Tokyo via Shanghai. Repeated to Chungking, Peiping, and Hong Kong.

WELLES

811.20 (D) Regulations/2469: Telegram

*The Acting Secretary of State to the Minister in Thailand (Grant)*

WASHINGTON, June 30, 1941—11 p. m.

71. Department's 68, June 26, 5 p. m. The Thai Minister has received a telegram stating that his Government accepts in principle the proposal set forth in paragraphs 4 and 5 of the reference telegram and that conversations concerning it are in progress.

Referring to paragraph 6 of the Department's instruction, if you are approached in the matter, you should be careful to divulge no details that were not orally communicated to the Thai Minister in Washington but you should emphasize that the American Government desires to purchase if possible the entire output of rubber and tin and should tactfully but strongly express the hope of this Government that such negotiations as may be necessary with this Government shall take place in Washington rather than in Bangkok.

WELLES

<sup>62</sup> Not printed; for the Japanese note in reply of June 24, 1941, see *Foreign Relations, Japan, 1931-1941*, vol. II, p. 313.

<sup>63</sup> Not printed; see note No. 1829, June 21, 1941, from the American Embassy in Japan to the Japanese Ministry for Foreign Affairs, *ibid.*

<sup>64</sup> For Ambassador Grew's oral statement of July 8, see *ibid.*, p. 315.

611.51G31/13

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

[WASHINGTON,] July 1, 1941.

The French Ambassador called to see me this afternoon at his request. The Ambassador expressed the earnest hope of his Government that this Government would stimulate its efforts in undertaking some form of profitable economic interchange with Indochina, and, in particular, would release sufficient funds for Indochina to purchase in the United States. I inquired of the Ambassador in that connection what the status of the rubber question might be in connection with the arrangements which had previously been worked out for the purchase of Indochinese rubber by the United States. The Ambassador said it was his clear understanding that this arrangement could immediately be carried out now that the North African trade arrangement was going into effect.<sup>66</sup> I suggested that he instruct his assistants in the Embassy to discuss this matter with Dr. Feis.<sup>67</sup>

S[UMNER] W[ELLES]

811.20 Defense (M)/2743

*Memorandum by Mr. Howard J. Trueblood, of the Office of the  
Adviser on International Economic Affairs*

[WASHINGTON,] July 1, 1941.

Mr. Klossner, President of the Rubber Reserve Company, telephoned to me to inquire whether or not there was any political objection to the purchase of 2500 tons of rubber in Thailand. This rubber, according to Mr. Klossner's information, originally was destined for Russia but shipment was now impossible, and a dealer had informed him that it could be secured.

I checked with Mr. Hiss, who in turn consulted with Mr. Peck of FE,<sup>68</sup> and later informed me that there was no objection to the transaction provided [*assuming* <sup>69</sup>] that it did not involve breaking any existing contract with the Russians. I passed this information on to Mr. Klossner, and I believe that he is going ahead with the deal.

<sup>66</sup> For correspondence see *Foreign Relations*, 1940, vol. II, under France, section entitled "Interest of the United States in Political and Economic Conditions in French North Africa."

<sup>67</sup> Herbert Feis, Adviser on International Economic Affairs.

<sup>68</sup> Division of Far Eastern Affairs.

<sup>69</sup> Revision by Mr. Hiss.

811.20 (D) Regulations/3172 : Telegram

*The Minister in Thailand (Grant) to the Secretary of State*BANGKOK, July 3 [4], 1941—2 p. m. [7 a. m.]  
[Received July 4—12:30 p. m.]

330. The Department's 68, June 26, 5 p. m. and 71, June 30. Pursuant to paragraph No. 6 of the Department's 68 and to the last paragraph of the Department's 68, I have taken no initiative with the Thai authorities in the matter and so far I have not been approached by the latter regarding the recent negotiations in Washington although I called today to see the Deputy Minister of Foreign Affairs. He did not mention the matter and I, therefore, had no opportunity to emphasize the desire of the American Government to purchase if possible the entire output of rubber and tin and at the same time express the hope of my Government "tactfully but strongly" that such negotiations as may be necessary with the American Government shall take place in Washington rather than in Bangkok. Pursuant to the further suggestion in paragraph 6 of the Department's 68 I have called to discuss the matter with the British Minister. The only thing of any importance which he said was that if the two governments insist upon the entire output of tin and rubber the whole matter is off.

While, as I have indicated in previous telegrams to the Department, from the standpoint of the ultimate welfare of American interests, I am not optimistic and in fact I am dubious as to the wisdom of the adoption of a general policy, particularly the proposed \$3,000,000 loan to Thailand, such as has been formulated recently in collaboration with and upon the recommendation of the British, at the same time I am, of course, prepared to carry out the policy of my Government and in this connection, I feel it my duty as the American representative in Thailand to point out the fact that I have been placed in a most awkward position in this matter as the result of the procedure adopted by the Department as I have indicated above in section 1 of this telegram.<sup>70</sup> Specifically, although many weeks ago the Thai authorities, including the Minister of Justice representing the Prime Minister, approached me regarding Thai commercial needs and I thereupon promptly communicated with the Department by telegraph outlining the Thai thesis and requesting instructions, now at the very time the British Minister is continuing negotiations with the Thais on behalf of American as well as British interests, it would appear, the American Minister is actually prohibited by instruction from even mentioning to the Thai Government authorities with whom

<sup>70</sup> Preceding paragraph.

he keeps in close contact at all times, the fact that he knows anything about the negotiations that are going on in Washington and the policies agreed upon unless he is approached by them.

I cannot comprehend the meaning of such procedure and I respectfully submit that it is prejudicial to American interests here and also very unfair to me, especially since, as the Department well knows from a long series of telegrams and despatches, almost from the beginning of my term of office here nearly one year ago, as the American representative I have taken my full share of the keen resentment shown by the Thai towards my Government as the result of our policy in urging Thailand to maintain the *status quo* in connection with the territorial ambitions in Indochina, the subsequent hostilities, and the incident of the stopping of the war planes purchased by Thailand in the United States. I strongly supported the Department's policy towards Thailand even to the extent of making some enemies for myself personally where I might have had them as friends while the British Minister was reversing British policy, which had coincided with ours, with a view [to] courting the Thai, resulting in leaving us "with the bag to hold", making us the objects of all of the Thai resentment and also most unfortunately encouraging the events which culminated in Thai collaboration with the Japanese in the territorial partition of Indochina. Now the British Minister, who is looking out first and last for British interests to the exclusion of the interest of all others including ourselves, is actually carrying on the British-American negotiations while the American Minister looks on from the bleachers. This is a game of British imperialist army politics and I am confident that no real good can come out of it for us certainly as long as the game is played in such manner.

GRANT

### CHAPTER III: JULY 4-SEPTEMBER 30, 1941

**British suggestion of Anglo-American action to prevent Japanese plan to acquire military bases in French Indochina; President Roosevelt's exchange of messages with Japanese Prime Minister Konoye; Japanese demand for French agreement to bases in southern Indochina; President Roosevelt's request to Marshal Pétain for dilatory reply to Japanese demand (July 16); French submission to Japanese demand respecting southern Indochina (July 21); American attitude toward Japanese advance in Indochina (July 24); freezing of Japanese assets in the United States (July 26); British suggestion of Anglo-American warning to Japan concerning Japanese demands on Thailand (August 2); Thai request for purchase of military supplies sympathetically considered by Secretary of State (August 18)**

811.20 (D) Regulations/3690

*Memorandum of Conversation, by Mr. Willys R. Peck of the Division of Far Eastern Affairs*<sup>1</sup>

[WASHINGTON,] July 5, 1941.

Mr. Peck telephoned to the Thai Minister at his summer quarters at Osterville, Massachusetts, and inquired whether he had received any information from the Thai Government conveying decisions in regard to the proposal for purchase of Thai rubber and tin by the United States and export of American commodities to Thailand.

The Minister replied that he had not received any information on these points. He observed that his understanding was that since negotiations regarding rubber and tin were already in progress between the Thai Government and the British Minister in Bangkok, his Government felt that these negotiations should be completed before negotiations should be begun with the American Government. He said that Thai rubber and tin were ordinarily sent to Singapore and reexported from that port.

Mr. Peck said that the American Government was quite content that this procedure should be continued. Moreover, the British and American Governments, he said, were in thorough understanding regarding the disposition of Thai rubber and tin and allocations to the British could be arranged between Great Britain and the United States; the two Governments might, in effect, be regarded as a single purchaser. The important point, Mr. Peck emphasized, was decision by the Thai Government of the total amount of rubber and tin which it was prepared to allocate to Great Britain and the United States.

Mr. Peck recalled statements already made to the Thai Minister, that is, that the American Government desired to know what American commodities the Thai Government wished to acquire, in order that the American Government might be able to ascertain the fullest extent to which export permits might be issued; the American Government would be disposed, also, to assist, so far as might be practicable, in the carrying out of the Thai program of internal development.

Mr. Peck observed that, of course, the disposition of the American Government to assist the Thai Government in the matters just mentioned would be directly affected by the willingness of the Thai Government to assist the American Government in obtaining Thai rubber and tin. Mr. Peck said that the Thai Minister would realize that it might well be the case that some of the American commodities desired by Thailand would be articles needed by the United States

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<sup>1</sup> Initialed by the Chief of the Division of Far Eastern Affairs (Hamilton).



and permission to export them might require some sacrifice; the transaction might be regarded as an exchange of accommodation.

The Thai Minister said that he quite understood the situation and that he would try to induce his Government to hasten its action in the matter.

The Thai Minister said that, as Mr. Peck knew, Thailand had very little tonnage at its disposal, ordinarily only sufficient ships to transport Thai products to Singapore, and he said that it might be very inconvenient for direct shipments to be made from Thailand to the United States.

Mr. Peck observed that the matter of shipping was one of the details that would have to be arranged after the two Governments had decided about reciprocal release of commodities, but he supposed that the American Government would be able to pick up its purchases at Singapore and that the vessels used for this purpose might, perhaps, likewise transport articles purchased by Thailand.

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792.94/130

*The British Minister (Hall) to the Assistant Secretary of State  
(Acheson)*

WASHINGTON, July 7, 1941.

DEAR MR. ACHESON: You will remember that at our recent talk on the question of Thailand, the point was raised as to whether His Majesty's Government was still trying to obtain assurances from the Thai Government that they would not enter into any agreement directed against us nor allow Japan to secure a position of preponderance in Thai affairs. We told you at the time that this political issue had been to some extent shelved in view of the more immediate urgency of the tin and rubber question but that we felt that the conditional offer of assistance which you were now making, altered the position and should allow of the political point being again brought to the fore.

We now have heard from Sir J. Crosby that in his negotiations he is linking the oil supplies with rubber and tin and is reserving financial credits for discussion in connection with securing assurances from the Thai Government as set out above. The Foreign Office have informed us that they are in agreement with this procedure. You may like to keep this further objective in view when your own negotiations arrive at a more detailed stage.

May I take this opportunity of expressing to you my thanks for the help which the U. S. Government has given indirectly to Sir J. Crosby by the information which it gave immediately after our talk to the Thai Minister in Washington. It is my personal opinion that

Sir J. Crosby would not have felt justified in recommending the policy which is now being followed had he not been conscious of some improvement in the general situation as a result of your actions.

Yours sincerely,

NOEL F. HALL

811.20 (D) Regulations/3691

*Memorandum of Conversation, by Mr. Willys R. Peck of the Division of Far Eastern Affairs*<sup>72</sup>

[WASHINGTON,] July 7, 1941.

Mr. Hall telephoned to Mr. Peck and said that he had written a letter to Mr. Acheson<sup>73</sup> in which he had expressed the opinion that the British Minister at Bangkok was greatly encouraged by the offer made by the American Government to the Thai Government on June 24, and felt that the situation was so much improved that he would now press the Thai Government even more strongly for satisfactory political assurances.

Mr. Peck said that he was of the impression that the British authorities had all along been willing and were then willing that the United States should purchase the entire Thai output of rubber and tin; he said he would like Mr. Hall to confirm this impression.

Mr. Hall said that the British Government was not only willing that the United States should purchase all the Thai rubber and tin, but was "enthusiastic" in this regard.

Mr. Peck said that he himself felt that the time had come for the Department to instruct the American Minister in Bangkok to press for action by the Thai Government; he said he intended to suggest that the Department send such instructions at an early date, in the hope that there might be some progress toward concluding arrangements with the Thai Government for the acquisition of the rubber and tin.

Mr. Hall observed that he agreed in thinking that such instructions to the American Minister in Bangkok would be advisable.

740.0011 P. W./265

*Memorandum of Conversation, by the Acting Secretary of State*

[WASHINGTON,] July 8, 1941.

The British Ambassador called to see me this morning at his request. The Ambassador read to me a series of telegrams exchanged between his Foreign Office and the British Ambassador in Tokyo, all of which

<sup>72</sup> Initialed by the Chief of the Division of Far Eastern Affairs (Hamilton).

<sup>73</sup> *Supra.*

were already known to the Department. The Ambassador asked if I had any further information with regard to developments in Japan and I stated that this Government had not received today any further light on that problem. The Ambassador inquired, by direction of his Government, whether the United States would address a message to the Japanese Government similar to that already communicated to the Japanese Government by the British Ambassador in Tokyo indicating concern at the reports that Japan was about to undertake a movement in the South. I told the Ambassador that a message had been sent in the name of the Secretary of State, by request of the President, to the Prime Minister of Japan only four days ago<sup>74</sup> which in my judgment covered the ground completely and that we were still awaiting some word from our Ambassador to Japan as to the nature of the reply made to that message by the Japanese Government.<sup>75</sup>

S[UMNER] W[ELLES]

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894.607 South Seas/2 : Telegram

*The High Commissioner in the Philippines (Sayre) to the Secretary of State*

MANILA, July 8, 1941—11 a. m.

[Received 5:35 p. m.]

284. Reference the Department's telegram No. 238, June 16, 5 [8] p. m., the secretary to President has been informed orally of contents. He gives assurance that nothing has been done or will be done on the part of the Commonwealth Government and that Commonwealth will keep in touch with influential organizations like the Chamber of Commerce and will suggest to them the desirability of non-participation. Secretary added, however, that the Commonwealth could scarcely see its way clear to prohibit private firms in the Philippines if firms wished to exhibit at Tokyo.<sup>76</sup>

SAYRE

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<sup>74</sup> Dated July 6, 1941, at Tokyo; *Foreign Relations, Japan, 1931-1941*, vol. II, p. 502.

<sup>75</sup> For Japanese reply of July 8, 1941, see *ibid.*, p. 503.

<sup>76</sup> Reports from consular officers in Batavia, Rangoon, Singapore, and Sydney indicated a negative attitude on the part of the authorities as to participation in the exposition.

811D.0144/5 : Telegram

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

Tokyo, July 8, 1941—8 p. m.

[Received July 8—12:50 p. m.]

958. Department's 376, July 5, 9 p. m.<sup>77</sup> I reemphasized today personally to the Minister for Foreign Affairs the serious view taken by the Government of the United States of the unauthorized flights of Japanese planes over the Island of Guam and urgently requested that the Foreign Office expedite its reply to my previous representations.

GREW

893.24/1119

*The Consul at Hanoi (Reed) to the Secretary of State*

No. 226

HANOI, July 8, 1941.

[Received August 20.]

SIR: I have the honor to refer to telegram no. 882 of June 26, 4 p. m., 1941, from the Embassy at Tokyo to the Department,<sup>77</sup> transmitting the translation of the reply of the Japanese Foreign Minister <sup>78</sup> to the representations made by the Embassy on June 5, 1941,<sup>79</sup> with regard to the seizures by the Japanese military authorities of transit cargoes in Tonkin which are either American-owned or in which there is an American interest. The following brief comment may be made with regard to the statements made in that reply.

In the third paragraph the Japanese Foreign Minister mentions the sending of a committee to Indochina to supervise the traffic with China, in particular to see that no goods were transmitted across Indochina for delivery to China, and he points out that the authorities of French Indochina cooperated with the Japanese committee in this matter. The final realization of this cooperation was summarized in the agreement of August, 1940, whereunder the Government General undertook to deliver no transit or re-exportation permits for any of the transit cargoes in Tonkin without securing in advance the consent of the Japanese Mission to the issuance of such permits.

In the fourth paragraph the Japanese Foreign Minister indicates that the Japanese authorities, i. e., the Japanese Mission, were anx-

<sup>77</sup> Not printed.<sup>78</sup> June 24, 1941; *Foreign Relations*, Japan, 1931-1941, vol. II, p. 313.<sup>79</sup> For formal note dated June 3, presented on June 5, 1941, by the Ambassador in Japan to the Japanese Minister for Foreign Affairs, see *ibid.*, p. 312.

ious to avoid violation of the interests of third powers and third power nationals and that, when these authorities found evidence to overcome the presumption that the goods were "military materials consigned to the Chungking regime", the Japanese authorities recognized as appropriate the transportation of these goods to a point outside of Indochina. The Japanese Foreign Minister stresses that the Japanese authorities made every effort to ascertain whether there was any evidence to overcome the above-mentioned presumption and were very careful in dealing with this matter.

At one time or another since the installation of the Japanese Mission in Indochina and since the entering into effect of the agreement of August, 1940, the greater part of the transit cargoes in Tonkin, either American-owned or in which there is an American interest, were granted re-exportation permits by the Government General of Indochina *after securing the approval of the Japanese Mission*. Therefore, it may be presumed that when the Japanese Mission approved of the Government General issuing a re-exportation permit the Japanese Mission was in possession of "conclusive proof" that the goods in question were not "military materials consigned to the Chungking regime".

From the beginning of the Japanese supervision of transit across Indochina early in July, 1940, the authorities of French Indochina made available to the Japanese Mission all customs documents and declarations—from the date of the S.S. *Sikiang* affair,<sup>81</sup> late in October, 1940, the authorities of French Indochina permitted Japanese inspectors to enter all bonded warehouses and to check the contents with customs documents and declarations. Accordingly, the Japanese authorities were at all times in possession of evidence establishing a prima facie case of the private ownership of the bulk of the goods in question and there was at no time an "absence of evidence to the contrary" as the Japanese Foreign Minister asserts in the fifth paragraph.

My various protests to the Government General and to the Japanese Consul General, the representations made through the Chief of the Military Cabinet, who was and is negotiating directly with the Japanese Mission with regard to the transit cargoes in Indochina, and through the French Liaison Officer with the Japanese Mission at Haiphong, who has been and is in direct communication with the Japanese military authorities, were unequivocal indications to the Japanese authorities that they had to do with transit cargoes either American-owned or in which there was an American interest—and

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<sup>81</sup> For explanation of this incident, as transmitted to the Department by the Consul at Hanoi in his telegram No. 23, October 26, 1940, 4 p. m., see *Foreign Relations*, 1940, vol. iv, p. 194.

these indications were in addition to the numerous applications for re-exportation permits which had been submitted to the Government General and to the Japanese Mission in the course of the preceding 10 months.

Respectfully yours,

For the Consul at Saigon:  
CHARLES S. REED II

893.24/1105 : Telegram

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

VICHY, July 10, 1941—9 p. m.

[Received July 10—4:10 p. m.]

849. Department's telegram 440, May 28, 7 p. m., Embassy's telegram 666, June 20 [10], 7 p. m. and despatch 212, May 31:<sup>82</sup>

A formal reply signed by Admiral Darlan has now been received to the Embassy's note. The pertinent paragraphs read as follows:

"According to information which has been furnished me by Admiral Decoux, it was under the categorical threat of the Japanese military authorities to have recourse to measures of violence and in order to avoid serious incidents and loss of human life that the resident mayor felt obliged to write to representatives of the American concerns Far Eastern Train [*Trading*] Corporation and North American Syndicate to ask them to turn over the keys of their warehouses. In his letter. the resident mayor indicated, furthermore, very clearly that he was acting under duress.

In spite of the intervention of this high official, the Japanese military authorities had recourse to violence in order to take possession of the warehouses. As Your Excellency knows, the French authorities of Indochina are not always in a position under present circumstances to exercise their functions normally. Furthermore, the representations made in connection with this question of stocks by the Ambassador of the United States at Tokyo have also remained without result. The Government of the United States cannot therefore question the good will of the authorities of the Government General who will always endeavor to assure to the best of their ability respect for foreign interests in the territories of the Indochinese Union."

Copy and translation of the foregoing communication are being forwarded by air mail.<sup>83</sup>

LEAHY

<sup>82</sup> Despatch not printed, but see footnote 18a, p. 163.

<sup>83</sup> Not printed.

711.92/26

*Memorandum by Mr. Willys R. Peck of the Division of Far Eastern Affairs*<sup>84</sup>

[WASHINGTON,] July 11, 1941.

#### ECONOMIC ASSISTANCE TO THAILAND

This morning I invited the attention of EA (Mr. Feis) to an AP<sup>84a</sup> telegram from Singapore, dated July 10, 1941, published in the *Evening Star*, July 10, to the general effect that Japan was buying rubber in the open market in Thailand and apparently had contracted for two years' output, paying cash in advance. I also invited the attention of Mr. Feis to enclosures nos. 14 and 15 with Bangkok's despatch no. 222, of June 17, 1941,<sup>85</sup> two translations of Bangkok news items, to the effect that purchases of rubber and tin in Thailand had resulted in the termination of export of these products to Singapore. I remarked that information regarding the purchase of rubber in the open market in Thailand seemed contradictory to the tenor of statements oral and written made to the Department by the British Embassy, which clearly implied that the Thai Government was in position to allocate rubber output as it might wish. I observed that our proposed method of acquiring rubber from Thailand was based upon the supposition that the Thai Government would be able to control the destination of rubber exports.

Mr. Feis said the situation in Thailand in regard to rubber was the same situation that confronted the efforts of the American Government to acquire certain raw materials in many South American countries, that is, Japanese agents entered the open market and forced the price of such materials to sometimes fantastic heights. The American Government has not been attempting to meet such competition in the open market, which would only force prices higher still, but has been pointing out to the governments concerned that if they wished to acquire such American products as the United States might be in position to release for export, they could obtain the American products by making their own exports available to the American Government at reasonable prices. It was Mr. Feis' opinion that it was within the power of the Thai Government, as of the South American governments in question, to effect arrangements of mutual assistance in these matters, if it desired to do so.

Mr. Feis remarked that the method that had been adopted toward obtaining Thai rubber and tin was exactly similar to the method that had been followed in the case of certain South American products, in

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<sup>84</sup> Approved by the Adviser on International Economic Affairs (Feis).

<sup>84a</sup> Associated Press.

<sup>85</sup> None printed.

that the Department is offering the Thai Government assistance in purchasing American products, within the limits set by our national defense needs, on the condition that the Thai Government shall assist the American Government to obtain by purchase as large a portion as possible of Thai rubber and tin.

Incidentally, Mr. Feis thought that the Rubber Reserve Company was probably aware of the open market buying of rubber in Thailand and that it was unnecessary, therefore, to bring to the attention of the Rubber Reserve Company the information that had reached the Department through the press here and in Thailand.

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811.20 (D) Regulations/3172: Telegram

*The Acting Secretary of State to the Minister in Thailand (Grant)*

WASHINGTON, July 12, 1941—9 p. m.

76. Your 330, July 3, 2 p. m.

1. The Department is hopeful that the plan to extend economic assistance (including oil supplies) to Thailand may prove to be an effective means of counteracting whatever attempts may be made to divert Thai trade relations to new channels and to undermine Thai independence. In accepting the British plan in principle the Department had two aims, (1) to support British efforts to oppose the attempts described above as well as to improve the attitude of Thailand toward Great Britain during the present emergency and (2) to obtain for the United States as large a part as possible of the Thai output of rubber and tin.

2. The Department desires that you approach the appropriate Thai authority and inform him orally that the American Government was gratified to receive through the Thai Minister in Washington the information that the Thai Government accepted in principle the proposal that Thai rubber and tin be made available for purchase by the United States and that American products be released for export to Thailand. The American Government desires that detailed arrangements for the purchase and shipment of the respective commodities shall be concluded at the earliest possible date. The Department urges, therefore, that the Thai Government at its earliest convenience supply you with an indication of the largest amounts of rubber and tin it can allocate for purchase by the United States and similarly furnish a list of American products it desires to import. You may explain that the appropriate authorities of this Government will carefully scrutinize the list with a view to releasing for export as many items as the defense needs of the United States in the present emergency will permit.

3. For your confidential guidance: (1) The Department would prefer that negotiation should take place in Washington because there



will be frequent necessity to consult other branches of the Government but the removal of the Thai Legation to summer quarters makes this plan impracticable; (2) such rubber and tin as may come within British control will be held subject to our purchase and our efforts should therefore be directed toward acquiring that portion of the output free for allocation to other than British purchasers; (3) as an added inducement to prompt action by Thailand you may indicate our willingness to assist in carrying out the internal development program in proportion as the Thai Government is disposed to assist us in regard to rubber and tin but you should not at this stage introduce the subject of a loan or of commercial credits; if requests for financial assistance are made you should offer to report them to the Department; (4) it would be advisable to inform your British colleague in advance concerning your intended approach to the Thai authorities; (5) this Government attaches great importance to the acquisition of tin and rubber.

WELLES

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792.94/130

*The Assistant Secretary of State (Acheson) to the British Minister (Hall)*

WASHINGTON, July 14, 1941.

MY DEAR MR. HALL: I have read with interest your letter of July 7, 1941, stating, in brief, that the British Minister in Bangkok is utilizing oil supplies as inducement to Thailand in connection with rubber and tin, and that he is reserving financial credits for use in connection with obtaining political assurances. You suggest that the American Government may like to keep this further objective in mind.

The Department in the oral communication to the Thai Minister on June 24 indicated its readiness to assist in carrying out the Thai program of internal development, if satisfied in regard to rubber and tin, but no mention has yet been made to the Thai Government of financial assistance.

We shall expect to consult the Embassy at such time as it may appear desirable to broach to the Thai Government the possibility of a loan and commercial credits.

It is now two weeks since the Thai Government accepted in principle the Department's proposal for reciprocal assistance in the matter of Thai and American products, and no specific information has been received that would make it possible to proceed to a definite arrangement. The Department has, therefore, instructed the American Minister in Bangkok <sup>86</sup> to urge the Thai authorities to supply information

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<sup>86</sup> Telegram No. 76, July 12, 9 p. m., *supra*.

necessary before the arrangement can be made. It was suggested that he inform his British colleague of his intended interview.

Sincerely yours,

DEAN ACHESON

892.24/643

*The British Minister (Hall) to the Assistant Secretary of State  
(Acheson)*

WASHINGTON, July 14, 1941.

DEAR MR. ACHESON: Since writing to you on July 7th on the question of Thailand, I have received a further communication from London. Sir J. Crosby has been given by the Thai Government a forecast of their counter-proposals in respect to Rubber and Tin. The Foreign Office, subject to the approval of the United States Government, is prepared to instruct him to clinch the agreement on the following terms. They feel that further delay in settling may be dangerous.

With regard to rubber, the agreement will merely state the amount which Thailand is to assign to us, namely a minimum of 1,500 tons a month, plus any excess over a total export of 4,000 tons a month which Sir J. Crosby can secure. It appears that Japan has already been promised 2,500 tons a month. I shall refer to this again later in this letter.

With regard to tin, the Thai Government are apparently prepared to maintain the open market as at present. Sir John [*Josiah*] Crosby hopes to obtain an assurance that the produce of the British mines in Thailand, equivalent to  $\frac{2}{3}$  of the total, will continue to go to Malaya. Some at least of the remainder should be available for allocation to U. S. purchases as suggested in Mr. Thorold's letter of June 24th to Mr. Peck. The Thai Government has still to find a balance of 2,000 tons of tin which they owe the Japanese in payment of aeroplanes purchased from them. The alternatives are either that we provide this quantity ourselves or allow the Thai Government to purchase it in local markets, which Sir J. Crosby says they are willing to do. My Government prefer the latter alternative and, subject to the approval of your Government, are prepared to instruct Sir John [*Josiah*] Crosby accordingly.

It is also hoped that it may be possible to obtain from the Thai Government an assurance that there will be no unfair treatment of or discrimination against British or Australian mining companies in Thailand.

In general we are inclined to think that there are certain advantages in your Government conducting their negotiations separately in the belief that so far at least as rubber is concerned such a course

is more likely to prove effective in reducing Japan's allocations. Naturally all rubber allotted to us, as well as all tin passing to Singapore, will only be disposed of by agreement between my Government and yours.

It is hoped that in the course of such separate negotiations the United States Government will insist not only on receiving a part of the Japanese rubber allocation mentioned above, but will also insist that the price is reduced to the Singapore level. This is important not only in itself, but also to check the incentive to smuggling from Malaya which is difficult to stop entirely by administrative measures. In order not to prejudice your chances of obtaining some concession on these lines, the agreement which it is suggested Sir John [*Josiah*] Crosby should be instructed to negotiate will make no reference either to the price or to the amount to be allocated to Japan both of which we hope may be reduced as a result of your Government's separate negotiations.

If, despite the assistance of your Government on this point, we find it impossible to obtain our allocation without paying a premium, my Government hopes that the United States Government will be prepared to bear a part if not the entire additional cost.

The Foreign Office have drawn my attention to the possibility that the Thai Government may attempt to obtain from the United States, in exchange for allocations of rubber, some form of undertaking whereby American aircraft are to be made available to them. My Government hopes that if this question is raised no arrangement will be made with the Thai Government whereby our supplies of American aeroplanes might be interfered with.

In order that Sir John [*Josiah*] Crosby's negotiations may be resumed without delay, I should be most grateful if you would inform me as soon as you conveniently can whether this outline of the instructions which it is proposed to send him meet with the approval of your Government.

Yours sincerely,

NOEL F. HALL

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811.20 (D) Regulations/3312: Telegram

*The Minister in Thailand (Grant) to the Secretary of State*

BANGKOK, July 14, 1941—6 p. m.

[Received July 15—6:25 a. m.]

344. My telegram 343, July 13, 10 p. m.<sup>87</sup> The British Minister handed to me today a memorandum labelled "Thailand Purchases Oil" in which the details of the proposed agreement between Great

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<sup>87</sup> Not printed.

Britain and Thailand regarding oil supplies are outlined. There are 6 articles the first of which states that

“The British Government undertakes that throughout the period of the agreement the Thai Government shall be furnished with monthly supplies of oil as follows: kerosene, 3,000 tons; motor spirit, 3,000; Diesel 5,000; gas oil 1,000; aviation spirit for civil air services, normal supplies; aviation spirit, military purposes, such amount as the Thai Ministry of Defense may find it necessary to apply for from time to time; crude oil, 5,000 tons as basic amount for which as a rule oil products will be substituted but such amount of crude oil shall be furnished as the Thai Ministry of Defense may find it necessary to apply for from time to time in order to keep the oil refinery in operation; aviation lubricating oil and motor and industrial lubricating oil, such amount as the Thai Ministry of Defense may find it necessary to apply for from time to time.[”]

Article 6 states that “Regular supplies of oil to Thailand are conditional upon regular supplies of rubber to Malaya.”

I was given to understand that these proposals had been telegraphed to London by the British Minister.

GRANT

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751G.94/374‡

*The Navy Department to the Department of State*

WASHINGTON, July 15, 1941.

The United States Naval Representative in London reports that he has been informed by Admiralty sources that today the Japanese handed Vichy an ultimatum in regard to Indo China, but that he has been unable to confirm this from other sources.

R. E. SCHUIRMANN<sup>88</sup>

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740.0011 P. W./258: Telegram

*The Ambassador in China (Gauss) to the Secretary of State*

CHUNGKING, July 15, 1941—5 p. m.

[Received 10 p. m.]

295. There appears to be a growing opinion among Chinese officials that the Japanese are likely soon to occupy Indochina while awaiting development of the Russo-German war for a favorable opportunity to advance in Siberia. The Chiefs of the Foreign Office and Military Intelligence Department also share this opinion. The former foresees a coordinated move with the occupation of Indochina preceding

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<sup>88</sup> Capt. Roscoe E. Schuirmann, Office of Naval Operations.

an advance into Siberia but with further southward advance awaiting a settlement of Siberia; he is not impressed by reports of Japanese indecision which he thinks may be a smokescreen for sudden moves on the diplomatic and military fronts. The latter in support of his opinion cites:

1. Movement of a brigade of Japanese troops experienced in Indochina from Shanghai area toward south.

2. Mobilization of men in Kyushu suited to operation under southern climatic conditions and

3. Extension of Government control over Japanese shipping. He anticipates occupation of Hanoi, Camranh Bay, Saigon and area ceded by Indochina to Thailand for the establishment of sea and air bases. Both informants seemed to discount current rumors of Japanese coolness towards the Axis.

Sent to the Department. Repeated to Peiping.

GAUSS

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740.0011 P.W./257 : Telegram

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

Токѳо, July 16, 1941—noon.

[Received July 16—4:10 a. m.]

1006. The following is a paraphrase of a secret telegram received today from London by my British colleague.

1. It is learnt that the Japanese Ambassador at Vichy has been instructed to present to the French Government a demand for bases in French Indochina. The demand is to be made with a time limit.<sup>89</sup> In case the French Government accepts the demand the Japanese occupation will be carried out peacefully and territorial integrity guarantees will be given. Matériel, goods and arms will be promised. In case of French refusal the occupation will be carried out by force and Japanese Ambassador has been directed to hint that important changes for Indochina may be involved.

2. The Japanese attach great importance to the United States and Great Britain having no prior information for fear complications might be created. The French Ambassador therefore is not being informed lest he inform his American and British colleagues.<sup>90</sup>

GREW

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<sup>89</sup> This was later identified as July 20.

<sup>90</sup> The Adviser on Political Relations (Hornbeck) wrote in a memorandum dated July 16: "This has an important bearing on the question whether to act immediately by way of prevention or to defer action and then take it in what would be in a retaliatory or punitive sense." In a footnote notation Dr. Hornbeck added that he and the Chief of the Division of Far Eastern Affairs (Hamilton) "do not recommend" immediate preventative action. For Ambassador Grew's review of the situation, see telegram No. 1015, July 17, 11 a. m., vol. IV, p. 1006.

892.24/663

*Memorandum by the Adviser on International Economic Affairs  
(Feis)*<sup>81</sup>

[WASHINGTON,] July 16, 1941.

I do not anticipate that Thailand will in any way put up effective resistance to Japan. For that reason I see no reason in the field of political policy to incline us to the support of Thailand, except in so far as something can be secured which we ourselves need; viz, rubber and tin. From the beginning I have not understood why we have not just sailed ahead in negotiating for this rubber and tin with Thailand.

Of course I would rather see Great Britain secure the tin and rubber than Japan. However, if the tin and rubber is to be secured by Great Britain, will we be prepared to sanction the export to Thailand of any supplies needed for her own defense? It is to us, not to Great Britain, that Thailand would look for such supplies, with the possible exception of part of their oil. On this understanding I would not object to the consummation of the British deal. The role which the British will have assigned to us after they have concluded their own negotiation will prove in my judgment a wholly unsatisfactory one. They apparently look to us to bargain to secure the remaining one-third of the output of the Thailand tin mines. We are reliably informed that the Japanese are buying tin in the open market in Thailand at a price which may be as much as double that which Jones and Clayton<sup>82</sup> are prepared to pay; they could not possibly pay this price, thereby imperiling their contract for vastly greater amounts of tin from other sources at fifty cents a pound. The British know that, for they themselves are parties to the agreement between the International Tin Committee and the Metals Reserve Company, which already gives the Metals Reserve Company a prior right to all the tin Britain itself does not need.

My surmise is that the same situation will be confronted in the case of procurement of rubber (in this instance, the spread between the 1,500 tons which the British are to secure and the total of 4,000 tons), in which the British will again enter the picture. Again it will be observed that the British asked us to share in the cost of any premiums they might have to pay on the tin and rubber they procured, but they take no note of the fact that any tin and rubber we procured would also be at a premium, and do not offer to share that expense.

To summarize:

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<sup>81</sup> Noted by the Assistant Secretary of State (Acheson).

<sup>82</sup> Jesse H. Jones, Administrator, and W. L. Clayton, Deputy Administrator, Federal Loan Agency.

(1) I would rather we secured the tin and rubber directly from Thailand.

(2) However, since the British have proceeded so far into this negotiation, and since certainly I would rather see the British get these products than the Japanese, I would not try to prevent this agreement.

(3) I would make clear, however,

(a) that the role assigned to the American Government in the field of procurement of tin and rubber would in all probability turn out to be an unsatisfactory and probably an impossible one, and

(b) suggest that the tin and rubber which the British secure might be resold to us under the regular terms of our agreements with the International Tin Committee and International Rubber Regulation Committee.

(4) I should also make clear that we are accepting no obligation as regards the furnishing of supplies to Thailand.

HERBERT FEIS

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740.0011 P. W./257 : Telegram

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

WASHINGTON, July 16, 1941—3 p. m.

575. The Department has today received the following telegram from the American Ambassador in Tokyo:

[Here follows quotation of telegram No. 1006, July 16, noon, printed on page 210.]

The President suggests that it would be desirable for you to talk with Marshal Pétain personally as soon as possible regarding this matter, expressing the hope that a decision by the French Government may be put off as long as possible. For your confidential information only, from the standpoint of this Government even should the French Government eventually have to give in (which, unfortunately, seems inevitable), all of the time gained before France gives in is advantageous to the interests of the United States. Any tactics, therefore, which Marshal Pétain's Government may be able to employ by means of dilatory negotiations to string out the discussions and to postpone the date when actual movement will be undertaken by the Japanese will be highly desirable. Please keep the Department informed by telegram of all the statements which may be made to you in this connection, requesting that your conversations be regarded as completely confidential.

WELLES

740.0011 P. W./474

*Memorandum of Conversation, by the Acting Secretary of State*

[WASHINGTON,] July 16, 1941.

Mr. Butler of the British Embassy called to see me this afternoon at his request. Mr. Butler brought up the question of the impending Japanese occupation of Indochina. He said that the British Government was giving publicity to the reports since this, in their judgment, was the best way of undertaking preventive measures. The British Government wanted to know if this Government would not instruct Admiral Leahy to try to persuade the French Government to procrastinate as far as possible and I told Mr. Butler this had already been done. I added that in view of the news received this morning of the fall of the Japanese Cabinet,<sup>93</sup> I thought we had better leave any decisions we might reach in abeyance until we knew from the constitution of the new Cabinet what type of policy it would be likely to follow.

S[UMNER] W[ELLES]

740.0011 European War 1939/13203 : Telegram

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

VICHY, July 16, 1941—5 p. m.

[Received 5:45 p. m.]

888. Your telegram No. 565, July 13, 4 p. m.<sup>94</sup> At 4 p. m. today, I had an interview with Marshal Pétain at which he had Admiral Darlan present, in spite of my request to see him alone. I delivered orally the substance of your telegram No. 565, July 13, 4 p. m. Admiral Darlan replied: "That so long as the political relations with Germany continued as they are today, permission will not be given to anybody to occupy or use the American [*African*] bases." Darlan added: "That is to say, while our relations are based on the Armistice." The Marshal himself added: "You may guess what the Admiral means," and did not enlarge on this statement.

In reply to my specific inquiry, Admiral Darlan stated and restated that he did not say that the Germans had not asked for use of the bases.

The Admiral then abruptly changed the subject: "We have just learned," he said, "that Japanese are going to occupy bases in Indo-

<sup>93</sup> See telegram No. 1025, July 18, 2 p. m., from the Ambassador in Japan, and footnote 24, vol. IV, p. 326.

<sup>94</sup> Printed in vol. II, under France, section entitled "Interest of the United States in Political and Economic Conditions in French North Africa", pt. VI.



china in the immediate future,—within the next week. There has been no Japanese ultimatum; they speak courteously of jointly occupying Indochina with us for common defense but it amounts to a move by force. They pretend that their mobilization is for a move to the north but I think it is for a move to the south and toward Singapore. We will make a symbolic defense, but we do not have the means to put up a fight such as we did in Syria. I have been warned not to let you know in order to avoid any possible preventive move on your part. You may tell your Government but caution them to keep my name strictly confidential. If it becomes known the consequences for us will be most serious."

Just as I was leaving, the Marshal who looked quite worried remarked to me in private: ["We are on the eve of events of the greatest import." I asked if he referred to the Far East and he would only reply: "There and everywhere else."

I received a definite impression that some important change in Franco-German relations is imminent.

Repeated to Casablanca.

LEAHY

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893.24/1109 : Telegram

*The Consul at Hanoi (Reed) to the Secretary of State*

HANOI, July 17, 1941—10 a. m.

[Received 2:30 p. m.]

93. The following is the translation of a communication from the Governor General of Indochina dated July 16, in reply to my most recent protest against the continued seizures of American merchandise by the Japanese military authorities:

"With reference to my letter of July 8, 1941, I have the honor to advise you that the Japanese mission has just informed me that it cannot alter its first decision and that it will continue to remove the merchandise in storage, in conformity with the orders of the Government at Tokyo."

Sent to Cavite for repetition to the Department, Chungking, Peiping, Hong Kong, Shanghai. Please repeat to Tokyo.

REED

892.248/46 : Telegram

*The Minister in Thailand (Grant) to the Secretary of State*

BANGKOK, July 17, 1941—11 a. m.

[Received 2:15 p. m.]

350. My telegram No. 306, June 12, 5 p. m.<sup>95</sup> In view of the enormous amount of unfavorable publicity in the Thai press over a period of many months regarding the stopping of the war planes purchased by Thailand, I recommend that the Department inform me by telegraph immediately upon the settlement of the claim in order that favorable counteracting publicity may be secured here.

GRANT

740.0011 P. W./261 : Telegram

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

VICHY, July 17, 1941—1 p. m.

[Received 5:50 p. m.]

893. Without referring to the statements reported in my telegram 888, July 16, 5 p. m., we asked Ostrorog<sup>96</sup> this morning for news of the Far East. He had just received word that Prince Konoye had been charged with forming a new government and that "general mobilization" in Japan has been declared. No telegrams have been received from the French Ambassador at Tokyo for news that general mobilization has been ordered, [which,] he said, is "encouraging from the French point of view" because no "full mobilization" would be necessary for an operation against Indochina in its present defenseless state. We asked specifically whether the Japanese had given any indication whatsoever recently of designs against Indochina or desire to acquire bases there and he replied categorically in the negative. He said in confidence that instructions had been sent to Ambassador Henry over a week ago in anticipation of a possible indication in that sense that if he obtained any hint of Japanese intent to occupy Indochina, either in whole or in part, he should protest energetically and promptly inform Vichy. No word has been received from him, he said, nor has the French Government received any word from other quarters showing Japanese designs on French Indochina.

(This statement, which is in contrast to that reported in my telegram number 888, July 16, 5 p. m., may mean either that Ostrorog has not been informed, or that Darlan has his own reasons for endeavoring to convince us that a Japanese move against Indochina is imminent.)

<sup>95</sup> Not printed.<sup>96</sup> Count Stanislas Ostrorog, at times acting head of the Far East Section of the French Foreign Office.

Ostrorog continued that German pressure for a Japanese attack on Russia and the Far East must be "extremely strong", that furthermore Russia is Japan's traditional enemy and such a move would be popular. In the third place, he said, the Japanese being well aware of "greater American interests in the Dutch East Indies and Singapore areas" nourish the hope that they can attack Russia without bringing themselves into open conflict with the United States. All the information which the French are receiving daily, Ostrorog said, shows that the Nazis are most anxious to avoid at all cost our entry into the war and still hope this can be avoided: they must know that a conflict between the United States and Japan inevitably means our similar entry into the European conflict and "loss of all hope for the compromise peace for which the Germans are so eager." Therefore, the Germans too would probably prefer, in his opinion, to see the Japanese move northward as a lesser risk of bringing us in.

We inquired whether as a defensive measure some Japanese occupation of bases in Indochina might not be undertaken simultaneously with a move against Vladivostok. He replied that this is of course possible and is one of the causes of French anxiety.

He reminded us of Japanese fears and suspicions at the time of the Thailand mediation that the British were about to propose some mediation scheme of their own and to take a more active role in that area. (See for example telegrams Nos. 110, January 27, 5 p. m.,<sup>98</sup> and 91, January 22, 6 p. m.) He said he thought it most important in the present delicate state of affairs in the Far East that the British be "most discreet" and give no cause or excuse to the Japanese to move into Indochina—"a move which would suit British strategy no more than French interests."

LEAHY

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811.20 (D) Regulations/3687: Telegram

*The Minister in Thailand (Grant) to the Secretary of State*

BANGKOK, July 17, 1941—9 p. m.

[Received July 18—6:30 a. m.]

353. The Department's 76, July 12, 9 p. m. and my 330, July 3, 2 p. m. In the course of a conversation today with the Prime Minister and Minister of Foreign Affairs Luang Pibul in the presence of the Deputy Minister of Foreign Affairs, I outlined the attitude of the American Government in regard to the purchase of tin and rubber and economic assistance for Thailand as indicated in the Department's telegram. I emphasized that my Government desires to pur-

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<sup>98</sup> Not printed.

chase the largest amounts of tin and rubber that Thailand can allocate and at the same time desires the Thai Government to submit as soon as possible a mailing list of American products which Thailand desires to import. The Prime Minister replied that he would give very careful consideration to our request for rubber and tin although he said he had already agreed to furnish Japan with 30,000 tons of the 48,000 tons of rubber available annually in payment of armament and munitions which Thailand hopes to receive from Japan. He said tin was subject to an open market. He promised soon the list of American commodities which Thailand desires to import. I explained to the Prime Minister that the recent withholding of certain exports to Thailand was not in any way directed at Thailand but was simply a phase of our defense program, that my Government was friendly to Thailand and was desirous of helping Thailand retain her complete independence. The Prime Minister expressed his sincere appreciation of the attitude of the American Government and added that he continued to look to his friends the United States and [Great Britain?] in these difficult times.

We then discussed the general situation in the course of which I elicited from the Prime Minister a number of comments regarding the present relationship between Thailand and Japan. The Prime Minister is inclined to regard the fall of the Japanese Cabinet yesterday as a good sign for Thailand and this area although he had received no details so far. He said the recent "stiffening attitude" of the United States and the ability of the British to carry on were factors in easing the tense situation in the Far East for the present. He does not expect the Japanese to move south at the moment although he still believes that Japan will take over the complete control of Indochina politically, militarily and economically. In this connection he said Japan had promised Thailand not to interfere with the so-called former Thai territories in Indochina, namely Laos and Cambodia, not ceded at Tokyo but he indicated he did not put much faith in this promise and in response to my inquiry as to what Thailand would do in the event Japan took over these territories he said "we could do nothing."

The Prime Minister denied in response to an inquiry that Japan had demanded from Thailand any concessions including military bases as the result of the Tokyo mediation of the Thai-Indochina dispute but he added "the Japanese are constantly reminding me of what they accomplished for Thailand and hinting that they will expect something in return." He said that the Japanese had suggested that Ichang manufacture spare aeroplane parts that would fit Japanese planes but he had not agreed. I suggested that the proposed establishment of a Japanese Embassy in Bangkok which the

Thai have accepted in principle as indicated in my telegram 346<sup>99</sup> was designed to give Japan a dominant position here from a diplomatic standpoint. The Prime Minister replied that he could not refuse the offer implying that the Thai Government had withstood this pressure as long as it could. The Prime Minister reiterated his belief that there will be a negotiated peace in Europe and expressed the opinion the Germans would crush the Russians ultimately.

The conversation was most cordial throughout and the Prime Minister seemed to be particularly pleased when I gave him assurance of the friendly attitude of the United States toward Thailand.

GRANT

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740.0011 P. W./269 : Telegram

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

VICHY, July 19, 1941—1 p. m.  
[Received July 19—12:40 p. m.]

911. I saw the Marshal at noon today and delivered to him orally in Admiral Darlan's presence the message contained in your 575, July 16, 3 p. m. Both the Marshal and Darlan stated that they would make an effort to prolong the negotiations before making a definite reply to the Japanese demand but they did not believe that Japan will delay action beyond next week. The Japanese Ambassador has asked for a reply today but Darlan said he will frame a reply designed to gain time.

Darlan said that in his opinion Germany would not look with favor on a Japanese movement to acquire bases in Indochina and the Dutch East Indies and that one method of delay would be to ask advice from Germany although such action is difficult "because Germany is displeased with us at the present time."

Admiral Darlan expressed his personal opinion that Japan will in the near future project a military campaign against Vladivostok, not an invasion of Siberia, and a naval campaign simultaneously against the Dutch East Indies in search of oil.

Prior to Admiral Darlan's arrival, the Marshal in reply to a question as to whether or not Germany's difficulties in Russia were easing the pressure on France stated that on the contrary it was making the Germans more difficult in their relations with France.

The Marshal appeared apprehensive and worried about Franco-German relations.

Repeated to Casablanca.

LEAHY

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<sup>99</sup> July 16, 1 p. m., not printed.

892.51/230 : Telegram

*The Minister in Thailand (Grant) to the Secretary of State*

BANGKOK, July 20, 1941—11 a. m.

[Received 3:15 p. m.]

356. My telegram 330, July 3 [4], 2 p. m. [7 a. m.], section 2 and 353, July 17, 9 p. m. My recent conversation with the Prime Minister in which cordial references were made to the great friendship for Great Britain and the United States has not resulted in any modification of my judgment to the effect that the wisdom of the extension of a loan to Thailand as proposed by the British and accepted in principle by my Government is doubtful. In the last analysis I am of the opinion that our position here will be the same whether we raise 50 million or nothing at all. The present government is playing the old game of courting all comers who have benefits to offer and unquestionably the Japanese have the inside track at the present moment and will retain it unless they are blocked, not from within Thailand but from without, by the military power of the United States and Great Britain. I do not believe we can block this movement which envisages the ultimate control of Thailand [with?] any sops thrown in the lap of the Thai régime.

Furthermore I am of the opinion that there is a very good understanding between the Japanese and the present Thai Prime Minister to the effect that Thailand will receive ultimately through collaboration with Japan the additional territory in Indo-China which she covets, namely, the province of Laos and the remainder of Cambodia. I refer the Department to the statement of the Prime Minister which was quoted in my telegram 353 to the effect that Japan has promised Thailand not to interfere with these provinces in any further extension of Japanese control of Indo-China. As I have pointed out in telegrams I anticipate that when the Japanese extend their military and political control of Indo-China which now appears to be imminent the Thai will be invited to extend their control of Laos and the remainder of Cambodia and the Prime Minister will accept the offer as readily as he accepted the offer of Japanese "mediation" definitely without even first consulting his Cabinet. Luang Pibul, a military leader, is a very ambiguous [*ambitious?*] man and I am of the opinion that in the last analysis any qualms that he may have regarding Japanese motives and objectives will be subordinated to his ambition to establish himself as the founder of modern greater Thailand. It seems to me that any exceptional favor to Thailand such as the loan is likely to place us in the category of aiding an aggressor which is directly contrary to our policy.

I am heartily in favor of any plan to loosen the commercial log jam as it affects our exports with Thailand which has resulted from our export license system especially in view of the existence of a friendly market here for all sorts of American goods which now appears to be capable of considerable expansion as the result of the situation growing out of the war. I favor letting the Thai have everything they need for internal consumption except for war purposes as far as possible pursuant to our own absolute defense requirements. The Thai like American products. In order to advance this point I would recommend the assignment here at the earliest possible moment of a first class Commercial Attaché and an assistant who could devote their full time to the development of this market for American goods.

GRANT

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740.0011 P. W./271 : Telegram

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

VICHY, July 21, 1941—4 p. m.

[Received 5:35 p. m.]

919. Embassy's telegram 911, July 19, 1 p. m. Admiral Darlan has just sent me word that, in view of the "extremely strong insistence" of the Japanese Ambassador and threats of immediate action, the French Government has to its great regret found it impossible "to gain any further time" in its endeavors to forestall or postpone Japanese occupation of Indochina. In view of this insistence, Admiral Darlan said: "There is nothing for the French Government to do but to submit." It is, however, asking the Japanese Government to make a public declaration that it will "respect the territorial integrity of Indochina and French sovereign rights over the Colony"; that furthermore, after the "emergency" is over, Japanese troops will evacuate Indochina. The foregoing is being communicated to the Japanese Ambassador this afternoon, he said.

We learn from Rochat<sup>1</sup> that the Japanese pretext was based on an alleged "menace" to Indochina, but did not specify the nationality of the power or powers supposedly threatening the colony. The demands we are told were "extremely abrupt" and did not specify exactly what points in Indochina the Japanese propose to occupy or the exact date of the proposed occupation. The French admit to us, though, that they will probably include Haiphong, Camranh Bay and a number of other points. The details and points of occupation are to be discussed in local negotiations on the spot with Governor General Decoux.

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<sup>1</sup> Charles Rochat, Secretary General of the French Foreign Office.

We asked whether Admiral Darlan knows yet whether Germany is supporting the proposed Japanese occupation of Indochina and were told that "it has been impossible so far to ascertain the German position"; that Benoist-Mechin was sent to Paris yesterday but "has apparently not yet been able to establish contact" with the appropriate German authorities.

Repeated to Algiers.

LEAHY

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740.0011 P. W./275 : Telegram

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

VICHY, July 22, 1941—5 p. m.

[Received 9:50 p. m.]

921. Embassy's telegram 919, July 21, 4 p. m. Ostrorog, who is now informed of the Japanese demands and the French reply, said this afternoon that the former were accompanied by a personal message from Prince Konoye to Marshal Pétain. This message assured the Marshal that the Japanese intend to reiterate their assurances of full respect for the integrity of Indochina and French sovereignty thereover as set forth in the accord of August 30, 1940. Ostrorog further feels that the Japanese Government will therefore presumably give the public assurances requested by the French in yesterday's reply.

Ostrorog went on to say that it is all very well to speak of symbolic resistance and the effect thereof on France's moral and legal position with respect to Indochina after the war is over.

On the other hand, it is certain that a refusal to agree to Japanese occupation of bases in Indochina at the present time or any attempted resistance against such occupation would mean internment of all French forces in the colony, the eviction of all French civilians, the declaration of the "independence" of Annam, and the assumption of full sovereign rights over the territory by the Japanese from which they could in the future be expelled only by force. In other words, he holds to the same line of reasoning which the French Government adopted at the time of Japanese mediation in the Thailand dispute, namely, that the most important question for France is to remain with some authority on the spot regardless of how restricted such authority may be or how humiliating its curtailment. The Department will recall from the third from the last paragraph of the Embassy's telegram 256, March 1, 8 p. m., that Chauvel defended this policy at some length (and his indication at that time that the Japanese might "leave Indochina alone for another month or two," incidentally, has proved prophetic). The Department will also note that it is in contrast to



the earlier position taken by Chauvel at a time when Japanese pressure was less. He said on February 12, as reported in the last sentence of the Embassy's telegram 187 of that date:<sup>2</sup> "I feel that our moral position in any future post-war readjustment will be much stronger if we lose Indochina in attempting to defend it than if we lose it piecemeal without resistance."

The "disturbing feature" of the Japanese demands in his personal view, Ostrorog said, is the fact that they have not given any precise indication of just how extensive their occupation, or "joint defense" as the Japanese prefer to call it, of the colony will be. He is also personally convinced that the Germans must have known—and approved—of the Japanese demands.

News of the receipt of the demands (which were originally made, we now learn, on July 13) and of the French yielding thereto is confined here to extremely limited circles and, contrary to what happens to most Vichy secrets, has not yet transpired to the larger groups of government officials. The French military, says Ostrorog, as well as the French Ambassador at Tokyo, continue to expect a move against Russia and point to Japanese military activities in that direction.

The French are not informing the Chinese Embassy here as yet either of the Japanese demands or of the French acceptance.

Repeated to Algiers.

LEAHY

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740.0011 P. W./276 : Telegram

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

Tokyo, July 22, 1941—11 p. m.  
[Received July 22—9:30 p. m.]

1050. Your 394, July 14, 7 p. m.<sup>2</sup> and my 1006, July 16, noon.

1. My British colleague is informed from London in strict secrecy that according to a report from a reliable but undisclosed source the Japanese Government is continuing its pressure on the Vichy Government to cede bases in Indochina and that if a favorable reply is not received by July 24 (the ultimatum having been extended from July 20) the Japanese will occupy such bases by force. I assume that the British Ambassador in Washington has already conveyed this report to you.

2. The British Commander-in-Chief in the Far East on July 21 strongly recommended to the War Office in London the issuance of a combined warning to Japan from London, Washington and Tokyo

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<sup>2</sup> Not printed.

[*Batavia?*] that certain economic measures of reprisal will be enforced if bases in Indochina are taken by the Japanese. The telegram of the Commander-in-Chief continues (in paraphrase) :

No threat is likely to induce Japanese withdrawal when once these bases have been occupied. Foreign reprisals would merely serve to intensify their propaganda. In any case the Japanese would thereby have greatly improved their strategic position for attacking British, American and Dutch interests in East Asia as well as to exert overwhelming pressure on Thailand. As reprisals there has been proposed restrictive economic measures by the United States and the Netherlands East Indies, including the embargoing of iron ore in Malaya. If a warning of these proposed measures were issued in advance, it might suffice to deter the Japanese from this movement, and it is unlikely that such an Anglo-American-Dutch warning would precipitate a Japanese attack. Operations in these areas are rendered improbable before October owing to the monsoon in Burma and the typhoon season in the area of the Philippines.

3. With reference to the foregoing telegram, my British colleague has today telegraphed to London that he fears that such a warning will now be too late but that if the warning is to be effective it would carry greater weight if issued in London and Washington only.

4. Without knowing the source of the report set forth in paragraph numbered 1 above, the fact that July 20 has passed without any development suggests that the new report might be taken with a degree of caution and reserve. I nevertheless alter the opinion expressed in the fifth sentence of paragraph numbered 3 of my telegram No. 1015, July 17, 11 a. m.<sup>3</sup>

5. If, however, in the light of the Department's information the Government of the United States is prepared to carry out the procedure envisaged in the second sentence of the second paragraph of your 394, July 14, 7 p. m., I do not doubt that the Department has given careful consideration to the thought that more may be gained by letting the Japanese Government know of our intentions, privately and without publicity, preferably through Admiral Nomura if this has not already been done, before rather than after a Japanese occupation of bases in Indochina with or without the Vichy Government's permission. A clear unambiguous statement of such intentions might conceivably exert a deterrent effect, but, once an occupation were effected, Japanese prestige would render subsequent withdrawal out of the question. It would seem to be a grave error to allow American-Japanese relations to advance one step further on the road to potential war through any possible misconception on the part of the Japanese Government as to the determination of the United States to take positive action in the event of certain contingencies.

GREW

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<sup>3</sup> Vol. iv, p. 1006.

792.94/130

*The Assistant Secretary of State (Acheson) to the British Minister  
(Hall)*

WASHINGTON, July 23, 1941.

MY DEAR MR. HALL: Referring to your letter of July 14 in regard to negotiations conducted by the British Minister at Bangkok for the acquisition by Great Britain of rubber and tin from Thailand, it is noted that substantial agreement has been reached in regard to the allotment of rubber. With regard to tin, you stated that there was hope of obtaining an assurance from the Thai Government that about two-thirds of the total output would continue to go to Malaya, although the Thai Government was under the necessity of finding 2,000 tons for transfer to Japan in payment for airplanes. Your letter contained the assurance that all rubber allotted to Great Britain, as well as all tin passing to Singapore, would be disposed of only by agreement between the British and American Governments. You invited an expression of the views of the American Government in regard to these and other subjects dealt with in your letter.

I assume that these concessions have been granted by the Thai Government in consideration of an offer to supply to Thailand through British and American oil companies limited quantities of petroleum products, a procedure in which, when it was suggested, this Government acquiesced.

Regarding this phase of the subject, a telegram has been received from the American minister in Bangkok<sup>4</sup> reporting that the British Minister was so good as to supply him with an outline of a proposed agreement between the British and Thai authorities for the supply of petroleum products. You will recall that with your letter of June 4, 1941 you included a statement of the proposals that had been sent to Bangkok for transmission to the Thai Government.<sup>5</sup> Comparing figures in the proposals and those in the report just received, it is to be noted that whereas the amount of rubber to be derived from the pending agreement has been reduced from 75 percent of the output to about 30 percent, the amounts of oil to be supplied to Thailand, where specified, have been increased by 50 percent and, in addition, there has been promised as much aviation gasoline for military purposes as the Thai Ministry of Defense may find it necessary to apply for from time to time. I realize that the instructions sent to the British Minister merely set forth a goal which, in the course of negotiations, it has proved impossible to reach. It seems to me, however, that there is decided risk in the sweeping promise made in regard to aviation gasoline for military purposes; if this clause has been correctly re-

<sup>4</sup> Telegram No. 344, July 14, 6 p. m., p. 208.

<sup>5</sup> Statement not printed.

ported to us, it would appear to place the Thai Government in the position of being able either to compel the supplying of this commodity at a time when it may be undesirable to increase Thai stocks, or of being able to declare the entire arrangement void through non-fulfillment of its terms by the suppliers.

With this qualification this Government would see no objection to the concluding of the proposed agreement between the British and Thai Governments providing for an allotment of a minimum of 1,500 tons of rubber monthly to the British Government.

In regard to your assurance concerning the disposition of rubber and tin reaching British hands, I suggest that such materials might be resold to the American Government under the regular terms of existing agreements with the International Tin Committee and International Rubber Regulation Committee.

As you were informed in my letter of July 14, instructions were sent to the American Minister in Bangkok to urge the Thai authorities to supply such information as would be necessary before discussions could take place between the American and Thai Governments for the purchase by the United States of Thai rubber and tin remaining after deduction of sales to Great Britain. You will recall that the Thai Government was informed that this Government, as an inducement for the allotment to it of rubber and tin, is prepared to assist the Thai Government in the matter of American exports, within limitations imposed by the needs of American defense, such assistance to be in proportion to the willingness of the Thai Government to assist in meeting the desire of the United States to acquire rubber and tin. The American Minister in Bangkok reports that at an interview on July 17 the Prime Minister said that he would carefully consider our request for allotments of rubber and tin, but that he had agreed to furnish 30,000 tons of rubber to Japan out of the total annual output of 48,000 tons, in payment for arms and munitions he hoped to obtain from Japan, and he explained that tin was sold in the open market. The Prime Minister observed that the Japanese were constantly reminding him of services they said they had performed for Thailand and were intimating that they expected compensation. The Prime Minister promised to supply a list of American products needed by Thailand. In this connection it is not the intention of this Government to set aside in favor of Thailand any existing arrangements for the supplying of aircraft to Great Britain.

The following factors are recognized as likely to obstruct any acquisition by this country of rubber and tin by direct purchase in Thailand following the conclusion of the British-Thai agreement:

(a) the necessity of inducing the Thai Government to set aside the existing allotment of 30,000 tons of rubber to Japan reported by you:

(b) the unwillingness of the American Government to pay open-market prices for rubber and tin in Thailand that would tend to undermine existing arrangements for the purchase of vastly larger amounts of rubber and tin produced in other areas.

While the interest of this Government in the efforts of the British Government in Thailand remains as set forth in my letter to you of June 17, it seems only fair to inform you that the outlook for successful negotiations for direct purchase by us of Thai rubber and tin remaining after the proposed allotment to Great Britain appears, from the Department's standpoint, far from hopeful.

Sincerely yours,

DEAN ACHESON

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892.24/673

*Memorandum of Conversation, by Mr. Willys R. Peck of the Division of Far Eastern Affairs*

[WASHINGTON,] July 23, 1941.

The Thai Minister called Mr. Peck on the long distance telephone from Massachusetts and referred to a letter from the Thai Legation dated June 19<sup>6</sup> transmitting a request for an export license to cover steel pipes and wire consigned to the Login Corporation, Bangkok. He said that he had just received a telegram from his Government urging that, if possible, an export license be issued covering these commodities at an early date.

Mr. Peck said that the Department had been considering this application with a view to special treatment, because of the unusual circumstances surrounding the shipment, but he did not know what the present status of the matter was. Mr. Peck said that he would make inquiries and would hope to telephone to the Minister the same day.

The Thai Minister said that in connection with the general subject of the desire of the American Government to purchase Thai rubber and tin, he had received a telegram from his Government saying that undoubtedly the United States would be able to purchase Thai rubber and tin, but the exact amounts could not be decided upon before the conclusion of negotiations now going on with the British in regard to the same commodities. The Thai Minister observed that he feared this telegram would not be very satisfactory to the American Government, which wanted to receive exact figures.

Mr. Peck asked permission to make one or two observations on this subject. The Minister assented and Mr. Peck remarked that if definite amounts of rubber and tin had been allotted to Great Britain, that was satisfactory to the American Government, for suitable ar-

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<sup>6</sup> Not found in Department files.

rangements could be made with the British. However, the more important aspect of the matter arose from the hope of the American Government that a broad arrangement might be concluded between the American and the Thai Governments which would provide for reciprocal assistance. The fact is, Mr. Peck observed, that the Department has been obliged to reject many applications for export licenses covering goods consigned to Thailand, because of the present necessity to conserve the commodities concerned for the use of the United States during the present emergency. Mr. Peck said that if the Thai Government were to make available to the United States quantities of tin and rubber, commodities needed by the United States, it might be possible in view of the benefit thus received, to review the rejected applications for export licenses. In this case each nation would, perhaps, make some sacrifice, but would likewise receive a benefit; it might seem a cold-blooded arrangement, but Mr. Peck thought it advisable to state the case bluntly.

The Thai Minister said that he understood the situation and would try to induce his Government to make some definite proposals.

In the meantime, he said that he would greatly appreciate early information in regard to the application of the Login Corporation.<sup>7</sup>

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740.0011 P. W./282 : Telegram

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

TOKYO, July 23, 1941—midnight.

[Received July 23—6 p. m.]

1067. 1. In the absence of the British Ambassador who is spending the summer in the mountains and is temporarily cut off from Tokyo by typhoon damage to communications, the British Counselor today called on the Acting Vice Foreign Minister, Yamamoto, Chief of the Asiatic Bureau, and said that the Ambassador had been somewhat perturbed by radio reports of the imminent intention of Japan to occupy bases in Indochina and inquired if there was any truth in such reports. The Acting Vice Minister's face became blank and he tried to change the subject. When Mr. Houstoun Boswall became persistent, Mr. Yamamoto said that he was not permitted to discuss that subject and that the matter had better wait to be taken up by the Ambassador with the Minister for Foreign Affairs.<sup>8</sup> All he could say was that "Japan has absolutely no ambitions and if anything does happen in Indochina it will be very peaceful. But I do not believe it

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<sup>7</sup> In pursuance of information received orally from the Division of Controls, Mr. Peck, on July 25, telephoned the Thai Minister at Osterville, Massachusetts, and informed him that an export license was being granted.

<sup>8</sup> Adm. Teijiro Toyoda.

will happen". During the conversation Acting Vice Minister thereupon declined to say or hear another word on the subject. The Counselor derived the distinct impression that Japanese occupation of bases in Indochina has been decided upon.

2. One of my colleagues was today told in strict secrecy by the secretary of influential and well informed Japanese that Japan will occupy bases in Indochina within "8 or 10 days."

3. The foregoing items are communicated as possibly piecing out other information known to the Department.

GREW

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892.24/68½

*The British Minister (Hall) to the Assistant Secretary of State  
(Acheson)*

WASHINGTON, July 24, 1941.

DEAR MR. ACHESON: I thank you for your letter of July 23rd on the subject of the proposed agreement between the British and the Thai Governments and note that, subject to the observations which you make regarding the oil supplies, your Government would see no objection to the concluding of the proposed agreement providing for an allotment of a minimum of 1,500 tons of rubber per month to the British Government.

We have now received from London the text of the proposed draft agreement which Sir J. Crosby is being instructed, subject to the concurrence of your Government, to submit to the Thai Government. This text is set out in detail in the attached memorandum<sup>9</sup> and you will note that the conditions governing oil supplies differ materially from those in the outline of the proposed agreement as communicated by Sir J. Crosby to your Minister in Bangkok. My Government took the same view as you have done, that the quantities of oil proposed were too high, and more especially that it would be highly undesirable to undertake to make available supplies of aviation spirit for *military* purposes.

The quantities now proposed do not accord, category by category, with those set out in my letter of June 4th, though the total (taking into consideration the reduced amount of crude oil or its equivalents) is somewhat lower. They have been arrived at after a more detailed investigation of what may be regarded as Thailand's normal needs.

As explained in the Memorandum, His Majesty's Government are anxious to secure the concurrence of the United States Government

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<sup>9</sup> Not printed.

in the plans now proposed, and I hope that in view of the revisions which have now been made it will be possible to secure this as a matter of urgency. A message received as this letter was being drafted suggests that Sir J. Crosby may find it necessary to proceed forthwith. I have therefore communicated to him and to the Foreign Office in London the points made in your letter of July 23rd. It seems to me that London has gone a long way to meet the points which you have raised.

I note what you say with regard to the prospects of your own negotiations, but I hope that the Thai Government will be sufficiently farsighted to appreciate that the prospects of United States assistance warrant further efforts on their part to meet your requirements. You will see that in order not to prejudice your negotiations, it is proposed that the British Agreement with Thailand should be for two months duration only, renewable automatically over a period of one year (commencing on July 1st) pending conclusion of a United States-Thailand agreement.

Yours sincerely,

NOEL F. HALL

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740.0011 P. W./299 : Telegram

*The Consul at Hanoi (Reed) to the Secretary of State*

HANOI, July 24, 1941—11 a. m.

[Received 9 : 37 p. m.]

102. I have just been informed confidentially by a reliable informant that the facilities demanded by the Japanese Government and granted by the French Government are roughly as follows: naval base at Camranh; military and naval establishments at Saigon, including the military airport; eight air bases in Cochin-China and Cambodia; and the various garrisons to number at least two divisions. The Japanese will commence their occupation within a short time. My informant stated that the Japanese gave as justification for demanding these facilities the defense of Indo-China from a British attack. He stated further that the extreme reticence of the Government General during the past few days has been motivated by the apprehension of the American and British reaction to this almost complete surrender of Indo-China to the Japanese.

Sent to Cavite for repetition to the Department, Chungking, Peiping, Hong Kong, Shanghai. Shanghai, please repeat to Tokyo.

REED



740.0011 P. W./285 : Telegram

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

WASHINGTON, July 24, 1941—7 p. m.

2759. Your 3164, July 24, 1 p. m.<sup>10</sup> The present Japanese military *démarche* in Indochina appears to be an important manifestation of Japan's opportunist policy of expansion by force undertaken with a view to placing Japanese military and naval forces in a strategic position for further military moves in case future developments should make such moves opportune and feasible.

It is premature as yet to form a clear idea of what developments may be expected in the near future following the Japanese occupation of or establishment of bases in Indochina. While there have been received many reports indicating increased Japanese military and naval activity, there is no strong evidence that the Japanese contemplate a movement further southward than Indochina at the present time. Simultaneously with reports of military activity in apparent connection with the Indochina situation there have been reports indicating preparations for strengthening Japanese garrisons in Manchuria and a number of developments, including establishment by Japan of censorship of communications services and restrictions on travel in the Japanese inland sea, North China, Manchuria and Korea, which would be logical preparations for a movement northward at some future time. There is, however, no evidence that a Japanese attack on the Soviet Far East is imminent. Whether such attack will eventually be made seems likely to depend upon developments.

The gist of our information therefore remains substantially along the lines indicated in the penultimate sentence of my telegram 2454, July 7, 8 p. m.<sup>11</sup>

On July 23 Ambassador Grew telegraphed<sup>12</sup> suggesting that while Japan may be expected under its new cabinet to pursue an increasingly independent attitude toward all nations, including Japan's allies in the Tripartite Pact, a complete and sudden swing in the orientation of Japan's foreign policy from the Axis was not to be expected.

You will note in today's Radio Bulletin the text of a statement which I issued to the press<sup>13</sup> in regard to Japan's occupation of naval and air bases in Indochina. As indicated therein, this Government is seriously concerned over developments in the Indochina situation. We are giving careful consideration to possible action that we might take, especially in the economic and financial field, a number of steps are

<sup>10</sup> Not printed.

<sup>11</sup> Vol. IV, p. 294.

<sup>12</sup> Telegram No. 1052, July 23, noon, *ibid.*, p. 336.

<sup>13</sup> *Foreign Relations, Japan, 1931-1941*, vol. II, p. 315.

under active consideration, and some initial step will probably be taken in the next day or two. We are in constant touch with the British Embassy here in regard to the situation.

WELLES

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740.0011 P. W./334 : Telegram

*The Minister in Thailand (Grant) to the Secretary of State*

BANGKOK, July 25, 1941—5 p. m.

[Received July 26—10 a. m.]

364. The Japanese Minister Futami informed the Prime Minister "informally" several days ago of the Japanese intention to occupy Saigon with military forces, according to statement made to me in strict confidence today by a high official of the Foreign Office. This official said that according to later information received from the Secretary of the Japanese Legation the Japanese forces are either already in Saigon or are probably entering that port today. He said he understood that Camranh Bay would be occupied later. The Japanese officials had explained to the Thai officials that they must get a strong foothold in Indochina because of the United States and Great Britain. He said that the Thai Cabinet would hold a meeting tomorrow to examine the situation but did not anticipate that any formal action would be taken and that Thailand would maintain her neutrality. This official admitted that additional Thai military forces were being moved up to the eastern frontier.

I am of the opinion that the responsible officials have been informed in detail in advance of the latest Japanese plans in Indochina and that there is an understanding which is tantamount to collaboration in that Thailand will be permitted to take over eventually the province of Laos and the remainder of Cambodia as indicated in my telegram 365 [356], July 20, 11 a. m.

Shanghai please repeat to Tokyo.

GRANT

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740.0011 P. W./329 : Telegram

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

VICHY, July 25, 1941—6 p. m.

[Received July 26—6 a. m.]

939. I have had a copy of the Acting Secretary's statement on the Far East <sup>14</sup> as it appears in this morning's Radio Bulletin given to the Marshal and to Admiral Darlan. Rochat expressed appreciation of the "understanding of the French position" shown therein. He said

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<sup>14</sup> July 24; *Foreign Relations, Japan, 1931-1941*, vol. II, p. 315.

that present talks with the Japanese could hardly be described as "negotiations"; that they mean merely discussions of the ways and means of Japanese entry into the French colony. The Japanese, he said, are willing to make the declaration requested (please see Embassy's telegram 919, July 21, 4 p. m.), adding that it will probably be made almost immediately at Tokyo. He denied that the Japanese have as yet moved forces into Indochina. He also said that the Chinese are apparently not "anxious to undertake any preventive military action by invading Indochina themselves at [apparent omission] is imminent.[""]

We learn from Ostrorog that the French Government has not yet informed the Chinese Embassy here of the Japanese demands or of the French acceptance thereof, although that Embassy is now quite *au courant* of development.

Rochat displayed considerable interest in what "in practical terms" British and American policy will now result. We said we could give no information on this subject other than that contained in the Acting Secretary's declaration.

Repeated to Algiers.

LEAHY

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751G.94/366

*The Minister to the Netherlands Government in Exile (Biddle) to the Secretary of State*

No. 14

LONDON, July 25, 1941.

[Received August 1.]

SIR: I have the honor to report that in conversation this morning with Netherlands Minister for Foreign Affairs van Kleffens, he reminded me of his Government's anticipation of a Japanese move vis-à-vis Indo-China as expressed to me by Netherland's Prime Minister Gerbrandy (see my despatch No. 12, July 16 [15] 1941<sup>15</sup>). Minister van Kleffens went on to say that I could therefore readily understand that the recent Japanese move came as no surprise to his Government. In event, moreover, of a major Russian reverse, his Government believed that a Japanese move in the north might be expected. In fact, Japan was now in the mood to seize any place, if they thought they could get away with it, without getting hurt. However, if, and only if, the Japanese had reason to believe they would burn their fingers by advancing in any given direction, they would not move.<sup>16</sup>

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<sup>15</sup> Not printed.

<sup>16</sup> In a memorandum dated August 16, the Adviser on Political Relations (Hornbeck) was asked by his Assistant (Hiss) to "note especially last sentence, paragraph 1".

The current turn of events had recalled to his mind conversations he had had with the President, with [Acting] Secretary Welles, and with Dr. Hornbeck, concerning the question of "political oil" and other "political supplies".<sup>17</sup> In this connection he felt confident that these conversations would be taken into consideration in the event our Government was now contemplating any plan vis-à-vis Japan. In other words, he hoped that any plan our Government might adopt would not envisage an embargo on materials essential to Japan, the cutting off of which might lead Japan to turn an aggressive eye toward the East Indies or to Borneo, etc.

On the other hand, of course, if the United States proposed to come down hard on Japan, by cutting off this category of materials, he felt sure that our Government was aware that this would immediately give rise to Japanese pressure on the East Indies and other neighboring sources of supply—pressure so severe as to call for an immediate discussion regarding a definite plan of action.

Respectfully yours,

A. J. DREXEL BIDDLE, JR.

894.00/1083 : Telegram

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

TOKYO, July 26, 1941—10 a. m.

[Received July 26—9:02 a. m.]

1090. Embassy's 1081, July 25, 7 p. m.<sup>18</sup> I consider the *Kokumin* article significant as indicating the possibility that the high command may have forced the hand of the government in connection with the plan to occupy bases in Indochina.

GREW

792.94/133 : Telegram

*The Minister in Thailand (Grant) to the Secretary of State*

BANGKOK, July 26, 1941—noon.

[Received 10:30 p. m.]

367. The British Minister has informed me of the substance of a conversation which he had yesterday afternoon with the Prime Minister as follows:

The Prime Minister said that the Japanese Minister, accompanied by Secretary of Legation, the Japanese visiting financial expert Ono

<sup>17</sup> For President Roosevelt's attitude on this subject and for Executive Order No. 8832 "freezing Japanese assets in the United States," see *Foreign Relations*, Japan, 1931-1941, vol. II, pp. 264-265, 266-267.

<sup>18</sup> Not printed.

and by the Director of the Thai Commerce Department who incidentally was a member of the Thai Delegation at the recent Tokyo "mediation" conference, called to see him Friday. The Prime Minister indicated the Japanese were bringing pressure to bear which is designed to place Thailand in the same category as Indochina in its relationship with Japan economically. The Japanese voiced objection to the Thai Government's negotiations with Great Britain on oil stating that this matter should have been negotiated with the private oil companies involved. The Japanese also again promised to supply Thailand with oil and they insisted upon the allocation of 35,000 tons of rubber in lieu of the 30,000 already promised to Japan by Thailand. The Prime Minister promised the Japanese he would do what he could in the matter. In this connection he indicated to the British Minister that he may decide to [throw] rubber in addition to tin on the open market.

The British Minister informed me that he would file with the Thailand Government the British counter proposals regarding oil, tin and rubber, Monday July 28.

The British Minister quoted the Prime Minister as having stated that the only way to stop further Japanese aggression is for Great Britain and the United States to establish a limit beyond which Japan shall not go, the alternative being the use of military force.

The British Minister pursuant to the agreement of his government informed the Prime Minister both orally and in a written memorandum that the British would regard the acquiescence of Thailand in a Japanese request for military or other bases in Thailand as an infraction of the British-Thai pact of [June, 1940] <sup>19</sup> and would take suitable steps.

The Prime Minister inquired of the British Minister as to the possibility of his government following the Japanese lead in establishing an Embassy in Bangkok. The British Minister replied that it was not the policy of London to establish new Embassies.

The Prime Minister said the new German Military Attaché, Lt. Col. Scholl, formerly attaché in Tokyo, had called to see him and had warned the Prime Minister against going too far with Japan who he said could not be trusted and Scholl said further that Germany had recognized the Nanking government under pressure and that Germany would settle with Japan after the war. In this connection the British Minister informed me he had heard that Scholl was sent here primarily to supplement the work of the German Minister who was regarded in Berlin as not forceful in his dealings with the Soviet-Russian situation.

Repeated to Tokyo.

GRANT

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<sup>19</sup> Treaty of non-aggression between the United Kingdom and Thailand, signed at Bangkok, June 12, 1940; ratifications exchanged August 31, 1940; League of Nations Treaty Series, vol. cccii, p. 422.

792.94/134 : Telegram

*The Minister in Thailand (Grant) to the Secretary of State*

BANGKOK, July 27, 1941—7 p. m.

[Received July 28—9:08 a. m.]

369. The Deputy Minister of Foreign Affairs today informed me that his Government yesterday at a special meeting of the Cabinet examined the political situation arising out of the new Japanese movement in Indochina and decided to follow for the time being a policy of "watchful waiting" without making any formal declaration of neutrality. He manifested keen interest in the freezing of Japanese funds in the United States<sup>20</sup> and wanted to know the amount involved. He informed me a decision on the matter of oil, tin and rubber would be delayed for the present until the political atmosphere is clarified. He added however that his Government would likely propose to the Japanese that rubber be thrown on the open market in addition to tin. He said he himself favored this solution of the problem which he indicated is giving the Thai considerable concern as the result of the Japanese pressure. He said the Japanese were "furious" with the Thai as the result of the negotiations for oil, tin, rubber and that they offered to furnish the Thai all the oil they need in addition to armaments and they insist on 35,000 tons of rubber of the 48,000 tons.

The Deputy Minister of Foreign Affairs then said to me that he thought the United States Government should show its friendship for Thailand in a more positive manner by announcing publicly that the United States proposed to assist Thailand in every way possible and that my Government should not insist upon anything in return, such as rubber and tin, because of the Japanese pressure on Thailand. I replied that my Government was showing its friendship by proposing to assist Thailand in the economic sphere but that after all real friendship implied obligations on both sides, that my Government wanted all the rubber and tin it could acquire and it seems to me that the least that the Thai could do would be to give the United States an "even break" on these products, whereas the Japanese had already been promised the bulk of the annual supply in return for armaments. I added that in view of the recent political developments in this area, which had placed Thailand in a precarious condition, it seemed to me that Thailand would be better off without these Japanese armaments, since it was reasonable to conclude that Japan would strengthen her grip through the furnishing of these supplies. It was a certainty that Japan would not offer to furnish armaments which might be turned against her and who else, I asked, was offering a threat to Thailand's political and territorial integrity. Certainly not the United States

<sup>20</sup> See press release of July 25 and Executive Order No. 8832, July 26, 1941, *Foreign Relations, Japan, 1931-1941*, vol. II, pp. 266 and 267.

and Great Britain. The Deputy Minister of Foreign Affairs, who is the official spokesman on foreign affairs for Luang Pibul, made no comment but he gave clear indication that he understood and perhaps appreciated the argument advanced.

The Japanese Minister last night gave a large dinner party in honor of the Japanese Delimitation Commission, the guests including a number of high Thai officials.

Repeated to Tokyo.

GRANT

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792.94/135 : Telegram

*The Minister in Thailand (Grant) to the Secretary of State*

BANGKOK, July 28, 1941—1 p. m.  
[Received July 29—5:48 a. m.]

371. My telegram No. 369, July 27, 6 [7] p. m. I was called to the Foreign Office today by the Deputy Minister of Foreign Affairs who said he had informed the Prime Minister of our conversation yesterday as outlined in the above telegram and that the Prime Minister had approved the remarks of the Deputy Minister of Foreign Affairs to the effect that a public announcement of the United States' friendship and the desire to assist Thailand would be helpful at this time. The Prime Minister also sent a message to me for transmission to my Government to the effect that since there might be a misunderstanding regarding the simultaneous Japanese and Thai troop movements into Indochina he wished to make it clear that it was a "representation" and had not been planned by the Thai and that the transfer of the ceded territories was proceeding without friction between the French and Thai authorities. In this connection only yesterday the French Chargé d'Affaires showed me a note which he had just received from the Deputy Minister of Foreign Affairs protesting against alleged obstructionist tactics by the French authorities in Battambang in handing over immovable property and documents and requiring the Thai delegates to spend the night outside of the ceded territory.

I remarked to the Deputy Minister of Foreign Affairs that perhaps the Japanese had "timed" their military occupation to coincide with the Thai occupation of Indochina territory. Deputy Minister of Foreign Affairs indicated that possibly this was the case.

I said I had received a radio report this morning to the effect that Japan had demanded military bases in Thailand. The Deputy Minister of Foreign Affairs replied that no such demands had been made "up to this time". He indicated in response to my inquiry that the Thai anticipate that such demands may be made at a later date, "not

just now". He gave the impression that he and his colleagues are extremely apprehensive over the situation.

The Deputy Minister of Foreign Affairs said that the Prime Minister would like to see me the latter part of the week. He also said I could inform my Government that the revised list of American imports which Thailand desires is being prepared and will be submitted to me soon. In the event the Department should decide to consider making a public announcement of support of the Thai Government as suggested, I respectfully but strongly recommend that a clear line of demarcation be made between what has already occurred in the matter of the territorial controversy between Thailand and Indochina and the present situation since this Government, which is now seeking our assistance, deliberately ignored our advice regarding the maintenance of the *status quo* and with Japanese collaboration was guilty of successful military aggression against Indochina.

The Thai are clever and as a rule they do not put all of their cards on the table. There is a possibility that we might be maneuvered into the position of approving the recent Thai territorial acquisitions in Indochina; the Japanese mediation of that incident and even new aggressions in the event the Thai cling to the idea of taking over Laos and the remainder of Cambodia. The Department will recall the Thai attempt to make it appear publicly that we had approved the cession of territory in Indochina through Japanese mediation by attributing to me a statement which I did not make to the effect that the United States had made a "special case" of the Thai-Indochina affair. I am of the opinion that the fact that the Thai were military aggressors in collaboration with Japan should not be lost sight of.

Repeated to Tokyo.

GRANT

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740.0011 P. W./341 : Telegram

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

TOKYO, July 28, 1941—9 p. m.  
[Received July 28—1:32 p. m.]

1109. My British colleague has made available to me reports of his interview on July 26 with the Foreign Minister of which the two following points appear of sufficient interest to repeat to the Department.

1. The Ambassador stated to the Foreign Minister that since the sole reason given by the Japanese for the intended occupation of bases in Indochina was the alleged existence of hostile intentions on the part of Great Britain to the security of Indochina he wished to inquire whether it would not be possible to defer the actual entry of Japanese



troops into Indochina until Japanese Government had time to satisfy itself that these reports were groundless. The Ambassador pointed out as his personal opinion that it was not the agreement with the Vichy Government but the actual despatch of Japanese troops which constituted a threat to British interests. The Foreign Minister made no reply to the Ambassador's suggestion and merely reiterated previous statements denying that the movement of troops into Indochina would constitute any threat to British territory.

2. The Ambassador asked the Minister for Foreign Affairs if he would redefine for him Japan's position with regard to the Japanese-Soviet neutrality pact. Statement of the Foreign Minister's predecessor had not been clear on this point. The Foreign Minister replied that he had not yet had time to study the position of the Japanese Government regarding the neutrality pact as he had been exclusively occupied with the question of Indochina and would answer the Ambassador's inquiry at a later date.

GREW

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856D.20/58

*Mr. Lynn R. Edminster, Special Assistant to the Secretary of State, to Major General James H. Burns, Executive Officer, Division of Defense Aid Reports, Office of Emergency Management*

WASHINGTON, July 29, 1941.

DEAR GENERAL BURNS: This refers to your letter of July 17, 1941 to me,<sup>21</sup> asking me to ascertain the attitude of the State Department toward a proposal which had been suggested to Mr. Hopkins by the Netherlands Indies, that our Government send to the Netherlands Indies a small group to make a general survey of its national defense needs in order to assist in determining what aid should be made available by this country through lend-lease or otherwise.

I have referred this matter to the appropriate officials of this Department, and I am now advised that the Department feels that it would be inadvisable for such a mission to be sent *at this time*. There is no objection to individual officers and individual technical experts being sent there at this time if it is thought that there is a real need for them to be there. But it is felt that the sending of a special mission at this time would tend to aggravate the situation in that area; that it would afford the Japanese an additional pretext for expansion southward; and that these considerations would outweigh any possible advantages that might be realized.

Sincerely yours,

LYNN R. EDMINSTER

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<sup>21</sup> Not printed.

740.0011 P. W./354 : Telegram

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

VICHY, July 29, 1941—7 p. m.  
[Received 10:35 p. m.]

955. We asked Rochat this afternoon if there was anything which he could tell us concerning the extent of military [measures?] which the Japanese proposed to take in Indochina and he replied evasively, saying that the Japanese had "presented no formal indications". The details, he said, would be worked out "on the spot". He added that stories circulating that Japanese troops in Indochina would rise to the figure of 150,000 were "highly exaggerated".

We pointed out the dangerous precedent which "common defense" of Indochina by French and Japanese would constitute for any similar Franco-German "common defense" of French Africa. He replied with obvious embarrassment that he was well aware of that aspect of the situation and suggested wryly that we should not cross that bridge for the time being.

Rochat denied reports here that five Japanese troop transports have arrived at Saigon under naval convoy. He said that there are no indications of any military reaction as yet on the part of the Chinese.

An official of the Ministry of Colonies told an American correspondent that Japanese "defense" aspirations in Indochina will involve the stationing of some 40,000 troops in the Cap Saint Jacques area, the building of new air bases in the colonies and the occupation of existing ones around Saigon, the increase of Japanese troops in Haiphong to 10,000 and the establishment of some sort of naval base at Camranh Bay.

Repeated to Algiers.

LEAHY

894.00/1083 : Telegram

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

WASHINGTON, July 29, 1941—11 p. m.

441. Your 1090, July 26, 10 a. m. From various indications and information from different sources which we have received it would appear to us that the Japanese move was methodically planned with complete cooperation between the fighting services and the civilian branch of the Japanese Government. While this would not exclude the possibility that the original initiative may have come from the high command, we judge that the Japanese Government as a whole has for some time been in favor of the Indochina move.

WELLES

792.94/135

*Memorandum by Mr. Willys R. Peck of the Division of Far Eastern Affairs*<sup>22</sup>

[WASHINGTON,] July 30, 1941.

Reference telegram 371 of July 28, 1 p. m., from Bangkok. The American Minister at Bangkok reports, *inter alia*, that the Thai Government has suggested to him that the American Government announce publicly that it intends to assist Thailand. In an earlier telegram the Minister reported that he had been informed by his British colleague that the Prime Minister insisted that the only way in which Japanese aggression could be stopped would be for the United States and Great Britain to threaten the use of military force if Japan proceeded beyond a fixed limit in putting pressure on Thailand.

It seems highly inadvisable to follow either of the courses of action suggested by the Thai Government. It is hardly necessary to adduce arguments against a threat of force based upon the results of Japanese aggression in Thailand.

If a declaration by the United States of an intention to assist Thailand in every possible way were to be made, one effect would be to show that the Thai Government had been conducting itself toward the United States in a friendly way and this would protect the Thai Government from the accusation that it had been pursuing a one-sided, pro-Japanese policy. Another effect would be that the Japanese Government could adduce the declaration as evidence supporting its reported assertions that Great Britain and the United States are scheming against Japan in Thailand. The only effect of such a declaration on the position of the United States would be to further embroil this country in the Far East in an undesirable manner.

It is suggested that, for the time being at least, no reply be made to Bangkok's telegram in reference.

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792.94/141

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

[WASHINGTON,] July 30, 1941.

The British Ambassador called to see me this morning at his request. The Ambassador read to me a secret telegram he had just received from his Government. The British Government is informed

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<sup>22</sup> Initialed by the Chief of the Division (Hamilton).

through a secret message from the Prime Minister of Thailand that the Japanese are now demanding military and economic concessions from the Thai Government. The Prime Minister of Thailand stated that it was intimated that if these concessions were refused Japan might use force. The Prime Minister of Thailand desired urgently and secretly to know what assistance the British Government would give him in such an event, should the Thai Government refuse to grant the concessions demanded. Lord Halifax stated that he had no word as yet of the reply which would be given by his Government, but assured me that he would immediately inform me of any information he might receive on this point.

I informed the British Ambassador of the contents of my conversation this morning with the Japanese Ambassador.<sup>23</sup>

S[UMNER] W[ELLES]

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792.94/138

*The British Minister (Hall) to the Assistant Secretary of State  
(Acheson)*

WASHINGTON, July 30, 1941.

DEAR MR. ACHESON: Since my letter to you on July 24th on the subject of Thailand we have had some further reports on the situation from our Minister in Bangkok.

In the first place he informs us that he is told by the Thai Prime Minister that the Japanese are now insisting on 35,000 tons of rubber and that he gathers that Japanese pressure upon the Prime Minister is intense. As a result of this, Sir J. Crosby understands that the Thai Government are now considering a possible way out of the present impasse by assigning no quotas to any country but instead retaining an open market for rubber. What the reactions of the Japanese to this may be has yet to be seen, nor have I yet heard whether my Government would be agreeable to a plan which would be at variance with the proposed agreement under which we were to supply oil in return for, *inter alia*, an allocation of 18,000 tons of rubber. It is, however, possible that if both your Government and mine were prepared to pay a pre-emptive price for rubber, it might by this means be possible to secure part at least of the 30,000 tons which we are given to understand were to be allocated to Japan, though we must take into account that high prices may stimulate smuggling from Malaya and so increase rubber supplies in Thailand. Presumably, however, it should now be easier to compete with Japan in a matter of this kind,

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<sup>23</sup> See memorandum of July 30, p. 886; see also memorandum of July 31, 1941, *Foreign Relations, Japan, 1931-1941*, vol. II, p. 539.

since she will be less likely to expend so freely her diminishing supply of dollars.

I should be very glad to have your views on the above and in particular to hear whether you see any action which your Government could take under present circumstances to counteract Japanese pressure in Thailand.

Yours sincerely,

NOEL F. HALL

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740.0011 P. W./426

*Memorandum by Mr. Cecil W. Gray, Assistant to the Secretary of State*

[WASHINGTON,] July 31, 1941.

In a conversation between Acting Secretary Welles and Secretary Hull at White Sulphur Springs there was some discussion about Thailand and its relation to the latest Japanese move southward.<sup>24</sup> On this point the Secretary commented somewhat as follows:

They (the Japanese) are talking about some big future move. There is something being planned. I think myself that if we don't watch out a possible move toward the Burma Road will be made. I think that is all important to them. I haven't any faith in the Siamese at all and I think the whole crowd is in the clutches of the Japanese. They just use the British or anybody in their effort to handle the Japanese more satisfactorily. I would want to know for certain whether they would stand up and, if they do, I would be disposed to give them the same help we give China. What would the Chinese position be on this? Would they have any chance to collaborate with the Siamese? I think that should be gone into from the bottom to see what can be salvaged out of that original betrayal of everybody by the Siamese to Japan. The point I make is that there is a sufficient community of interests, although it differs in degree, to justify our salvaging what we can because, if the Japs move into Thailand, they thereby gain access to the Burma Road so that they can destroy that. They would have access then down the peninsula to Singapore although they tell me that is a very rough terrain to get over. At any rate you see this point. It might seriously affect the Chinese angle of the Japanese Far Eastern situation. That doesn't mean that we have to take the lead.

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<sup>24</sup> See memorandum by the Acting Secretary of State, July 31, 1941, *Foreign Relations, Japan, 1931-1941*, vol. II, p. 539.

740.0011 European War 1939/13203 : Telegram

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

WASHINGTON, July 31, 1941—noon.

612. You should seek an early opportunity to inform Admiral Darlan of the position of this Government as regards the recent acquiescence by the French Government in Japanese aggression in Indochina and its bearing upon the vital problem of American security, referring to my statement of July 24.<sup>25</sup>

Whereas this Government recognized that the French Government may have been in no position to resist the pressure exercised upon it, it is nevertheless not clear what are the intentions of the French Government in providing in collaboration with the Japanese Government for the "common defense" of this territory.

The French Government has publicly declared and has lost no opportunity to impress upon this Government its determination to resist to the utmost all encroachments upon the sovereignty of its Empire and in fact has given solemn assurances that it would not deviate from the Armistice obligations or permit the use of its territory as bases for military operations against its former ally. In the case of Syria, a French mandate, the French Government permitted the German and Italian forces to make use of certain facilities to assist the operations against the British in Iraq.<sup>26</sup> It was then alleged that such actions were in fulfillment of the Armistice obligations. The Government of the United States could not accept that the Armistice terms in any way provided for any obligation upon France to undertake active cooperation with German aviation forces in Syria or to facilitate belligerent operations through assistance rendered. On the other hand, when the French authorities in Syria refused to permit British forces to enter the mandated territory,<sup>27</sup> it was again stated that France was resisting foreign aggression.

The recent agreement concluded with the Government of Japan now permits foreign forces to occupy and enter a territory which is an integral part of the French Empire, for reasons which surpass the scope of any agreement to which the French Government is known to be a party.

Under the circumstances, this Government is hesitant to believe that there has been any change in the determination of the French Government to resist foreign aggression but is impelled to inquire in the interests of its own national security whether the position of

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<sup>25</sup> See press release issued by the Department of State on July 24, 1941, *Foreign Relations, Japan, 1931-1941*, vol. II, p. 315.

<sup>26</sup> For correspondence, see vol. III, under Syria and Lebanon, section entitled "Interest of the United States Regarding the Impact of European War Upon Syria and Lebanon", pt. II.

<sup>27</sup> See *ibid.*, pt. III.

the French Government has altered and whether it contemplates any further commitments which in fact would constitute agreements permitting the use of French soil for military operations against third powers.

You may subsequently wish to discuss this matter with the Marshal and endeavor to clarify his remark to you that France was "on the eve of events of the greatest import" (your 888, July 16, 5 p. m.).

WELLES

740.0011 P. W./341 : Telegram

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

WASHINGTON, July 31, 1941—5 p.m.

447. Your 1109, July 28, 9 p. m. We are unable to concur in the intimation conveyed by the British Ambassador to the Japanese Minister for Foreign Affairs that Japan's agreement with the Vichy Government is not in itself objectionable.

WELLES

740.0011 P. W./372 : Telegram

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

VICHY, August 1, 1941—10 a. m.

[Received 2:30 p. m.]

966. We learn from Ostrorog that the military concessions to Japan for the present involve the stationing of some 40,000 Japanese troops in the south, principally in the region of Saigon and Camranh Bay and the utilization of 8 new air bases (in addition to the 3 in Tonkin which they have under previous agreements).

He said that there are no indications that the Japanese are at the present time enthusiastic at the idea of attacking Vladivostok, though troop concentrations in the north continue; there were likewise no indications of any move to the south. "After all, if the Japanese are not convinced of a German victory," he said, "they will of course endeavor to capitalize after the war on the fact that they have remained neutral or at least inactive in the military sense to retain what they can if the allies are victorious; their bargaining position will be that much stronger." He feels that the Japanese will devote themselves now to stirring up nationalist movements in Annam and Cochinchina with a view to destroying French authority there and looking toward the establishment of Japanese dominated puppet provinces.

Another Foreign Office official frankly expressed to us last evening what seems to be the basis of French policy in Indochina: "If the

Japanese win or keep out of the war we may be able to save something by cooperating with them now; if the allies are victorious we feel confident that the United States will see that we get the colony back again.”

LEAHY

740.0011 P. W./372a : Telegram

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

WASHINGTON, August 1, 1941—noon.

452. Reference my 451, August 1, 11 a. m.<sup>28</sup>

1. After the Japanese Ambassador had delivered his Government's message in regard to the bombing incident at Chungking and I had expressed appreciation, I took occasion to say to the Ambassador<sup>29</sup> that we have heard from authoritative sources that the Japanese are bringing or are about to bring pressure on the Government of Thailand similar to that which they have recently exerted against the French Government and the Indochina authorities; that we, of course, regard such reports with very serious apprehension; and that, speaking under instructions from the President, I wished to state that the proposal which the President made recently in relation to Japan's contemplated procedure in and regarding Indochina would also extend to and cover any such contemplated procedure in and regarding Thailand. I requested that the Ambassador immediately inform his Government of this. The Ambassador replied that he would do so.

2. The President and I desire that you at the earliest possible moment inform the Minister of Foreign Affairs of the above.

WELLES

811.20 Defense (M)/2817 : Telegram

*The Consul at Hanoi (Reed) to the Secretary of State*

HANOI, August 1, 1941—3 p. m.

[Received August 2—10:29 a. m.]

112. In conversation yesterday the Governor General expressed the hope that economic relations between the United States and Indochina might be maintained, mentioning specifically his desire that the contract for 10,000 tons of rubber be completed as soon as possible. In reply to my question, he expressed his belief that the Japanese would not interfere with the delivery of this rubber to the United States. He also expressed the hope that some arrangement might be made to supply Indochina with petroleum products. Throughout the conversation the Governor General was extremely

<sup>28</sup> *Foreign Relations, Japan, 1931-1941*, vol. I, p. 722.

<sup>29</sup> See memorandum of July 31, 1941, *ibid.*, vol. II, p. 539.



anti-British, his remarks duplicating the previously reported anti-British campaign in the press. He expressed the view that the British military preparations in Malaya and the British "intrigue" in Thailand had made Japan apprehensive and that this apprehension had caused Japanese to demand the bases in southern Indochina. He was, as he has been in the past, entirely optimistic as to the Japanese respect of French sovereignty in Indochina.

Sent to Cavite for repetition to the Department, Chungking, Peiping, Hong Kong, Shanghai. Shanghai please repeat to Tokyo.

REED

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740.0011 European War 1939/13606 : Telegram

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

VICHY, August 1, 1941—4 p. m.

[Received August 2—7:01 a. m.]

970. Department's telegram 612, July 31, noon. I discussed this morning with Marshal Pétain and Admiral Darlan together French policy in Indochina and set forth to them the views contained in the telegram under reference. Darlan was much annoyed. When he first told us of the Japanese plans with respect to Indochina (my telegram 888, July 16, 5 p. m.), he said, he had hoped we would act immediately but we did nothing. He had hoped that a squadron of our ships from Manila would steam into Saigon harbor and anchor. Such action he believed would have prevented further Japanese pressure and he would have been glad to have given authorization for such a visit of our ships had we so asked. He could not of course, he said, give us any such indication at that time. He further "resented bitterly" our present criticism of French policy when we ourselves have done nothing to restrain the Japanese even though it is to our interest.

"It is always the same story", he went on, "the United States is too late. When we asked for help last year, first in July and then at the time of the Thailand aggression, we got none. (Without any direct evidence in support thereof, it is my opinion that a decision had been made to admit Japan to French Indochina before Admiral Darlan on July 16 informed me of the demand.) When we tried to rearm to defend our Colony it was the British who stopped us. We were faced in the light of these Japanese demands with three possible solutions: One, to fight. We could not, because we are at the end of our resources and have no means of fighting after Syria. Secondly, merely to accept the Japanese demands. This I did not wish to do as it would have put us in the Axis. Third, to adopt the formula which we have of common defense of the Empire. The Japanese have for the past year treated us with perfect correctness and have now agreed to recognize our sovereignty over the Colony. This is in marked contrast to the British whose sole aim, as has been amply

demonstrated in Equatorial Africa, in New Caledonia and in Syria, is to take parts of the French Empire. They talk about giving the Syrians liberty, but there are difficulties in their way and already we hear reports of an impending revolt there against them. They do not recognize our sovereignty when they take our territory and as to Indochina, if they had gone there, they would not give it back."

I pointed out to the Marshal (who gave no indication of his feelings other than an occasional nod during Darlan's at times bitter denunciation of the British) the existence of the danger of an attack against the United States territory launched from Indochinese bases should the situation grow worse. He admitted that but said that France is helpless and that he himself "is not a free agent," occupied as the country is. To my inquiry as to whether he thought the Japanese would keep their promise to respect French sovereignty in Indochina, the Marshal replied, "We had to take a chance on that." Darlan added, "I do not know. But Churchill promised on June 12, 1940, and the Marshal heard him, that if we had to seek an armistice he would understand our position and his friendship toward France would undergo no change. The sequel of this was Mers-El-Kebir.<sup>30</sup> At least there is a possibility of saving something for France in Indochina, whereas to fight, without outside help, would have meant the certain loss of the colony."

[Here follows section on military developments in Europe and Africa; last paragraph of telegram is printed in volume II, under France, section entitled "Concern of the United States Over Franco-German Collaboration and the Matter of Furnishing Food and Medical Relief to Unoccupied France".]

LEAHY

792.94/136 : Telegram

*The Minister in Thailand (Grant) to the Secretary of State*

BANGKOK, August 2, 1941—9 a. m.

[Received August 3—2:48 p. m.]

387. I called on the Deputy Minister of Foreign Affairs regarding many current reports to the effect that the Japanese have already made demands of Thailand for military bases. The Deputy Minister for Foreign Affairs made a categorical denial [in the sense which?] he had indicated in conversation with me last Monday as reported in my telegram 371, July 28, 1 p. m.

The Deputy Minister of Foreign Affairs said his Government had made definite answer but that so far no reply had been made.

GRANT

<sup>30</sup> Attack by British Navy on French warships near Oran, Algeria, July 3, 1940; for correspondence, see *Foreign Relations*, 1940, vol. II, under France, section entitled "Concern of the United States Over the Disposition of the French Fleet After the Germans Invaded France".

740.0011 P.W./373 : Telegram

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

TOKYO, August 2, 1941—3 p. m.  
 [Received August 2—7:48 a. m.]

1153. Department's 452, August 1, noon.

1. In the absence from the Foreign Office today of the Foreign Minister, who is leaving tonight to worship at the Ise Shrines, Counselor called this afternoon on the Acting Vice Minister<sup>31</sup> and communicated to him the substance of the first paragraph of the Department's telegram under reference, at the same time conveying my request that the information be transmitted promptly to the Minister. Mr. Yamamoto replied that a report along precisely similar lines had already been received from Ambassador Nomura, but that he would immediately inform the Minister of the information received through us.

2. In reply to my request for an interview with the Foreign Minister on Monday<sup>32</sup> afternoon after his return from Ise, Mr. Yamamoto said that he would of course arrange for the interview if I desired to communicate further views or information with regard to the American Government's proposition, but that if the purpose of the interview were to receive some indication of the Japanese Government's considered views with regard to the proposition he believed that the interview might be usefully deferred for a few days. He said that the proposition was being carefully studied by the Japanese Government with every desire to find a solution. He added that a telegram in the sense of the preceding sentence had already been sent to Ambassador Nomura.

GREW

792.94/168

*The British Ambassador (Halifax) to the Acting Secretary of State*

WASHINGTON, August 2, 1941.

MY DEAR WELLES: AS I told you at our conversation this morning<sup>33</sup> His Majesty's Government have observed a large number of signs recently that Japan may attempt to extend her present policy to Thailand, and that this development is imminent. The Japanese Minister for Foreign Affairs and the Japanese Press are both beginning to advance reasons for action in Thailand; for instance the Minister

<sup>31</sup> Kumaichi Yamamoto, director of the East Asia Bureau of the Japanese Foreign Office.

<sup>32</sup> August 4.

<sup>33</sup> See memorandum by the Acting Secretary of State, August 2, vol. IV, p. 360.

for Foreign Affairs, in conversation with Sir R. Craigie, justified Japan's action in Indo-China by references to the increase in British strength in Malaya, and a Domei message from Bangkok has reported an extraordinary meeting of the Thai Government to consider counter messages against British and American encirclement and the aggressive tendencies of Chungking. Furthermore it is clear that the new air bases in Indo-China have been sited with an eye to Thailand and Malaya.

The Thai Prime Minister told Sir J. Crosby on July 29th that he feared increasing pressure from Japan in order to extract from Thailand economic concessions similar to those which she had obtained in Indo-China. From a secret source we have learnt that in the third week of July the Japanese Minister presented five demands to the Thai Government:

1. Thailand to sign no Treaty with any third party which might possibly harm the "East Asiatic prosperity sphere."
2. Recognition of Manchukuo.
3. Cessation of relations with Russia.
4. Military cooperation including an exchange of specialists and the formation of a joint military advisory organization.
5. Recognition of French Indo-China as part of the "safety area of the prosperity sphere," to be as such protected by Thais and Japanese troops. The sea port of Annam and Cambodia to be under Japanese protection.

In return Japan would ensure that certain parts of French Indo-China should come under Thai "protection" (it appears that this will be the province of Laos, and Angkor but not the rest of Cambodia), and would also assist Thailand with supplies and technical help.

The Thai Deputy Minister for Foreign Affairs has denied that any such proposals have been made, but they may have been communicated direct to the Prime Minister who, so I understand, has a habit of keeping such proposals from his colleagues on occasions.

His Majesty's Government feel that the information summarised above points to the imminence of a Japanese attempt to bring Thailand within her orbit in the same way as Indo-China, and they feel that this makes it necessary to discuss with the United States at once the possibility of issuing some warning to Japan. The key to the situation is, they judge, Japan's fear of the United States, and nothing is likely to deter the Japanese or encourage the Thais so much as a warning from that quarter. His Majesty's Government fully appreciate the difficulties which may preclude United States Government from making any specific threat or committing themselves to any particular form of action. If however the United

States were prepared to issue a warning, either publicly or through the diplomatic channel, going as far as possible to indicate that any further Japanese penetration into Thailand or elsewhere would lead to counter action on the part of United States, His Majesty's Government in the United Kingdom would be prepared to take parallel action; and while they cannot speak for the Dominion Governments or the Netherlands Government they have no doubt that the attitude of those Governments would be the same.

His Majesty's Government suggested that the United States Government might wish to consider action on the lines of the President's proposal to the Japanese Ambassador in regard to Indo-China,<sup>34</sup> and you told me this morning that the President was already taking action on these lines.

(Signed for the Ambassador)

NEVILLE BUTLER

P. S. I enclose a copy of a telegram from Bangkok which has been received since the above was written.<sup>35</sup>

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792.94/137 : Telegram

*The Minister in Thailand (Grant) to the Secretary of State*

BANGKOK, August 2, 1941—[4 p. m.]

[Received August 3—12:08 p. m.]

389. I was called to the Foreign Office this afternoon by the Deputy Minister of Foreign Affairs after the close of office hours to convey to my Government on behalf of the Prime Minister and Minister of Foreign Affairs the suggestion that the American Government establish an Embassy in Bangkok with a view to counteracting the establishment of a Japanese Embassy here. I suggested that it would be more appropriate consequently if the Thai would resist this Japanese pressure by emphasizing to the Japanese that it was not their policy to establish Embassies since Thailand is small and Embassies are costly. I was informed that the Thai Government has agreed to recognition of Manchukuo under Japanese pressure but has refused to recognize the Nanking government. I was informed further that pursuant to Japan's request a syndicate comprising [*comprising*] decision of [*sic*] three Thai Banks, the Thai Commercial Bank, The National and City Bank and Bank of [Asia], has been formed with a view to extending credits up to 10,000,000 baht

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<sup>34</sup> See memorandum by the Acting Secretary of State, July 24, 1941, *Foreign Relations, Japan, 1931-1941*, vol. II, pp. 527, 529.

<sup>35</sup> Not printed.

to facilitate the purchase of commodities such as rice and rubber by Japan; the Thai Government insisted upon gold as security which was, with this understanding, agreed to by the Japanese. The arrangement is with the Yokohama Specie Bank.

The Deputy Minister of Foreign Affairs seemed to be particularly apprehensive regarding the situation and wanted to know if I had received any response from my Government regarding the Thai suggestion that the American Government make a public announcement of its friendship for Thailand and the desire to be of assistance as outlined in my telegram No. 371, July 28, 1 p. m. He reiterated that no demand for military bases has been made so far by Japan but he intimated that they are anticipated and that the Thais would resist military aggression by Japan.

GRANT

124.92/48

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*Memorandum of Conversation, by the Secretary of State*

[WASHINGTON,] August 4, 1941.

The Minister of Thailand called at his request. He proceeded to say that his Government and the Government of Japan had agreed to raise the rank of the diplomatic representation between their two countries from Minister to Ambassador, and requested this Government to do likewise. He then added that he would like for both my Government and Great Britain to take this step simultaneously with Japan.

I first handed him a written statement<sup>36</sup> requesting an *agrément* for our proposed new Minister to Thailand, Mr. Willys R. Peck. I then said that that does not interfere with the consideration of his request, and that while I will give proper attention to the matter as a courtesy to him and to his Government, I should be frank to say that this Government will probably not be in a position to comply with the request of his Government in regard to raising the rank of our respective diplomatic representatives from Minister to Ambassador. I added that a number of small countries have made similar requests. The Minister seemed content and I concluded with the remark that I would let him know of the decision of this Government at a very early date.

C[ORDELL] H[ULL]

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<sup>36</sup> Not printed.

894.24/1587

*Memorandum of Conversation, by Mr. Alger Hiss, Assistant to the  
Adviser on Political Relations (Hornbeck)* <sup>27</sup>

[WASHINGTON,] August 4, 1941.

Participants: Dr. Loudon, Minister of the Netherlands, and  
Baron Van Boetzelaer, Minister Counselor of the  
Netherlands;  
Mr. Noel Hall, Minister, British Embassy;  
Mr. Dean Acheson, Assistant Secretary of State, and  
Mr. Alger Hiss.

Mr. Acheson talked first briefly to Mr. Noel Hall and told him that it had been decided that the wisest policy for this Government to follow with respect to advice to the Standard-Vacuum Company regarding that company's shipments of petroleum from the Netherlands East Indies to Japan would be to inform the company substantially as follows:

(1) As to the contract entered into in November 1940 between the Standard-Vacuum Company and the Japanese Company we would suggest to the Standard-Vacuum Company that it not make application to the Netherlands East Indies Government for export licenses for shipments of petroleum called for in the contract. It would be presumed that the purchasing company, i. e., the Japanese Company, would be sufficiently interested to make such applications if it desired to continue to receive shipments of petroleum under the contract. The Japanese Company appears in any event to be the appropriate party to make such application;

(2) With respect to the company's normal business with Japan carried on by its own branch in Japan under a quota established by the Japanese Government, it would be wise to make no decision at the present time and the company should make no application for the present for export licenses.

Mr. Noel Hall said that he considered the proposal wise and that his authorization was sufficiently broad to permit him to say without hesitation and without referring the matter to his Government that the British Government would adopt a like policy with respect to the Shell Company.

At this point in the conversation Dr. Loudon and Baron Van Boetzelaer were received by Mr. Acheson, Mr. Hall remaining with the conferees.

Mr. Acheson thereupon explained to the Netherlands representatives the above proposal of this Government stating that the British Government was in accord with our position. Mr. Acheson went on to explain that we felt that the Netherlands Indies Government should be in position to determine with complete freedom of action what, if any,

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<sup>27</sup> Noted by the Secretary of State.

part of the companies' shipments of petroleum should continue to go forward to Japan under present conditions. It was explained that in order to make it clear that this Government was not recommending that the Netherlands Government decide to continue existing shipments but was leaving the matter up to the Indies Government, this Government had requested the American Company—the British Government is taking similar action with respect to the Shell Company—to make no applications and no representations in the matter. Mr. Acheson further stated that

(1) in order to accord any decision of the Netherlands Government full support he wished to say that in the event that the Netherlands Government decided to issue export licenses for any petroleum products belonging to the two companies, the United States Government would authorize payment from blocked Japanese funds in the United States to the companies concerned and,

(2) on the other hand, in the event that the Netherlands Government decided to refuse any export licenses for petroleum products, this Government correspondingly would refuse to issue licenses under our freezing orders for payment for such shipments and, further, would be glad to announce this publicly in order to show that we were in full agreement with the Netherlands Government and that, in fact, it would be useless in any such case for the Netherlands Government to authorize export licenses since by virtue of the policy of the United States Government payment could not be made for the authorized shipments.

Dr. Loudon and Baron Van Boetzelaer listened attentively and asked a number of questions. They expressed their appreciation for the consideration shown to the Netherlands Indies Government and said that they would obtain the reaction of that Government to the proposals Mr. Acheson had outlined. Mr. Acheson made it clear that with respect to the normal or quota business our tentative decisions to hold the matter in abeyance would remain in effect for about a week, at the end of which time the matter could be reconsidered, we hoped with the benefit of the views of the Netherlands Indies Government.

Dr. Loudon remarked that, as was obvious, political as well as economic considerations were involved. He said that the Indies Government might wish to discuss the relevant political questions with the United States Government before arriving at a decision. Mr. Acheson replied that he understood this perfectly and that if it developed that the Indies Government did desire to raise political questions, Dr. Loudon should take such questions up with the Secretary of State.

At this point Dr. Loudon had to leave the meeting in order to keep an appointment with the Under Secretary. Mr. Acheson then made available in strict confidence to Mr. Hall and to Baron Van Boetzelaer copies of a memorandum<sup>38</sup> prepared in CO<sup>39</sup> listing the detailed

<sup>38</sup> Not printed.

<sup>39</sup> Division of Controls.



restrictions now in effect with respect to the export of petroleum products from the United States to Japan. This memorandum indicated which items are on a completely prohibited basis and as to the other items set forth the quantities which will be permitted to be exported during the remaining half of this year. Mr. Acheson orally described, again in strict confidence, the other restrictions vis-à-vis Japan with respect to exports and imports. Both Mr. Hall and Baron Van Boetzelaer expressed their appreciation for the information which had been supplied to them and said that it would be helpful to their governments.

Previous to the above meeting Mr. Acheson had informed Mr. Walden, Chairman of the Board of the Standard-Vacuum Company, of the Department's decision. Mr. Walden had expressed himself as completely cooperative in spirit and had said that he would impress upon Mr. Wilkinson of the Shell Company the importance of the Shell Company's following the same procedure.

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740.0011 P. W./401

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

[WASHINGTON,] August 4, 1941.

Lord Halifax came to see me this afternoon at his request. He brought with him the new Minister-Counselor of the Embassy, Sir Ronald Campbell, whom I had known when he was in Washington before, some years ago.

Lord Halifax first read to me a telegram dated August 1 from the British Ambassador in Tokyo which expressed the belief that in view of the fact that the military element in Japan now had the bit firmly in its teeth, there was no hope whatever of arresting the expansionist movement South and North, except through a firm attitude on the part of the United States, Great Britain, and the Netherlands which would involve a clear intimation that, should Japan proceed further, the United States would go to war.

The Ambassador then read to me a telegram sent by Mr. Eden to the British Minister in Bangkok dated August 2 which was in the nature of a preliminary reply to the first Thai request for assistance in the event that Japan used force to gain the concessions she desired. This message merely stated that the British Government was now in consultation with the United States as to what steps might be taken and that, pending such decision, the outcome of course would depend, in the British Government's opinion, largely upon the measure of independence which the Thai Government showed in dealing with the Japanese demands.

The Ambassador then read to me a telegram dated August 2 which informed him that the British Government considered it highly doubtful that it could in fact give any military assistance to Thailand in the event that Japan undertakes to occupy it by force. The British Government went on to say that it is planning to give the Thais considerable economic assistance and is already supplying them with oil as if the trade agreement now under negotiation had already been concluded. This message from Mr. Eden stated that it was his opinion that economic assistance was of no real value, however, and that the issue was clearly whether force could be exercised by the other powers interested, should [the] Thai resist.

The Ambassador then read to me a final message dated August 3 in the nature of an instruction from Mr. Eden to the British Minister in Bangkok for communication secretly to the Thai Prime Minister. The Thai Government was informed that in the opinion of the British Government the Thailand Government should make it clear that they would resist if the Japanese Government attempted to use force. The opinion was expressed that in such event the Japanese Government would probably not use force, at least at the present moment, but would probably undertake various measures providing for the infiltration by Japan of Thailand, and that in such event the Thai Government should take every step necessary to prevent such infiltration. It was recommended that the Thai Government attempt to do everything possible to gain time without granting the concessions which were being demanded by Japan.

The British Government further said that the twelve pursuit planes requested by the Thai Government would not be given by Great Britain since they would not really provide any actual assistance to Thailand and would tend only to provoke Japan.

The British Government further stated that for the time being it did not believe that the raising of the British mission in Bangkok to an embassy was desirable and that they would not consider this step unless it was solely as a part of a total plan of cooperation between Thailand and Great Britain satisfactory to the latter.

I informed Lord Halifax of the nature of the statement which had been made this morning by Secretary Hull to the Minister of Thailand. I expressed the opinion that in the event that the Japanese persisted in their present policy of expansion and actually undertook acts of aggression against the Netherlands East Indies and Singapore, a situation would be created which, if unchecked, would result in the creation of a complete military Japanese hegemony over the Far East and over the southern Pacific areas, and that this was a situation which could not possibly be tolerated either by the United States, by Great Britain, by the Netherlands, by China, or by other peace-minded and civilized nations. By this I said I meant that such a situation as

that in my judgment would sooner or later inevitably result in war with Japan. I said that Lord Halifax was fully familiar with our constitutional system and that consequently no definite commitments or threats to this effect could officially be made. I said, however, that I intended to express this as my opinion to Mr. Wakasugi, the Minister-Counselor of the Japanese Embassy, when he calls to see me this afternoon before leaving in order to report to his Government.<sup>40</sup>

S[UMNER] W[ELLES]

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792.94/138

*The Assistant Secretary of State (Acheson) to the British Minister (Hall)*

WASHINGTON, August 4, 1941.

MY DEAR MR. HALL: I have received your letter of July 30, 1941, stating that the Thai Government has under consideration the abandonment of a system of quotas for rubber and, instead, retaining an open market for rubber. You suggest that it is possible that if the American and British Governments were prepared to pay a preemptive price for rubber, it might be possible to obtain a part at least of the proposed allotment to Japan.

This Government is prepared to agree in principle to a program for joint preclusive buying of rubber in Thailand with your Government. I suggest that the Embassy send an officer to the Department to draw up plans which we can then submit to the interested departments of our respective Governments. If the plans are there approved it would be in order to send appropriate instructions to the American and British diplomatic representatives at Bangkok.

Sincerely yours,

DEAN ACHESON

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740.0011 P. W./408: Telegram

*The Minister in Thailand (Grant) to the Secretary of State*

BANGKOK, August 5, 1941—5 p. m.

[Received August 7—5:25 p. m.]

396. The British Minister has informed me that following the receipt of a message from Foreign Secretary Eden advising Thailand to resist the Japanese pressure as much as possible and to "play for time" he saw the Thai Premier who said he would not allow any foreign power to have the use of any military bases in Thailand and furthermore he would oppose force to any foreign power which attempts to violate the neutrality of Thailand.

GRANT

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<sup>40</sup> See memorandum by the Acting Secretary of State, August 4, 1941, *Foreign Relations, Japan, 1931-1941*, vol. II, p. 540.

740.0011 European War 1939/13721 : Telegram

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

VICHY, August 5, 1941—9 p. m.

[Received August 6—5:35 p. m.]

985. Embassy's telegram 970, August 1, 4 p. m. Lagarde<sup>41</sup> handed us this evening the following *aide-mémoire* initialed by Darlan in reply to my oral conversation with Marshal Pétain and Admiral Darlan on August 1. Lagarde also expressed the hope that our Government would endeavor "to understand the extremely difficult situation in which France is situated":

[“]The Embassy of the United States has been good enough, on the first of this month, to inform the Ministry of Foreign Affairs of the views of its Government with respect to the recent arrangements which have taken place regarding Indochina.

Desirous of avoiding any misunderstanding and in order to explain the reasons which have motivated the French Government in the matter, the Ministry desires to recall the general conditions and the particular circumstances in which France found herself.

The defeat suffered by France in 1940 placed Indochina in a particularly perilous situation. There was, as an immediate consequence, a military threat of Japan against Tonkin. The Department of State was kept informed of all the difficulties with which the French Government was confronted in view thereof. It has never been ignorant that the means which the French command in Indochina possessed did not permit any resistance against an act of force. The Japanese demands had assumed a character of exceptional gravity since Tokyo sought to send troops to Tonkin and to claim the free utilization of certain airdromes.

Under these circumstances around the middle of the month of August of last year detailed expressions were given by M. Laval to the Chargé d’Affaires of the United States.<sup>42</sup> Under date of August 21, the same question was made the object of an exchange of views between Mr. Sumner Welles and the French Ambassador at Washington. Mr. Sumner Welles declared to M. Henry-Haye that the United States was not in a position to assist France effectively (*positivement*) in case she should decide upon resistance. The Under Secretary of State concluded: ‘we understand the situation of the French Government at the present time and inasmuch as we are not in a position to come to its aid we do not believe that we are justified in reproaching it for conceding military facilities to Japan’.

<sup>41</sup> Ernest Lagarde, of the French Foreign Office.

<sup>42</sup> For report of conversation with the French Minister for Foreign Affairs, see telegram No. 362, August 17, 1940, 4 p. m., from the Chargé in France, *Foreign Relations*, 1940, vol. iv, p. 80.

Such are the circumstances in which France, anxious, in order to ensure the maintenance of the *status quo*, to obtain from Japan the recognition of her sovereign rights over Indochina, authorized that power to land troops in Tonkin and to make use of certain airdromes.

Preoccupied by general conditions for the defense of that territory, the French Government did not, however, neglect anything in order to strengthen the military means which the Union possessed. To this end, a mission had been sent to the United States at the beginning of the month of June 1940. It suspended its discussions at the time of the conclusion of the armistice to resume them in the month of October. The question was then all the more vital for Indochina since, in the interim, that land had presented broad claims and a new conflict appeared inevitable.

It was in emphasizing the dangers of that situation that the French Government urged the Government of the United States on many occasions to agree to deliveries indispensable to the defense of the Union. It was in the same spirit that similar *démarches* were undertaken with a view to obtaining the free passage for four battalions stationed at Djibouti. All the efforts were in vain. The American authorities refused the shipment both of arms and airplanes just as the English authorities refused free passage by sea for the troops. There remained nothing for France, thus disarmed before Thailand, but to accept last January Japan's mediation.

The continued success of Japanese policy and the fact that no serious opposition arose to impede her new undertakings could but encourage Tokyo to amplify her designs. These projects aroused in territories bordering Indochina reactions which ran the risk of involving the Union in conflict. Being in no position to resist Japanese pressure, or any other menace, France knew by experience that she could expect nothing from others and that she could count only on herself. When Japan recently demanded that the facilities granted the year before for Tonkin should be extended the rest of Indochina, the situation was still more grave in view of the categorical attitude of that power.

Informed of these facts on the 16th of July, the Ambassador of the United States refrained from any remark which could lead to the belief that his Government had changed its attitude in this connection. On the 19th Admiral Leahy limited himself to giving Admiral Darlan advice to gain time, but the hour for delays had passed. The French Government, if it refused the overtures of Japan either by resisting or by yielding only under the threat of force, had to expect the seizure by that power of Indochina. Nothing under these circumstances could stop the landing by Japan of fifty thousand men by July 31. On the other hand, by falling in with the views of Tokyo, the French Government obtained the formal renewal of the guarantees

that Japan would respect the sovereignty of France over the Union and the territorial integrity of this possession. It thus protected the future to the best of its ability.

It would be misleading to establish a parallel between the situation in Indochina and that in which Syria and the Lebanon found themselves.<sup>43</sup> France was, in fact, the object in the Levant of a deliberate aggression as well as an infringement of its rights. Disposing of relatively important means (of defense) it could not escape the obligation of resisting such an act of violence.

Such was not the case in Indochina, both because of the disparity of the forces of a far off colony cut from all connection with the metropolis and because of the imposing number of Japanese military, naval and air forces. France which alone would suffer the consequences of this inequality was likewise alone in a position to estimate the far reaching effect of this threat.

Faithful to the general policy that it has traced, France remains no less vigilant in the defense of her empire. Without question Indochina has been compelled to suffer the repercussions of an international policy which tends to involve it in the field of war. But the other French possessions are, in view of their geographical position, protected from this danger.

France, all the more since she has to face problems so grave that it is difficult for third parties to appreciate their extent, is endeavoring by all its means to safeguard its vital interests both on metropolitan soil and overseas. She counts upon the comprehension that the United States has never ceased to show in hours of trial to ask of it a just understanding of steps in which it would be unfair to see anything but the indirect consequences of her military defeat."

Repeated to Casablanca.

LEAHY

740.0011 P. W./493

*The Consul at Saigon (Flood) to the Secretary of State*

No. 358

SAIGON, August 5, 1941.

[Received August 30.]

SIR: I have the honor to refer to my telegram No. 61 of July 26 4:00 PM<sup>44</sup> and subsequent telegrams concerning recent developments affecting southern French Indochina and to give below a review of the situation as it appears at present.

<sup>43</sup> For correspondence, see vol. III, under Syria and Lebanon, section entitled "Interest of the United States Regarding the Impact of European War Upon Syria and Lebanon," pt. III.

<sup>44</sup> Not printed.

[Here follows a review of the immediate background of events leading to the Franco-Japanese agreement.]

*Summary*

In accordance with the terms of the Franco-Japanese Mutual Defense Agreement which was forced upon France and which became effective July 29, 1941, the Japanese are now in the process of garrisoning military, naval, and air bases in southern Indochina with 40,000 or more troops. They apparently intend to take up a permanent position here. As a result French sovereignty is no more than a name. The effects of this occupation on Indochina's economy will undoubtedly prove very unfavorable in the immediate future.

The French people appear resigned to the situation but rather thankful that actual war in Indochina has been averted at least for the present.

Very respectfully yours,

PETER H. A. FLOOD

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898.01 Manchuria/1648 : Telegram

*The Minister in Thailand (Grant) to the Secretary of State*

BANGKOK, August 6, 1941—3 p. m.

[Received August 6—8 a. m.]

399. A Government communiqué has been published to the effect that in view of the fact that trade relations between Manchukuo and Siam have been firmly established the Government has recognized the State of Manchukuo in a telegram sent to the Prime Minister of Manchukuo by the Siamese Prime Minister.

GRANT

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740.0011 European War 1939/14624

*Memorandum of Conversation, by the Minister to the Netherlands Government in Exile (Biddle)* <sup>45</sup>

[LONDON,] August 6, 1941.

This morning Netherland Prime Minister Gerbrandy imparted in effect the following:

For some time it had been evident that the British War Cabinet, and particularly Prime Minister Churchill were dissatisfied with a plan conceived in Far Eastern conversations of last winter and Spring (to which, for sake of brevity, I shall hereafter refer as the "Far Eastern Plan"). At first they had given the impression that they

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<sup>45</sup> Copy transmitted to the Department by the Minister in covering letter of August 6; received August 11.

considered this plan too rigid, and that it therefore did not allow sufficiently for unforeseen circumstances.

However, Mr. Gerbrandy had later ascertained that underlying the War Cabinet's disinclination to accept the "Far Eastern Plan" as a basis for action, was the fact that in Mr. Churchill's mind, victory in the "Battle of the Atlantic" represented the paramount objective. In other words, in respect of the Pacific and the Atlantic, in their relative potential bearing on an ultimate war victory, Mr. Churchill was more "Atlantic and British Isles-minded". Mr. Churchill was therefore opposed to making specific commitments in the Pacific, entailing a possible thinning out of his forces in the Atlantic. So strong, moreover, were Mr. Churchill's views in this respect, that Mr. Gerbrandy believed he considered the possible loss of a part of the Dutch East Indian possessions less of a danger to ultimate victory against the common adversary, than the thinning out of his Atlantic naval forces. His reasoning in this respect followed the line in effect, that once victory was obtained, the way would be open for the Netherland Government to bill Japan for its losses in the Pacific.

In disclosing the foregoing, Mr. Gerbrandy said it was clear that Mr. Churchill considered the prosecution of the Allied war effort in terms of the broad view. He hoped, however, that the British Prime Minister had not overlooked the possibility that Japan might turn its aggressive attentions to Singapore before attempting a thrust at the East Indies. After all, Singapore represented, in terms of strategic value, the more desirable springboard for further bold adventure. Mr. Gerbrandy then referred to Mr. Churchill's aforementioned suggestion that, with an Allied war victory, the Netherland Government might bill Japan for any losses which the East Indies might have suffered in event of a Japanese attack. He felt that Mr. Churchill had perhaps overlooked the possibility that by the time the Allies might have gained a victory over Germany, Japan might have disassociated itself from the Axis. Indeed, Mr. Churchill had already indicated the hope that Japan might be weaned, by degrees, away from the Axis, and that a mild application of the present licensing system might importantly contribute toward that end.

Mr. Gerbrandy went on to say that his Government looked upon the situation, arising from Japanese occupation of Indo-China, as serious and increasingly threatening. Anything could happen now. Japanese possession of air, as well as military bases in Thailand would measurably enhance Japan's strategic position vis-à-vis Burma and Singapore, as well as the Dutch East Indies. Besides, it would place the Japanese at the back door of British India. Moreover, the increasing possibility of a surprise move called at least, in the opinion of his Government, for a first-stage plan of action. He and his as-



sociates had already communicated these views to Mr. Eden. In turn, Mr. Eden had taken up the matter with the War Cabinet. Subsequently, on August 1, Mr. Eden had handed the Netherland Government, a confidential document, containing a declaration by the British Government.

This declaration stated in effect the following: When Holland was threatened with invasion, Great Britain had undertaken to safeguard Netherland's interests to the utmost of its ability. It followed that Great Britain would continue to support the Netherlands to the utmost of its power in resisting an attack against the Dutch East Indies. Great Britain, however, must remain the sole judge as to the action and military measures likely to achieve their common purpose. However, should the United States be disposed to lend supporting action, Great Britain would be in position to do more than was found possible to undertake now.

In making this disclosure, Mr. Gerbrandy pointed out the absence of any reference in this declaration to the "Far Eastern Plan". His Government, he said, had greeted this omission with a sense of real disappointment, in that it indicated no definite provision against a sudden move.

Furthermore, since his Government's receipt of this declaration, it had had a message from Batavia. In substance the message stated that, in view of the "Far Eastern Plan" of action, the authorities in Batavia were prepared, in the matter of licensing, to apply the principle of withholding items which might increase Japan's war potential.

Unfortunately, Mr. Gerbrandy said, in view of the absence of any reference to the "Far Eastern Plan" in the British Government's aforementioned declaration, his Government had had to reply to the Batavian authorities that the British no longer regarded this plan as a basis for potential action.

Concluding his remarks, Mr. Gerbrandy said he was well aware that it was impossible for the United States to make commitments in advance of events. However, neither Britain nor Australia were bound by the same constitutional limitations, and he and his associates would meet with Mr. Eden on August 7 and 8 with a view to urging the British Government to take the lead in bringing about a three-cornered agreement between Britain, Australia, and the Netherlands, to some plan to provide against surprise moves. Moreover, he and his associates would make clear their opinion that notwithstanding its rigidity, the "Far Eastern Plan" was, under the threatening circumstances, better than no plan. At the same time, they would emphasize their willingness to agree to some alternative plan based on broader lines.

740.0011 P. W./393 : Telegram

*The Minister in Thailand (Grant) to the Secretary of State*BANGKOK, August 7, 1941—2 p. m.  
[Received August 7—11:45 a. m.]

400. The Deputy Minister of Foreign Affairs in a conversation with me today reiterated that so far no demands for military bases in Thailand have been made by Japan. I expressed the opinion that the Japanese have no intention of making any military move against Thailand at the present time, that they are playing a game of bluff with a view to keeping the Thai in a state of anxiety in order to get what they can in the way of economic concessions and further that I thought it would be helpful if the Thai Government would do some bluffing on its behalf by discreetly resisting some of these Japanese economic and diplomatic pressures. The Deputy Minister for Foreign Affairs then indicated that he was inclined to agree with me that there may be some bluff in the Japanese game here.

Referring to the promise made to me by the Prime Minister on July 17 as indicated in my telegram 352 [353], July 17, 9 p. m. that he would give careful consideration to the expressed desire of my Government to obtain all or as much as possible of Thai rubber and tin production, I made inquiry as to the status of the negotiations regarding rubber. The Deputy Minister of Foreign Affairs replied that his Government was still awaiting the Japanese reply to the Thai proposal that rubber be thrown on the open market.

The Japanese Minister Futami, personal friend of Matsuoka, will be replaced within the next few months by a former Vice Minister for Colonies who is now serving in Manchukuo, according to information furnished confidentially by the Deputy Minister of Foreign Affairs.

GRANT

811.20 Defense (M)/2817 : Telegram

*The Secretary of State to the Consul at Hanoi (Reed)*

WASHINGTON, August 7, 1941—5 p. m.

12. Your 112, August 1, 3 p. m. This Government is decidedly desirous of obtaining the 10,000 tons of rubber in question. The negotiation has dragged along because the representatives of the French Government have always offered this rubber on complicated conditions which were unacceptable. These conditions had to do primarily with the question of releases of blocked funds for Indochina for this shipment. This Government is willing at once to enter into a contract for 10,000 tons of rubber on terms that would

provide that the dollar proceeds thereof shall be made freely available to the Indochinese Government for purchases in this country of goods to be sent to Indochina. The Indochinese Government will of course understand that exportation to Indochina will be subject to all our present export controls and that the same directives will apply as to export to Japan. This would still make it possible to export a substantial variety of products, such as foodstuffs and cotton.

Please advise as to whether the Indochinese Government is prepared to conclude the negotiation on these terms.<sup>46</sup>

HULL

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740.0011 P. W./428a : Telegram

*The Secretary of State to the Minister in Thailand (Grant)*

WASHINGTON, August 7, 1941—8 p. m.

91. There is repeated for your information an extract from the radio bulletin of August 6, 1941 in regard to my press conference of that date as follows:

"A correspondent mentioned that there were increasing indications that Japan was making demands on Thailand and he referred to Mr. Eden's speech in the House of Commons to the effect that anything that threatened the security and integrity of Thailand was of immediate interest to Britain, and he wondered whether the Secretary would care to say anything on the situation in regard to our own policy. The Secretary said that he thought that we had many times discussed the question of conquest by force on the part of certain countries, and that it included the Pacific area. He said that we had made very clear our concern and our interest in respect to steps carrying out that sort of policy. He pointed out that Mr. Welles just a few days ago had occasion to give the correspondents a statement on that general question as it related to the Pacific area.<sup>47</sup>

Asked if he could say whether this Government had had occasion to express any views to the Government of Thailand concerning the present crisis out there, Mr. Hull said he could not go into details now because it was not at a stage where he could be very definite. A correspondent pointed out that certain steps followed the occupation by Japan of Indochina and he inquired whether it was fair to assume that certain other steps would follow the occupation or attempted occupation of Thailand by Japan. The Secretary replied that it was fair to have increasing concern about a movement that would include the step to which the correspondent referred.

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<sup>46</sup> In telegram No. 624, August 7, 5 p. m., the Secretary of State informed the Ambassador in France (Leahy) of the above and added that "the French Embassy here has been pressing its requests for much more extensive releases of Indochinese funds, but this does not appear justified to the Treasury and the proposed basis seems a reasonable one."

<sup>47</sup> See press releases issued by the Department of State, July 24 and August 2, 1941, *Foreign Relations, Japan, 1931-1941*, vol. II, pp. 315 and 320.

Asked if the correspondents could infer that this Government has increasing concern about events over there, the Secretary said that that was what he was trying to say. He added that anything that Mr. Welles had said regarding the Pacific area and Indochina would have a special application to Thailand and the present situation."

HULL

892.24/604

*Memorandum by Mr. Willys R. Peck of the Division of Far Eastern Affairs*<sup>48</sup>

[WASHINGTON,] August 8, 1941.

Attached are copies (or paraphrases) of two telegrams<sup>49</sup> recently received by the British Embassy from Mr. Doll (British), Financial Adviser to the Thai Government. They were brought to FE<sup>50</sup> by Mr. Dening<sup>51</sup> on August 7, 1941.

The shorter message recounts the efforts of Mr. Ono, described in the longer message as Financial Adviser to the Japanese Government and Financial Adviser Designate to the Thai Government, to link Thai finance with Japanese finance.

The longer message describes the draft Credit Agreement that resulted from Mr. Ono's efforts. The message contains, also, important comments on the struggle of Thailand against Japanese economic and financial invasion, and the urgent necessity for assistance from Britain, the Netherlands East Indies and the United States if the struggle of Thailand to escape Japanese domination is to succeed.

792.94/187: Telegram

*The Secretary of State to the Minister in Thailand (Grant)*

WASHINGTON, August 8, 1941—7 p.m.

92. Your 389, August 2. On August 4 the Thai Minister here made under instruction the same suggestion as that reported in the first sentence of your telegram under reference. We are informing the Thai Minister in reply that for a number of reasons the present does not seem to be an opportune time to take the step suggested but that we appreciate the spirit which prompted the Thai Government to raise this question.

HULL

<sup>48</sup> Initialed by the Chief of the Division (Hamilton).

<sup>49</sup> Neither printed.

<sup>50</sup> Division of Far Eastern Affairs.

<sup>51</sup> Maberley E. Dening, First Secretary of the British Embassy.

740.0011/496

*Memorandum by the Minister to the Netherlands Government in Exile (Biddle)*<sup>52</sup>

[LONDON,] August 8, 1941.

Dr. Gerbrandy, Netherland's Prime Minister, and Foreign Minister van Kleffens, informed me that the conversations scheduled to take place between themselves and Mr. Eden, on August 7 and 8, and to which I referred in my memorandum of August 6, had just been concluded.

In response to a clear statement of the Netherlands official viewpoint by Minister van Kleffens, Mr. Eden had said his Government was willing that consultations between their respective naval and military authorities take place at once, with [a] view to drawing up some plan to provide against surprise moves. Moreover, Mr. Eden said, the British Government was willing that even the "Far Eastern Plan" serve as a basis for potential action. At the same time, however, Mr. Eden emphasized (a) that his Government was opposed to an automatic application of the schemes envisaged in the "Far Eastern Plan", in event of any given move; and (b) that his Government must remain the judge as to what constituted a *casus belli*.

Minister van Kleffens said that he had made his Government's opinion clear to Mr. Eden to effect that nothing short of a warning to Japan that a move into Thailand would constitute a *casus belli*, would prevent the Japanese from eventually walking in, when they were ready.

Later in the same day, in Minister van Kleffens presence, the Chinese Ambassador expressed the same opinion to Mr. Eden.

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740.0011 P. W./412 : Telegram

*The Minister in Thailand (Grant) to the Secretary of State*

BANGKOK, August 9, 1941—7 p. m.

[Received August 9—3:54 p. m.]

405. I had an hour's conversation today with the Prime Minister, Luang Pibul, regarding the situation. The Prime Minister requested me to convey to the Secretary his deep appreciation of the statement made [by] the Secretary of State regarding the Thai-Japanese situation. He indicated he would welcome more positive action by the

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<sup>52</sup> Copy transmitted to the Department in letter of August 8; received September 2.

United States, such as more economic pressure against Japan which he said was very helpful to Thailand at this time, and in this connection he expressed warm approval of the act of freezing Japanese funds, stating that Japan's attitude towards Thailand had been more moderate since that step was taken. He said no demands for military bases in Thailand had been made by Japan up to the present time.

The Prime Minister agreed with me in the theory which I had previously expressed to the Deputy Minister of Foreign Affairs who participated in the conference to the effect that Japan does not contemplate making another military move in this area at the present time and is indulging in considerable bluffing. He said that the Japanese do not want war with the United States and Great Britain and that any military move is predicated on the European situation and particularly on the progress of the Russian-German war. Therefore the situation in this area is more favorable. Nevertheless, he has ordered more troops to the frontier sections and he may mobilize the entire Thai Army whose potential strength, he added, is 100,000.

The Prime Minister said he would oppose with force any military aggression against Thailand although he added Japan is a great power and Thailand could not make successful opposition without outside assistance. He said in response to an inquiry that he had decided not to press any claims for Laos and the remainder of Cambodia and that he would ratify the pact of nonaggression with France. He indicated he had finally reached the conclusion he could not trust the Japanese.

I seized the occasion to emphasize what I had said previously to the Deputy Minister of Foreign Affairs, namely, that it would be advantageous for Thailand to stand firm and discreetly resist any Japanese demands. I said this policy would be encouraging to Washington and London. I said it was my personal opinion that the recognition of Manchukuo by Thailand was a mistake and that it could not have been favorably received in Washington and London and that in my judgment the recognition of Nanking would be a greater mistake. The Prime Minister replied weakly that he would try to resist the Nanking proposal.

Upon conclusion of the conversation which was most cordial the Prime Minister presented to me an *aide-mémoire*<sup>53</sup> the substance of which will be outlined briefly in a subsequent telegram.<sup>54</sup>

GRANT

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<sup>53</sup> Not printed.

<sup>54</sup> Telegram No. 407, August 11, 9 a. m., p. 269.

740.0011 Pacific War/460

*Memorandum of Conversation, by the Secretary of State*

[WASHINGTON,] August 9, 1941.

The British Ambassador, accompanied by his associate, Sir Ronald Campbell, came in at his request. He handed me the attached copy of a telegram of August fifth from his Foreign Office to the British Embassy in Washington.<sup>55</sup>

The Ambassador then handed me the attached text of a telegram from the British Minister at Bangkok to the British Foreign Office at London dated August sixth [*eighth?*].<sup>56</sup>

The Ambassador also handed me the attached substance of a telegram from the British Ambassador in Tokyo to the Foreign Office dated August seventh.<sup>56</sup>

The Ambassador made some inquiry about the amount of aid this Government might give in case Singapore or the Dutch East Indies should be attacked. I replied that I myself have visualized the problem and issue in a broader way and that issue is presented by the plan of the Japanese to invade by force the whole of the Indian Ocean and the islands and continents adjacent thereto, isolating China, sailing across probably to the mouth of the Suez Canal, to the Persian Gulf oil area, to the Cape of Good Hope area, thereby blocking by a military despotism the trade routes and the supply sources to the British. I added that this broad military occupation would perhaps be more damaging to British defense in Europe than any other step short of the German crossing of the Channel. I said that this Government visualizes these broad conditions and the problem of resistance which they present; that the activities of this Government in the way of discouraging this Japanese movement and of resistance will be more or less affected by the British defensive situation in Europe and hence by the question of the number of American naval vessels and other American aid that may be needed by Great Britain at the same time. I said that in the event of further Japanese movements south this Government and the British Government should naturally have a conference at once and this Government would then be able to determine more definitely and in detail its situation pertaining to resistance, in the light of the statement I had just made.

The Ambassador brought up the question of aiding Thailand. I again referred to the broad issue that was presented and which I had just explained and said that the Thailand situation merges into this broader question of resistance of Japanese invasion. I then repeated what I had said before to the effect that if the Thailand Government was in good faith in resisting Japan we would aid her as we are aiding

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<sup>55</sup> Vol. IV, p. 363.

<sup>56</sup> Not printed.

China, et cetera. The Ambassador urged this Government to find some way to get to the Thailand officials the information that this Government would aid Thailand in every practical way provided Thailand resists the encroachments of Japan. I said that I would see what further could be done in this respect.

C[ORDELL] H[ULL]

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740.0011 P. W./430 : Telegram

*The Minister in Thailand (Grant) to the Secretary of State*

BANGKOK, August 11, 1941—9 a. m.

[Received August 11—3 a. m.]

407. My telegram 405, August 9, 7 p. m. Following is a brief summary of the *aide-mémoire* which the Prime Minister handed me Saturday <sup>56a</sup> upon the conclusion of our conversation:

The friendly sentiments of the American Government which were conveyed to the Foreign Minister by the American Minister on July 17 are sincerely appreciated and the Thai Government is equally desirous of strengthening the ties of friendship and understanding which are traditional between the two countries especially in these difficult times. The willingness of the American Government to assist Thailand in obtaining necessary commodities is very pleasing and in this connection it would be appreciated if export license[s?] could be granted just on those commodities which are all ready for shipment and on which demurrage charges have been paid. As regards tin and rubber the American Government may purchase tin in the open market and in any event it may secure 1,800 tons of rubber through the British, meanwhile the Thai Government will explore the possibility of allotting more rubber to the United States. An open market for rubber is being considered in the negotiations with the British and Japanese.

Complete text of the *aide-mémoire* is being forwarded by mail.<sup>57</sup>

GRANT

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740.0011 P. W./431 : Telegram

*The Minister in Thailand (Grant) to the Secretary of State*

BANGKOK, August 12, 1941—8 a. m.

[Received 8:55 a. m.]

412. My telegram 405, August 9, 7 p. m., reporting my conversation with the Prime Minister, Luang Pibul.

In my judgment the Prime Minister did not put all of his cards on the table regarding the actual Thai-Japanese relationship. I believe Luang Pibul has a very good understanding with the Japanese and

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<sup>56a</sup> August 9.

<sup>57</sup> Not printed.



that he is going along with them independently, believing that this is the best method of keeping himself in power. Rather than lose control I am of the opinion that he would accept Japanese dictatorship behind the scenes. With the complete backing of the army and of certain fanatical nationalistic propagandists who are intoxicated with the idea of gaining more territory and through this resemblance [*access?*] to more lucrative government jobs Luang Pibul can play this dangerous game with the Japanese regardless of the views of the small group of intelligent Thai who have no love for the Japanese and want to be let alone. There is little likelihood of a *coup d'état* since there is no effective opposition to the present regime left in this country, and so Luang Pibul as above plays with the Japanese behind the scenes and toys with Great Britain and the United States, as indicated in the manner of which the negotiations for oil in return for rubber and tin have been conducted recently with the British Minister. Thailand is getting the oil but so far we have not received any rubber or tin and now we are informed that rubber will likely be thrown on the open market for the highest bidder provided the Japanese agree to the proposal.

The Prime Minister went too far to be convincing in some of his remarks made to me Saturday. For instance, he said he now regarded the Japanese as "traitors" and that he would join forces with the French in Indochina to repel further aggression by the Japanese.

I do not take seriously the recent bold pronouncement of Thai officials to the effect that the Thai would fight aggressors to the last drop of blood. If there should be any show of force against the Japanese in the event of military aggression in Thailand by the latter, it would be only a gesture for world consumption and we would likely find Luang Pibul still in the saddle under direct Japanese control.

GRANT

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811D.0144/14

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

No. 5783

TOKYO, August 13, 1941.

[Received October 2.]

SIR: With reference to the Embassy's telegram No. 1213 of August 11, 8 p. m.,<sup>58</sup> containing a translation of Foreign Office Note No. 87/-American I, concerning the unauthorized flight of Japanese naval aircraft over the island of Guam, I have the honor to enclose, for the record, a translation of the note in question,<sup>58</sup> complete in every detail.

It will be noted that the Foreign Office considers that sufficient amends have been made for the case of May 27, 1941; that an error

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<sup>58</sup> Not printed.

on the part of the flight officer on June 12 [11] (not June 11 [12] as was mentioned by the Department <sup>59</sup>) is acknowledged; and that with reference to the incidents of June 14 and June 19, it is alleged that the "territorial air" was not violated, although an admission is made that flights so near to Guam are improper.

Respectfully yours,

JOSEPH C. GREW

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756D.94/176 : Telegram

*The Consul General at Batavia (Foote) to the Secretary of State*

BATAVIA, August 14, 1941—1 p. m.  
[Received August 14—7:40 a. m.]

110. The Government of the Netherlands Indies today issued the following statement through its official press service :

"The authorities feel that the occupation of Indochina is a direct threat to the Netherlands Indies and that under the circumstances any exports which would materially add to Japan's potential power would not be to the interests of the Netherlands Indies. Resumption of normal trade relations is possible only after the removal of this threat."

The government spokesman then said verbally that the policy of this Government was "clear, simple and unsophisticated" and that the reason for making the above statement was that many cables from Japan indicated that trade negotiations will be resumed, that the Netherlands Indies will fall in line with Japan's wishes and is maintaining a mild attitude toward Japan.

FOOTE

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892.24/73

*Memorandum of Conversation, by Mr. Willys R. Peck of the Division of Far Eastern Affairs* <sup>60</sup>

[WASHINGTON,] August 14, 1941.

The Thai Minister called to see Mr. Hamilton, but since the latter was engaged, he asked to see Mr. Peck. The Minister recalled, for the information of Mr. Peck, that he had called on August 12 to inform Mr. Hamilton that he had just received a telegram from his Government which pointed out that the Thai Government had formally announced its intention of resisting with force any armed aggression that might be attempted against Thailand.<sup>61</sup> On the basis of this

<sup>59</sup> See telegram No. 344, June 20, 8 p. m., to the Ambassador in Japan, p. 182.

<sup>60</sup> Noted by the Secretary of State.

<sup>61</sup> Memorandum of conversation not printed.

declaration, the Thai Government inquired what the attitude of the American Government would be toward Thailand if such armed aggression should, in fact, take place; particularly, would the American Government render any assistance to the Thai Government in this emergency?

The Minister said that Mr. Hamilton had outlined to him the American Government's attitude and policy toward rendering assistance to countries which were resisting aggression, and Mr. Hamilton had instanced the aid that the United States is giving to China. The Minister said further that Mr. Hamilton had indicated, before an authoritative reply could be given to the Thai Government's inquiry, he would wish to lay the matter before higher authorities of the Government.

The Minister said that today he had received another telegram from his Government which, in the gravity of its tone, indicated that a critical state had been reached in respect of the threat of invasion. His Government urged him to spare no effort to obtain an expression of the views of the American Government in this situation.

Reverting to his conversation two days ago with Mr. Hamilton, the Minister said that from the circumstance that Mr. Hamilton referred to American assistance to China, he inferred that Mr. Hamilton had in mind assistance of the Lend-Lease variety. Assuming this to be the case, the Minister wished to say that the Thai Government was not asking for armament on credit, but was prepared to make purchases on a commercial basis. The early acquisition of the arms it sought was of the utmost importance to the Thai Government, which, at present, is poorly supplied with equipment. Consequently, the Thai Government would be very grateful to learn how soon, if the American Government could make arms available for purchase, shipments could be arranged and could begin.

The Minister said that, speaking as man to man, the Thais were traditionally suspicious of Japan; he personally felt that in the recent contact with Japan his country had "played with fire", but he trusted that Mr. Peck understood the background of the matter.

The Minister observed, as his own personal reaction to recent news, that the large number of troops dispatched by Japan into Indochina was an ominous sign. The Japanese must have been aware that they would meet with no resistance in Indochina, which was under the control of Vichy and hence of Germany, and these forces must be intended for use elsewhere. Mr. Peck remarked that the newspapers suggested they might be intended for use against Malaya. The Minister replied that the Japanese, in his opinion, would never dare to make an attack on Malaya without previously occupying Thailand,

because to do so would be to leave their flank open to attack from Burma. He deduced that these forces were intended for the occupation of Thailand and that the danger to Thailand was accordingly imminent and serious.

The fact of the matter now is that Thailand is determined to maintain its independence, if it can possibly find the means of doing so. In this emergency the Thai Government is anxiously waiting to learn the nature of the reply that the American Government will give to the inquiry transmitted on August 12.

Mr. Peck said that he would report to Mr. Hamilton at once the observations made by the Thai Minister.

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894.24/1589

*Memorandum of Conversation, by Mr. Alger Hiss, Assistant to the Adviser on Political Relations (Hornbeck)*

[WASHINGTON,] August 15, 1941.

Pursuant to decisions arrived at in the conference in Mr. Dean Acheson's office on August 14, at which in addition to Mr. Acheson, Mr. Hornbeck, Mr. Hamilton, Mr. Yost<sup>62</sup> and Mr. Hiss were present, I telephoned to Mr. Walden in New York and told him that the Department was now prepared to reply to the various questions which he had raised in recent conversations on the subject of the exportation of petroleum products from the Netherlands East Indies by his Company to Japan. I thereupon informed Mr. Walden of the following:

1. With respect to Mr. Walden's request that he be assured that the Treasury Department would grant licenses for the payment in dollars to his Company from Japanese blocked accounts for such shipments of petroleum products as his Company might be permitted to make to Japan from the Netherlands East Indies, I pointed out that in view of the decision of the Netherlands Indies Government of which he had been advised, his request is no longer of significance. [The Netherlands Indies Government has said that it wishes all shipments of petroleum products to Japan to be paid for in guilders. The Indies Government will then itself make an appropriate amount of dollars available to the Standard-Vacuum Company in New York. As a result the question of releasing Japanese blocked dollar balances will not arise. Note: The effect of this arrangement is that the Japanese do not have to use up their dollar balances for petroleum received by them from the Netherlands East Indies. Instead they are able to pay for such shipments by means of their own exports to the Netherlands East Indies which may not impose as great restrictions on Japanese exports to them as this country is imposing on Japanese exports to it. In ad-

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<sup>62</sup> Charles W. Yost, Assistant Chief of the Division of Controls.

dition, the large dollar credits accruing to the Indies Government because of our purchases of tin, rubber and other strategic supplies will in part be utilized to finance the exportation of oil from the Netherlands East Indies to Japan.]<sup>62a</sup>

2. With respect to shipments to Japan under the Batavia contract of November 1940, since the Japanese purchasers are already applying for export licenses there would appear to be no reason for Mr. Walden's Company to make any change in its own practice of not applying for such licenses. In so far as concerns the desire of Mr. Walden's Company that it should not export in quality or quantity any petroleum products from the Netherlands East Indies which it would not be permitted to export from the United States, I said that our Government had been informed by the Indies Government that the latter desired to make its export policy conform to ours. I said that it could therefore be inferred that in passing upon applications for licenses the Indies Government would bear such considerations in mind. Mr. Walden thereupon asked me if that meant that his Company could assume that any export license it received was issued in conformity with our own policies. In view of the discussion in Mr. Acheson's office on this specific point I told Mr. Walden that I was not in a position to answer this on behalf of the Department, pointing out that it was impossible for us to guarantee that no misunderstanding of our policy on the part of the Indies authorities would arise. I went on to say that we were now prepared to notify Mr. Walden of those petroleum products the exportation of which from the United States to Japan was now completely embargoed, and I pointed out that this list would enable him to comply, with respect to these products at least, completely with our own domestic policy. Mr. Walden said that this list would be helpful but that he would also wish to keep us informed currently of licenses issued for the shipment of other products.

3. With respect to the so-called "normal quota" business which Standard-Vacuum carries on in Japan independent of the Batavia Agreement, I said that the Department was now withdrawing its request to him that his Company make no application for export licenses, and that what I had said previously with respect to the Indies Government's consultations with us and our list of embargoed products was applicable with respect to this business also.

Mr. Walden thanked me for the information which I had given him and said that he thought the questions of policy were now clarified. He said that as soon as he receives our list of embargoed products he will prepare a telegram to his representatives in Batavia based upon that list and upon the information which I had communicated to him. He said that at the same time he will notify the Shell Company of the position which Standard-Vacuum is taking since he thought that it was important that the two companies follow similar policies in this matter.

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<sup>62a</sup> Brackets appear in the original.

892.6363/162

*Memorandum of Conversation, by Mr. Alger Hiss, Assistant to the Adviser on Political Relations (Hornbeck)* <sup>63</sup>

[WASHINGTON,] August 15, 1941.

Mr. May <sup>64</sup> called on Mr. Peck by appointment and at Mr. Peck's request Mr. Hiss joined them. Mr. May said that his Company wished to know whether there had been any recent changes in the attitude which the Department previously expressed to the Company as to the latter's policy in selling petroleum products to Thailand. Mr. May referred to previous communications by officers of the Department to officials of the Company to the effect that the Department believed that it would be wise for the Company to cooperate with the Shell Company in shipments of petroleum products to Thailand which the latter Company was undertaking in conjunction with efforts of the British Government to arrive at an agreement with the Thai Government and in conjunction with efforts which the United States Government was taking to support the British position and to obtain rubber and tin from Thailand.

Mr. May said that in particular he wished to know whether the Department believed that the Standard-Vacuum Company should participate directly in the negotiations which officials of the Shell Company are carrying on with the Thai authorities. Mr. May said that his Company preferred not to enter into these negotiations for the reason that the Company's commercial interest in the matter was not particularly important and for the further reason that it would be simpler and more expeditious for the negotiation to be conducted by the Shell Company.

Mr. Peck and Mr. Hiss replied that so far as they were aware there had been no change in the Department's views on the subject raised by Mr. May. It was pointed out to Mr. May that the Department had merely said to the Company that the Department thought it would be helpful if the Company participated in such shipments as the Shell Company might decide to make but that the Department had left the matter entirely up to the Company to determine as a business matter—both as to the fact of participation and as to the details of such participation as the Company might decide upon.

Mr. May read excerpts from a telegraphic message from the Shell Company's representatives in Singapore who are conducting the negotiations to the Shell Company in London and a reply to that message. This information indicated that the Shell Company was keeping the Standard-Vacuum Company fully informed and was agreeable to such form of participation as the Standard-Vacuum might decide upon.

<sup>63</sup> Initialed by the Chief of the Division of Far Eastern Affairs (Hamilton).

<sup>64</sup> A. L. May, of the Standard-Vacuum Oil Company of New York.

600.51G9/25 : Telegram

*The Consul at Hanoi (Reed) to the Secretary of State*

HANOI, August 16, 1941—9 a. m.

[Received 11:45 a. m.]

123. My telegram No. 120, August 14, 9 a. m.<sup>65</sup> concerning control of exportations. The public reaction to the Government General's decision to prohibit exportations was evidently such that the authorities found it expedient to issue statements on August 14 and 15 as to the purpose of the prohibition, "controlling more effectively the regime of exportations facilitating the execution of our international engagements, and perfecting the struggle against high cost of living", and reassuring the public that there is no intention to stop the exports of the Indo-Chinese Union "as the economic relations between nations are based on a system of close relation between importation and exportation". It is presumed that the above reference to "our international engagements" relates to exports to Japan stipulated by treaty and that the execution of these engagements vis-à-vis Japan is the chief reason for the control of exportations.

Sent to Cavite for repetition to the Department, Chungking, Peiping, Hong Kong, Shanghai.

REED

740.0011 European War 1939/14402

*Memorandum of Conversation, by the Secretary of State*

[WASHINGTON,] August 18, 1941.

The Minister of Thailand called by mutual agreement. He had previously had a conference with Mr. Hamilton of the Far Eastern Division, in which he discussed the purpose of his call to see me. (Reference is made to the record of Mr. Hamilton's conversation of August 12, 1941.<sup>65</sup>)

The Minister said that pressure had been brought to bear on his Government in connection with rubber and perhaps one or two other commodities; that the troops of Japan have been moved up to a point on the new border between Thailand and Indochina just opposite and overlooking Bangkok. He was of the opinion that their first objective is to go south and attack Singapore. He said that the largest military forces are opposite Bangkok and that the Navy and all of their military craft with few exceptions are stationed at Saigon. He believes that the Japanese will probably first move south and later against Rangoon in order to destroy the Burma Road terminal.

<sup>65</sup> Not printed.

The Minister indicated that pressure on his Government was more and more threatening and that no one could tell what day or what hour Japanese troops and other forces might move into his country. He said that his Government had announced that it was neutral and friendly towards every country, but that if it should be attacked it would defend itself as best as it possibly could. He then stated that his real interest in calling on me was to ascertain what the attitude of this Government would be towards his country in case it should be attacked and endeavor in good faith to defend itself. I repeated to him what Mr. Hamilton had said concerning the long friendship existing between our two countries and about the probability of Japanese intervention by force at any time despite agreements and understandings to the contrary. I stated that we have ascertained this by experience with them in the Chinese invasion and in other instances; and that they are unquestionably out on a rampage of invasion by force, the seizure of any and all weaker countries, and the placing of them under a military despotism, which would dominate their political, economic, commercial and other affairs and interests and which would channel straight to Tokyo the cream of all benefits, advantages and gains.

I reminded the Minister that we have been aiding China against the aggression of Japan—aiding her in many ways—and that we would place Thailand in the same category; that I have already more than once expressed the serious concern of this country with reference to threatened Japanese intervention. I then added that in aiding all countries subjected to aggression and intervention by force, especially by countries like Germany and Japan, we do the very best possible to distribute such aid where it will be most effective. I said that we are increasing our production fairly rapidly and that the State Department will be glad to contact the officials in charge of the defense program and inform them of the needs and desires of Thailand. I finally said that I would be glad to have the Minister call at any time for the purpose of exchanging information about the situation. He remarked that Thailand had the money to pay for the matériel that they would like to purchase in the United States.

C[ORDELL] H[ULL]

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894.24/1572

*Memorandum of Conversation, by Mr. Alger Hiss, Assistant to the Adviser on Political Relations (Hornbeck)*

[WASHINGTON,] August 18, 1941.

Mr. Walden telephoned from New York and said that his experts had now studied the mimeographed memorandum setting forth those



petroleum products the export of which to Japan is prohibited.<sup>67</sup> (This memorandum was sent to Mr. Walden at Mr. Acheson's direction by Mr. Yost.)

Mr. Walden said that under the specifications set forth in the memorandum no crude could be exported from the Netherlands East Indies except for the so-called special Tarakan which is actually a natural Diesel oil and is always used in its natural condition without refinement. In addition, he said that he believed that no gasoline now being made in the Indies could be exported.

I told Mr. Walden of the message from Mr. van Karnebeek which had come in for him<sup>68</sup> and he remarked that apparently the experts in the Indies had reached the same conclusion in view of the statement in van Karnebeek's message that the export of crude oil would not be permitted.

Mr. Walden said that in view of the effect of our regulations upon the situation in the Indies he would not continue his plan to send a cable immediately to his representatives but would wait until he heard further from us as to the decisions of policy to be made by the Netherlands Indies Government.

Mr. Walden said that he hoped he could receive additional information from us soon as he must make necessary arrangements promptly.

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892.6363/160

*Memorandum of Conversation, by Mr. Willys R. Peck of the Division of Far Eastern Affairs*<sup>69</sup>

[WASHINGTON,] August 18, 1941.

Mr. May called Mr. Peck on the telephone from New York and said that his Company had decided to participate directly with the British in the negotiations with the Thai Government for the supply of limited quantities of petroleum products, as offered to the Thai Government in exchange for the assistance of the latter in the obtaining of rubber and tin by the United States and Great Britain.

Under this arrangement the Standard Vacuum Oil Company would let the Shell Company take the lead in the negotiations, but subsequently would make arrangements directly with the Thai Government in regard to the delivery of petroleum products by the American

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<sup>67</sup> Not printed.

<sup>68</sup> Not printed; H. A. van Karnebeek was a director of the Nederlandsche Koloniale Petroleum Maatschappij at Batavia.

<sup>69</sup> Initialed by the Chief of the Division (Hamilton).

Company, including such details as time of delivery, method of payment, shipping, etc.

Information regarding this decision will be communicated to the British Company today.

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892.24/74

*Memorandum of Conversation, by the Assistant Chief of the Division of Far Eastern Affairs (Adams)<sup>70</sup>*

[Extract]

[WASHINGTON,] August 21, 1941.

Participants: Mom Rajawongse Seni Pramroj, Minister for Thailand, Mr. Hamilton and Mr. Adams.

The Thai Minister, who called at his request, said that he had received from the Prime Minister of Thailand a telegram expressing gratification and satisfaction over the attitude of the Secretary of State in the conversation which the Secretary had on Monday, August 18 with the Thai Minister.

The Thai Minister said that he had understood the Secretary to say that if Thailand should be attacked by Japan and should undertake in good faith to defend itself, the United States would, with reference to the extension of assistance, place Thailand in the same category as China and other nations engaged in resisting aggression. He said that he had told the Secretary that preparation to resist an attack would be necessary and that for such preparations materials which could only be had in the United States would be required. He said that the Secretary had told him in response to this that while production was increasing there was at present a demand for defense materials greater than the supply and the Government of the United States was doing its utmost to see that available supplies reached places where they would be most effectively used.

The Thai Minister said that his country was now faced with an emergency and that everything else was being subordinated to preparations to meet that emergency and that, therefore, he would not request at this time permission for export from the United States of articles not connected with defense needs of Thailand. He said, however, that when he spoke of defense needs he used the term in a broad sense which would include machine tools for the repair of airplanes and other war materials as well as such commodities as cables and wires and road materials needed for communications. He said that there were many export applications pending in the Department of

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<sup>70</sup> Initialed by the Acting Chief of the Division (Mackay).

State upon which no action had been taken. He hoped that at least some of these applications might be acted upon favorably.

[Here follows report of discussions regarding various items of trade.]

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892.248/45 : Telegram

*The Secretary of State to the Minister in Thailand (Grant)*

WASHINGTON, August 22, 1941—6 p. m.

107. Your 342, July 13<sup>71</sup> and 350, July 17. The President has approved an award of \$13,161.52, with interest at the rate of 4 percent, from March 11, 1941 to August 19, 1941, for the 24 machine guns requisitioned by this Government. In all probability a decision will be reached in connection with the aircraft within the next 2 weeks.<sup>72</sup>

HULL

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740.0011 P.W./430 : Telegram

*The Secretary of State to the Minister in Thailand (Grant)*

WASHINGTON, August 25, 1941—3 p. m.

111. Your 405, August 9, 7 p. m., 407, August 11, 9 a. m., and 412, August 12, 8 a. m. The Department desires that you take an early opportunity to inform the Prime Minister orally that the Department learned with pleasure of the cordial attitude displayed by him during your conversation and in the *Aide-Mémoire* handed to you on August 9. You may in your discretion recall the exchange of remarks concerning the Thai recognition of Manchoukuo and state that this Government regrets that the Thai Government felt it necessary to accord that recognition and sincerely hopes that recognition will not be accorded to the Nanking regime. In reference to the Prime Minister's observations concerning our desire to purchase rubber and tin you may say that this Government is now studying his suggestions and trusts that the placing of rubber on the open market will not be long delayed. In response to the helpful spirit shown by the Prime Minister in these matters this Government will reexamine applications for export licenses already presented by the Thai Legation in order to ascertain whether in some cases exceptions may not be made in favor of Thailand.

HULL

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<sup>71</sup> Not printed.

<sup>72</sup> In telegram No. 163, December 3, 6 p. m., the Department reported to the Minister in Thailand that it had been informed by the Thai Minister on December 1 "that he had now received from this Government full payment of the awards for the requisitioned aircraft in question." (892.248/56)

351G.115/34: Telegram

*The Secretary of State to the Consul at Hanoi (Reed)*

WASHINGTON, August 25, 1941—6 p. m.

16. Your 115, August 8, 11 a. m.,<sup>73</sup> which please repeat to Tokyo.

1. It is not clear whether representatives mentioned desire to present claims direct to Japanese or Indochina authorities for possible local settlement or desire the Department espouse diplomatic claims on their behalf.

2. While the Department is not in a position to pass upon the validity of claims prior to presentation of such claims to it, in view of the general principle that the taking of property without payment of just compensation constitutes confiscation, the Japanese Government may be regarded as internationally responsible for value of American-owned property seized by Japanese authorities.

3. So far as the Indochina Government is concerned it may be pointed out that while, generally speaking, a government is responsible for failure to take reasonable measures to protect alien-owned property within its territorial jurisdiction, inability on its part to accord such protection may relieve it of responsibility in the absence of evidence that such inability was due to negligence on the part of its authorities.

Sent to Hanoi. Repeated to Chungking, Peiping and Tokyo.

HULL

756D.94/178: Telegram

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

Tokyo, August 26, 1941—9 p. m.

[Received August 26—2:50 p. m.]

1310. My Netherlands colleague<sup>74</sup> has given me in the strictest confidence the following account of his conversation on August 23 with the Vice Minister for Foreign Affairs.<sup>75</sup>

1. The Vice Minister said: on July 28 the Japanese Consul General at Batavia was informed by Mr. van Hoogstraten, of the Economic Section of the Netherlands East Indies Government, that the exportation of oil to Japan under contracts already approved by the Indies Government will in the future be possible only under special permits. The Japanese Consul General protested. On August 19 Mr. van Hoogstraten told the Japanese Consul General that cargoes for two out of three Japanese tankers now in Indies ports had been refused and that

<sup>73</sup> Not printed.<sup>74</sup> Gen. J. C. Pabst, Netherland Minister in Japan.<sup>75</sup> Eiji Amau.

the supply of cargo for the third tanker was under deliberation. Mr. van Hoogstraten went on to say to Mr. Ishizawa that the Indies Government felt that the presence of Japanese troops in Indochina was a threat to the Indies and that as a consequence relations between Japan and the Indies have been completely altered. He declared that hereafter no exportation of oil to Japan will be permitted unless (1) Japan declares publicly that she has no intention of attacking the Netherlands East Indies; (2) Japan withdraws her troops from southern Indochina. Even if the foregoing two conditions are fulfilled, the Indies Government will allow the exportation to Japan only of oil of such quality that Japan's offensive military power will not thereby be increased, the quality of oil to be determined by Netherlands experts. The Vice Minister continued: A report had just been received that the granting of concession for the exploitation by Mitsui interests of areas at Sangkulirang and permission for exploration of this concession field have been suddenly postponed.

2. The Vice Minister inquired whether the information communicated by Mr. van Hoogstraten to the Japanese Consul General was correct and whether his statements were made on behalf of the Netherlands Government. In conclusion he said that Japan feels great concern over the attitude of the Netherlands authorities as reflected in the statements of Mr. van Hoogstraten, and he requested that my Netherlands colleague communicate to his Government that the Government of Japan asks that: (1) No measures harmful to relations between the Netherlands East Indies and Japan be taken by the Netherlands Government; (2) the Netherlands East Indies carry out the oil contracts previously concluded; (3) the Indies Government withdraw its action postponing the granting of the concession at Sangkulirang.

3. The Vice Minister assured my Netherlands colleague that the occupation by Japan of Indochina was not in any way a threat to the Netherlands East Indies. General Pabst suggested that a public declaration to that effect would possibly carry more weight with his Government than an assurance of the character just made by Mr. Amau. Mr. Amau said that Japanese opinion had become aroused over the provocative attitude of the Indies Government that consideration could not be given to the issuance at this time of an open declaration expressing Japan's peaceful intentions toward the Netherlands East Indies.

4. The statements contained in paragraph 1 above coincide with the contents of a telegram to General Pabst from the Indies Government.

792.94/142 : Telegram

*The Chargé in Thailand (Chapman) to the Secretary of State*BANGKOK, September 1, 1941—2 p. m.  
[Received 3 p. m.]

438. It was announced that [*sic*] in the local press on August 28, that an agreement had been concluded between the National Banking Bureau of the Ministry of Finance and the Yokohama Specie Bank for the purchase by the former of baht 25 million worth of gold from Japan. The agreement became effective on August 26 the date of signature and remains operative until December 31, 1941. It is subject to termination, prolongation, or alteration with the consent of the parties concerned. The gold or at least a substantial part of it will be shipped to Bangkok at the discretion and upon the request of the Thai Minister of Finance and it will form part of the currency reserve. (It is learned on the best authority that the shipment of baht 13 million worth of gold is being requested immediately.) The Japanese will receive an equivalent amount of baht currency to pay for Japan's current commodity purchases such as rice, tin and rubber. A credit has been opened to the Bangkok branch of the Yokohama Specie Bank up to baht 25 million and will be drawn on as required.

The bank loan referred to in Legation's No. 389, August 2, 4 p. m., was exhausted on August 16. The Japanese, through their financial expert, R. Ono, who has been in Thai[land] since June and is reported to be a former Vice Minister of Finance and now adviser to the Japanese Finance Ministry, supported by the Japanese Minister Futami, immediately demanded a Thai Government loan of baht 25,000,000 secured by earmarked gold in Japan under conditions that made it practically impossible for the baht to be brought to Thai[land]. Luang Pradist, the Finance Minister, rejected this proposition and countered with a proposal to renew loan of baht 10,000,000 in the same terms and offered an additional loan of baht 25,000,000 to be secured by gold to be shipped to Thailand. The Japanese were furious at Finance Minister's insistence on the shipment of gold, pointing out that the Thai Government trusted the United States and Great Britain with custody of gold and made vigorous representations to the Prime Minister in which they accused Luang Pradist of being an obstructionist. Nevertheless, he remained firm and the Japanese finally agreed to the sale of gold on the terms above indicated.

The outcome of these negotiations represent a victory for the conservative elements in the Thai Government of whom Luang Pradist is outstanding leader.

CHAPMAN

811.20(D) Regulations/4367 : Telegram

*The Chargé in Thailand (Chapman) to the Secretary of State*

BANGKOK, September 2, 1941—4 p. m.

[Received September 3—9: 54 p. m.]

442. During the course of the conversation today the Foreign Minister <sup>76</sup> expressed his satisfaction over word received from the Thai Minister in Washington of the sympathetic attitude of the American authorities in regard to the granting of export licenses for American goods needed in Thailand. The Foreign Minister said that his Government desired preference to be given to such needs in the following sequence: (1) armaments; (2) requirements of government ministries and departments; (3) civilian requirements. Referring to the Government's recent unequivocal public statements that Thailand would resist aggression, the Foreign Minister remarked that in order to resist armaments were needed. He said smilingly that, while the impression might have existed in Washington in the past that there was no use furnishing armaments to Thailand because they might be turned to the benefit of the Japanese, he hoped that impression no longer prevailed.

Referring to Minister Peck's <sup>77</sup> impending arrival, the Foreign Minister said that arrangements for the presentation of his credentials would be made as soon as possible after he reaches Bangkok.

While some misgivings were occasioned by the designation in August of Colonel Prayoon and Luang Vichitr to act for the Minister for Foreign Affairs (Legation's telegram No. 427, August 20, 5 p. m.<sup>78</sup>), the subsequent elevation of Nai Direck Jaiyanama to the post of Foreign Minister and other recent Cabinet changes have been taken by experienced observers here to indicate a strengthening of the position of those elements in the Thai Government which have all along been pro-democratic and anti-Axis in sympathy and reflects a realistic appreciation on the part of both government officials and the public of the Japanese menace to Thailand following the occupation of southern Indochina.

CHAPMAN

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<sup>76</sup> Nai Direck Jaiyanama.

<sup>77</sup> Willys R. Peck, Appointed Minister to Thailand.

<sup>78</sup> Not printed.

894.24/1588 : Telegram

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

Тоkyo, September 5, 1941—11 p. m.  
[Received September 5—10:22 a. m.]

1400. Commercial Attaché's<sup>79</sup> colleague at the Netherlands Legation reported following statements made by official of the commercial section of the Foreign Office. Shortage of crude rubber in Japan becoming increasingly more acute since hopes for adequate supplies from Indochina, Thailand unrealized, therefore would be vital [to] look to Netherlands East Indies for further supplies. Official declared rubber stocks in the United States now over 800,000 tons<sup>80</sup> which amount, he pointed out, should be conformably adequate for America's war efforts. Dutch colleague reported saying in response that the position of his Government remains unchanged and that no raw materials which might eventually be used against the Netherlands and her allies including Soviet Russia can be allowed exportation to Japan from the Indies. Dutch colleague further reported that four Japanese tankers which have been in Netherland Indian waters since the freezing order was enforced are still waiting for oil cargoes.

GREW

892.6176/27

*The British Embassy to the Department of State*

## JOINT ANGLO-AMERICAN PURCHASE OF RUBBER

The British Government has now considered the proposals for joint preemption of Thai rubber which we have discussed with the State Department on various occasions recently, and we are instructed to inform the United States Government that the British Government approves of the proposals in principle and is ready to make a joint approach to the Thai Government without further delay.

Although there is no assurance that the Japanese can be effectively prevented by this means from acquiring substantial quantities of rubber, it is believed that lack of foreign exchange may to some extent handicap Japanese competition, in which event joint preemption may achieve a considerable measure of success. The proposal is also welcomed as the best means available in the present circumstances of effectively demonstrating both to the Japanese and the Thais the

<sup>79</sup> Frank S. Williams.

<sup>80</sup> In telegram No. 585, September 11, 6 p. m., the Ambassador in Japan was informed that the total stock of rubber in the United States as of July 31 was 395,216 tons and that it was increasing at the rate of about 50,000 tons a month.



Anglo-American community of interest in the economic affairs of Thailand.

As regards the method of purchasing, the British Government has already suggested to the Governor of the Straits Settlements that the East Asia Company should act as Agents for His Majesty's Government under the Government's supervision. The Governor of the Straits Settlements has been asked to expedite his views and subject to his agreement it is suggested that the East Asia Company should conduct purchases on behalf of both Governments.

The British Government fully appreciates the importance of making it known that such purchases are for joint Anglo-American account, and would propose to give the widest publicity to the fact.

Payment for the total purchase must of necessity be made in Sterling as payment partly in Dollars and partly in Sterling is not practicable. It is accordingly suggested that the dollars which we would acquire in respect of the American half be resold to the Thai Government for Sterling at the official rate of exchange.

The fear that high prices paid in Thailand may cause disturbance in the Netherlands East Indies and Malayan markets is appreciated, but it is pointed out that as British and United States official agents are now practically the only buyers in these markets this danger and its consequences may be exaggerated. In any case if undesirable consequences appear likely to result purchases in Thailand could be discontinued at any moment. If however Japanese competition is strenuously maintained, the price of rubber will obviously soar unless the Thai Government can find some means of exercising control. This possibility might well be explored.

The British Government fully appreciates the importance of using supplies to Thailand as a weapon for obtaining rubber. The British Government would prefer however to offer a joint undertaking to supply oil and other essential requirements so long as Thailand continues to resist Japanese aggression, rather than to make the maintenance of supplies actually contingent on the amount of rubber delivered to approved destinations. This the Thai Government will not, under the changed circumstances now contemplated, be in a position to control since it will depend on such factors as the prices we are prepared to pay and the extent to which the Japanese are willing to compete.

The British Government would welcome the early consideration by the United States Government of the above proposals in order that the contemplated joint approach to the Thai Government may be made as soon as possible.

WASHINGTON, 5 September, 1941.

892.6176/27

*The Department of State to the British Embassy*

## MEMORANDUM

Rubber Reserve Company has considered the proposal for joint purchases of Thai rubber contained in the British Embassy's Memorandum of September 5, 1941.

Rubber Reserve Company is ready to proceed with this program and approves the suggestion that the East Asia Company conduct the purchases on behalf of the British Government and the Rubber Reserve Company. It is assumed that the detailed terms of shipment and payment for the rubber will be worked out in collaboration with the Rubber Reserve Company.

It is suggested that any publicity to be given to the fact that such purchases are for joint Anglo-American account should be released or conducted through unofficial channels, perhaps by oral statements of the East Asia Company.

The Department is in accord with the suggestion that oil and other essential requirements should be furnished to Thailand as long as that country continues to resist Japanese aggression and that it is not desirable to make the maintenance of supplies actually contingent upon the amount of rubber delivered to approved destinations. The amounts and nature of these supplies will, it is assumed, be considered from time to time as occasions arise.

It is suggested that the authority to the East Asia Company be limited to a maximum price of thirty cents per pound of rubber delivered in Thailand. It is also thought desirable that the joint purchasing program be subject to termination at any time by the British Government or the Rubber Reserve Company.

If the program as set forth in the British Embassy's Memorandum of September 5 and this Memorandum is satisfactory to the British Government, the Department will consult with the British Embassy as to the method of proposing the program to the Thai Government.

WASHINGTON, September 11, 1941.

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751G.94/383

*Memorandum of Conversation, by the Assistant Secretary  
of State (Berle)*

[WASHINGTON,] September 12, 1941.

The French Ambassador came in this morning to see me, at his request and by reference from Secretary Hull's office. He stated that the French Government had observed that the United States was

engaged in negotiations with Japan.<sup>81</sup> The French Government hoped that in any agreement which we might make with Japan account would be taken of the French position in Indo-China.

He stated that in making this request the French Government was motivated by certain obvious reasons.

In the existing situation it would be very easy for an agreement with Japan to be made at the expense of the French interest in Indo-China; but to do so would be a great mistake. Japanese occupation of French Indo-China had been limited by French resistance; some 1200 men had been killed in preventing movement of Japan beyond a specified zone. Further Japanese encroachments in Indo-China would be a threat at once to Siam, to Singapore, and to China. If the French position were sacrificed the French Administration, which thus far had retained the primary loyalty of the natives, would lose prestige; and the Frenchmen there would be tempted to trade with or enter into arrangements with Japan.

The Ambassador said that though he had no instructions on this point, the French Government undoubtedly would not object to our sending observers into Indo-China, to assure that we secured our fair share of rubber and other products, and he was convinced that the French Government would gladly assent, were we to make such a request.

His hope was that we could make some public statement indicating that whatever agreement we had under consideration with Japan did not impair the French position.

He had talked this over with Dr. Hornbeck.<sup>82</sup> Dr. Hornbeck had told him that Japan's move into Indo-China had been the precise move which had provoked the crisis in Japanese relations and that it was therefore inconceivable that we should sacrifice the French position there.

I said that Dr. Hornbeck's statement was merely a restatement of the settled and often declared policy of this Government.

Throughout our history we had never entered into territorial bargains or deals, and I did not consider that the present chiefs of state would be particularly complimented by a suggestion that they would even remotely consider such a deal now.

I said that this Government had specifically asserted its desire to protect the French Empire as a part of the heritage of the French people; and that we had gone farther in endeavoring to protect the French position than had the Government at Vichy. We had pro-

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<sup>81</sup> For records of conversations with the Japanese, see vol. iv, pp. 1 ff., and *Foreign Relations, Japan, 1931-1941*, vol. ii, pp. 325 ff.

<sup>82</sup> Memorandum of this conversation, September 9, not printed.

tested the Japanese entrance into Indo-China; we had made it clear both to Vichy and to the world that we did not favor or sanction or recognize seizure by conquering powers of French territory at any point. I called to the Ambassador's attention the fact that it was not we who had sanctioned the entry of Japan into Indo-China, but the French Government. The Ambassador could therefore take Dr. Hornbeck's statement as a statement of the policy of this Government.

The Ambassador entered into a long oration about his own position and the difficulties of the Government at Vichy, and the fact that we had not supplied arms to Indo-China; and that the British had stopped a boat load of Senegalese troops which they had tried to send to reinforce Governor Catroux's forces.

He complained that we had not allowed planes to go from Martinique to Indo-China, though the French Government had shown its willingness to defend Indo-China by sending aviators.

I said that it was true that the Indo-Chinese authorities had asked for arms more than a year ago. At that time we had none to spare. Subsequently, we could not be unaffected by the very conditions the Ambassador had referred to, namely, the helpless position of Vichy, the overwhelming pressure which the Germans could enforce on them. One did not put arms into the hands of people who might, even because of pressure, turn the arms against the giver. We had taken full account of the pressure exerted on the French Government by the German Armistice Commission; and of the policy of collaboration which had been repeatedly announced. We considered that the best ultimate guaranty both of France and of the French Empire was the victory of Britain; and that in assisting Britain and in preventing arms from reaching points where they might be used against Britain, we were taking the most effective step possible to safeguard the very interests which the French Ambassador referred to. I said that it must be perfectly plain to him, as to every rational Frenchman, that as long as the Nazi Government remained in a position to affect the policy of France, no part of their empire could be safe. The French Government had been forced by Germany to sacrifice a good deal of their position in Indo-China already; and anything which strengthened the German hand would necessarily lead to even greater disintegration.

The Ambassador referred at length to his personal difficulties, to which I made no comment, and he left, saying that he was glad to have Dr. Hornbeck's remarks as to policy confirmed.

ADOLF A. BERLE, JR.

894.24/1750

*Memorandum by Mr. Alger Hiss, Assistant to the Adviser on Political Relations (Hornbeck)*

[Extracts]

[WASHINGTON,] September 20, 1941.

RESTRICTIONS ON JAPANESE TRADE AND PAYMENTS IN THE NETHERLANDS EAST INDIES

1. *Present factual situation.* In fact trade is at a standstill and all Japanese funds have been frozen. Apparently permission is granted for withdrawals for local transactions by Japanese resident in the Indies.

2. *Policy decisions thus far made by the Indies Government.* The Government of the Netherlands Indies has not definitively adopted a detailed policy because we have as yet been unable to inform it that we have adopted a definitive policy.\* It has assured us that it desires to adopt a policy no less restrictive than whatever policy we adopt. Like the British Government it has stated its need for assuring itself of certain types of imports—especially of cotton textiles which, incidentally, may be obtainable from the United States. The Indies Government is also desirous of obtaining certain specific lots of goods purchased and already paid for which the Japanese Government is holding in Japan. It has, in addition, made specific proposals to us as to what restrictions should in its opinion be adopted.<sup>83</sup>

6. *Desire of Indies Government for political assurances. Estimate of policy Indies Government is prepared to adopt.* Unlike the British Government, the Government of the Netherlands East Indies has indicated that it believes that discussion of and agreement upon related political issues should accompany any final decision to adopt a definitive policy of restriction toward Japan. The Legation has, however, in recent weeks limited itself primarily to attempting to ascertain the details of our definitive policy while assuring us of the desire and intention of the Indies Government to adopt a closely similar policy. It would appear that, regardless of the absence of

\* The Dutch have of course been told what our policy is to date in theory and in actual practice. As they have, however, had no reason to interpose any special conditions as to manner of payment, they have been faced for some weeks past with the issue (which we have not yet had to consider) of whether exports to Japan of important products shall in fact be permitted. Not wishing to permit such exports while we are not in fact exporting to Japan they have so far refused to grant export licenses for products of importance. [Footnote in the original.]

<sup>83</sup> Restrictions on a number of exports were suggested based on the principle that "all supplies enlarging or maintaining Japan's military machine" should be reduced as far as possible.

political commitments, the Indies are in fact prepared to pattern their policy closely after whatever policy we adopt and that they believe it wise to adopt a policy designed severely to restrict all supplies having military or general industrial value. It is not believed feasible to obtain more definite indications of Indies policy until we are in a position to propose a detailed policy for adoption by us and by them.

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751G.94/386

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

[WASHINGTON,] September 23, 1941.

The French Ambassador called to see me this afternoon at his request. The Ambassador said that he wished to take up with me a matter which had to do with Indochina. He read to me a cable from his Government which was sent in response to the report of his recent interview with the Secretary of State.<sup>64</sup> The Ambassador's report to his Government had made it clear that the Secretary of State and this Government believed that the French agreement with Japan which paved the way for the Japanese occupation of Indochina had been undertaken in part as a result of German pressure. The French Government declared categorically that there had been no German intervention with regard to the economic agreement reached between Indochina and Japan and that the German Armistice Commission did not even know of the terms of the economic agreement so reached before it was concluded. The French Government went on to declare that Germany could logically have no reason whatever in seeing Japan increase her economic hegemony in southern Asia.

When he had finished reading this portion of the telegram from his Government the Ambassador said he wished to emphasize the fact that this telegram related solely to the economic phase of the agreement between France and Japan and that the telegram did not deny that pressure had been brought by Germany insofar as the political aspects of the Japanese occupation of Indochina were concerned.

The Ambassador referred again to the hope of his Government that in any conversations which were in progress between Japan and the United States the occupation by Japan of Indochina should not be regarded by the United States as a *fait accompli*. He urged that the United States should insist on American participation in trade with Indochina and particularly on the right of the United States

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<sup>64</sup> See memorandum by the Adviser on Political Relations (Dunn), September 16, vol. IV, p. 454.

to continue exporting rubber from Indochina. He likewise urged that United States observers, in whatever category might be deemed most appropriate, be sent to Indochina.

I said that consideration would be given to the specific suggestions that the Ambassador had made but that with regard to the larger issues brought up by the Ambassador, I felt sure that these matters had already been fully covered by the Secretary of State in his conversations with the Ambassador. I stated that I was at a loss to understand the suspicions of the French Government in this regard inasmuch as the President had informed Marshal Pétain that it was the desire of the United States that the integrity and independence of France and the French colonies be maintained. I further reminded the Ambassador that one of the cardinal principles of the foreign policy of this Government was the right of all nations to trade on a basis of equal opportunity and under equality of conditions and that the United States necessarily, therefore, maintained this principle with relation to the Pacific, as well as with regard to all regions of the world. I stated that this policy of the United States had been reiterated on repeated occasions by the Secretary of State and other officials of this Government. I said it seemed to me, therefore, unnecessary for me to make any further statements than those I had just made.

The Ambassador said that he had in fact been told this by Secretary Hull and other officials of the Government but that he was glad to have me repeat the same statements. S[UMNER] W[ELLES]

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892.6176/24

*The British Embassy to the Department of State*

MEMORANDUM

The British Government agrees that an approach by the United States Government and ourselves should now be made to the Thai Government indicating our intentions with regard to Rubber.

The British Government's suggestion is that as soon as the necessary communication has been made to the Thai Government the Governor of the Straits Settlements will be asked to instruct the East Asiatic Company to start buying on behalf of the two Governments at a price not exceeding the equivalent of 30¢ U.S. per lb. delivered in Thailand. It is suggested that the Penang Branch of the East Asiatic Company be appointed Agent with the Bangkok Branch of the same Company as Sub-Agent.

It is proposed that the detailed terms of shipment and payment should be worked out by the Governor of the Straits Settlements in

conjunction with the representatives of the Rubber Reserve Company in Singapore.

As regards publicity, the British Government agrees with the suggestion of the United States Government that the channel should be the East Asiatic Company but points out that if more importance is attached to obtaining Rubber than to driving up the price against the Japanese it would be advisable to start buying unobtrusively. It is further suggested that in communicating the intentions of the United States and British Governments to the Thai Government emphasis should be laid on the confidential nature of the communication and that in any case the Thai Government should not be informed of the price limit of thirty cents.

The British Government agrees that notice to terminate the buying programme may be given at any time by the Rubber Reserve Company or themselves.

WASHINGTON, September 25, 1941.

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811D.0144/11 : Telegram

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

WASHINGTON, September 25, 1941—11 p. m.

614. Your 1467, September 16, 7 p. m.<sup>85</sup> Having in mind recent representations to the Japanese Government with respect to unauthorized flights by Japanese aircraft over the island of Guam, the Department suggests that in your discretion you bring to the attention of the Foreign Office, in such manner as you may deem appropriate, the alleged statement of Rear Admiral Matsunaga mentioned in your telegram under reference to the effect that he had flown over Guam at an altitude of 3,000 meters 16 times and that during a flight made this year he saw no American airplanes. You may wish to point out that Admiral Matsunaga's statement implies that flights over the island have been undertaken by Japanese aircraft as a matter of course and at altitudes permitting of good visibility of ground objects, whereas the note of August 1, 1941, from the Foreign Office to you (your 1213, August 11, 8 p. m.<sup>85</sup>) contains the assertion that recent flights by Japanese aircraft over the island were accidental and that they were undertaken at high altitudes, from which presumably the position of the plane could not be confirmed by observation of ground objects.

HULL

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<sup>85</sup> Not printed.



811.20 Defense (M)/3339: Telegram

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

VICHY, September 26, 1941—3 p. m.

[Received 7:50 p. m.]

1228. Embassy's telegram 1189, September 16, 5 p. m.<sup>88</sup> and previous. The following note has now been received from the Foreign Office:

"As the Embassy of the United States knows, it has not been possible for the French Government to release a quota of Indochinese rubber for the American market.

In effect negotiations carried on at Vichy with Japan on the subject of Indochinese rubber have at present reached an impasse.

The Japanese portion over and above the normal quota of 15,000 tons has had to be increased.

(a) By 5,000 tons to be taken from the American quota of 10,000 tons;

(b) By 3,000 tons to be taken from the probable excess above 68,000 tons of Indochinese production in 1941, if this excess reaches the figure of 7,000 tons.

After having indicated that it would be satisfied with a supplementary quota of 10,000 tons (or 2,000 tons more than the French Government is in a position to grant it) the Japanese Government now invokes an understanding reached at Tokyo with the German Economic Delegation without the agreement of the French Government and requests above its normal quota:

1. The entire American share of 10,000 tons;
2. 50 percent of the surplus Indochinese production over and above 68,000 tons (3,500 tons on the basis of a probable surplus of 7,000 tons).

The total Japanese quota would thus be 28,500 tons.

The French Government has pointed out to the Japanese Government that it could in no case authorize the exportation to Japan of a supplementary rubber quota above that indicated in paragraph *a* and *b* above.

The Ministry of Foreign Affairs would be grateful if the Embassy of the United States would be good enough to use its good offices with the Department of State to emphasize that the French Government is endeavoring by every available means to export 5,000 tons of rubber to the United States. This exportation is in effect the condition *sine qua non* of the supplying of Indochina with essential products (gasoline, trucks, tires, et cetera) which only the United States is in a position to furnish.

It thus seems essential to the French Government for the American Government to make representations at Tokyo to induce the Japanese Government to reduce its demands and to be satisfied with the already substantial quota which the French Government has been willing to agree to reserve for it.

<sup>88</sup> Not printed.

Furthermore, the French Government is at present negotiating with the Government of the Reich in an endeavor to induce Germany to reverse a formal prohibition on the exportation of Indochinese rubber to the United States which that power has issued. From conversations with experts which have recently taken place on this subject, it appears that the German rubber industry would agree to place no obstacle to the exportation of this product to the United States.

Under the circumstances, if the American Government should be in a position to induce Japan to abandon its new [demands?], the French Government would have available arguments (the supplying of Indochina with American products) of a nature to induce Germany not to oppose the exportation of tonnage of Indochinese rubber to the United States.

It appears from the recent exchanges of views which have taken place between Mr. Cordell Hull and Monsieur Henry-Haye<sup>87</sup> that in the opinion of the Secretary of State the decisions of the French Government concerning matters in the Far East have been 'strongly influenced by German pressure not to say compulsion'. Mr. Cordell Hull considered that it is at the instigation of the Germans that France permitted Japan to obtain the advantages which that power possesses in Indochina.

The Ministry of Foreign Affairs would be grateful if the Embassy of the United States would give Mr. Cordell Hull the most categorical assurance that Germany has not been either closely or indirectly involved in the economic sphere in the negotiations which terminated with the conclusion of the Franco-Japanese accord of May 6, 1941.

The Government of the Reich has neither been aware of nor inspired the Japanese claims to Indochinese production. The German Armistice Commission even asked the French Government following the signature of the accord to be informed of the principal provisions, of which only the clauses relating to rubber had been brought to its knowledge. Germany has not, furthermore, any interest in encouraging Japanese economic ambitions in Indochina for she is, insofar as concerns the distribution of the output of that colony, more a competitor than an associate of Japan. It is, furthermore, in this sense that the designation of Dr. Neumann as delegate of the Armistice Commission in Indochina must be interpreted as well as the statement which he made to Admiral Decoux with reference to the effort which should be made to limit as far as possible Japanese influence in that colony.

If German influence has at no time been exercised in the sense in which Mr. Cordell Hull appears to believe, it is none the less true that the French Government is not in a position at the present time to resist Japanese pressure in the economic sphere if the Government of the United States does not energetically intervene at Tokyo to obtain the relaxation of that pressure.

The Federal Government has available to act in this respect two means:

1. To obtain from Japan agreement no longer to oppose the exportation of the aforesaid rubber quota to the United States.
2. To guarantee a minimum supplying of Indochina.

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<sup>87</sup> See memorandum by the Secretary of State, September 16, vol. iv, p. 452.

The Ministry for Foreign Affairs considers that it is also desirable that in the course of the Nippon-American exchange of views which are at the present time taking place, the Washington Government should make that of Tokyo admit *from the present moment* the principle of exportation to the United States of a rubber quota for the year 1942.

The Ministry for Foreign Affairs would be grateful if the Embassy would inform it of the point of view of Mr. Cordell Hull with respect to the foregoing considerations. ["]

LEAHY

740.0011 P.W./538 : Telegram

*The Consul at Saigon (Browne) to the Secretary of State*

SAIGON, September 27, 1941—9 a. m.  
[Received September 28—8:21 a. m.]

98. Since the departure of General Sumita and pending the arrival of Ambassador Yoshizawa,<sup>88</sup> the Japanese troops stationed in Southern Indochina appear to have got somewhat out of hand. The number of incidents, such as insulting of French and Annamite police, disregard of French authorities, drunkenness in public, et cetera, has increased considerably but there have been no disturbances in the South comparable to those in the North as reported in telegrams No. 140 and 141 from Hanoi.<sup>89</sup>

Japanese persecution of Chinese in Saigon and neighboring places is on the increase. Chinese houses are entered and searched and Chinese businessmen threatened with arrest and expulsion from the country if they do not cooperate with the Japanese. The French authorities apparently feel obliged to collaborate with the Japanese in this work and at present about 10 local Chinese are still in prison here (out of 50 imprisoned some 2 weeks ago). The charges against them are mere pretexts such as failure to pay taxes, communism, et cetera. The local Chief of Police and the Governor of Cochinchina have admitted to me and to the Chinese Consul that they are powerless to oppose the Japanese in this connection.

The Chinese Consul spends most of his time at a nearby hill station to which he fled some weeks ago at the suggestion of the Chief of Police in order to avoid threatened assassination by the Japanese. The large Chinese community is nervous and critical of his absence from his post at [this] time, but it is obvious that there can be no adequate protection of Chinese interests here if the only recourse is to the powerless Indochinese Government.

BROWNE

<sup>88</sup> Kenkichi Yoshizawa, recently head of the Japanese trade delegation in the Netherlands East Indies.

<sup>89</sup> Neither printed.

740.0011 P.W./563 : Telegram

*The Consul at Hanoi (Reed) to the Secretary of State*

HANOI, September 27, 1941—noon.  
[Received September 28—8:36 a. m.]

143. During conversations late yesterday morning with high officials of the Government General, it was disclosed that the new Japanese mission to Indochina will number at least some hundreds, possibly between 300 and 400, comprising experts of all kinds (political, economic, military, and cultural relations). This development is admittedly causing grave apprehension concerning future Japanese activities in Indochina and yesterday's incidents involving a sedulous disregard of French sovereignty have increased these apprehension[s]. Both officials, in speculating as to the possibility of offsetting what is expected to be a strong Japanese effort to dominate Indochina in all fields, suggested that the United States Government might find it possible and propitious to send an envoy to Indochina of equal rank to Yoshizawa, heading a mission of somewhat similar purpose—the similarity of views of the officials in question indicating that this matter has been the subject of extensive discussion in governmental circles.

Sent to Cavite for repetition to the Department, Chungking, Peiping, Hong Kong, Shanghai. Shanghai please repeat to Tokyo.

**REED**

893.24/1160 : Telegram

*The Consul at Hanoi (Reed) to the Secretary of State*

HANOI, September 27, 1941—5 p. m.  
[Received September 28—8:22 a. m.]

146. There has been a recrudescence of the seizures of transit cargo by the Japanese military authorities in Tongking. It is confirmed that they have seized among other things 136 GMC truck chassis which were purchased under the Universal Trading Corporation loan and which were stored by the United States Far Eastern Trading Corporation at Phuly about 60 miles south of Hanoi. This morning the Secretary General stated that the Japanese military authorities appear to be making a final clean sweep of all such cargoes—doing so before the arrival of a supposedly responsible Japanese mission which may then disavow the actions of the Japanese military forces in Indochina.

Sent to Cavite for repetition to the Department, Chungking, Peiping, Hong Kong, Shanghai. Shanghai please repeat to Tokyo.

**REED**

811D.0144/12 : Telegram

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

TOKYO, September 29, 1941—4 p. m.  
 [Received September 29—9:50 a. m.]

1530. Department's 614, September 25, 11 p. m., flights over Guam. I communicated the substance of the Department's telegram personally to the Minister for Foreign Affairs in my interview with him on September 27. The Minister carefully studied the facts presented. He said that he was familiar with Admiral Matsunaga, whom he described as "pompous and notoriety-seeking". Admiral Toyoda added that it was for these peculiarities that Matsunaga had been retired from the Navy, and he expressed the opinion that undue importance should not be attached to any statements emanating from this person who is now frequently being quoted in the third-rate newspapers. Admiral Toyoda said that he would, however, look into the matter.

GREW

740.0011 Pacific War/541 : Telegram

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

VICHY, September 29, 1941—6 p. m.  
 [Received 7:49 p. m.]

1238. Rochat and Lacoste, Acting Chief of the Far Eastern Division, asked us to call this afternoon and expressed considerable anxiety over recent developments in Indochina and implications for the future. There have been, they said, a whole series of incidents during the past week with the local Japanese military authorities which include unauthorized searches of houses, the arrest of several hundred Annamites, arrest of some 50 Chinese 2 of whom were guardians of the Chinese Consulate at Hanoi, etc., with which the Department is presumably familiar. Against all of the foregoing, which go far beyond the recent agreement, they said the French Ambassador has been instructed to "protest in the most energetic manner possible at Tokyo." In addition to these incidents and a growing attitude of truculence on the part of the Japanese authorities in Indochina, Rochat said that the French have enough indications, though nothing specific, to lead them to believe that the Japanese may be planning a large increase in their forces in Indochina (whether the idea of completely taking over the colony ultimately we cannot of course say). Furthermore, they are of the opinion that this move, if it does in fact take place, will come in the first several days of October.

In reply to our inquiry, they said that their uneasiness comes from reports emanating from Indochina itself and not from Tokyo; on the other hand, if an important augmentation of Japanese forces in Indochina is to take place in the next few days, that can only be under plans conceived in Tokyo and cannot be attributed to the aggressive attitude of local commanders in Indochina. Rochat said that he has communicated the foregoing to us not only to keep us informed of the situation in Indochina but through a feeling that it is to our common interest that no such increase take place and that what is left to France's position in Indochina be maintained. Lacoste went on to say that, whatever the material obstacles to direct action on our part, he is well aware that our prestige and influence counts for a great deal; that he recalls that the strong position which France was able to take in China some years ago was not due to the 2,000 odd troops that they had there at the time but to the fact that France then had an undefeated army and fleet in Europe which gave it the prestige so essential in the Far East and which sadly enough France does not have today.

They denied that there is any indication of German influence in the situation at the present time and likewise denied that they are informing the Germans of their fears. They stressed the importance of some urgent immediate *démarche* by the United States if we are to be in time and equally the importance of secrecy: they do not wish us to let the Japanese know that they have informed our Government of the foregoing in view of the delicacy of their position. They are not informing the French Embassy at Washington.

LEAHY

751G.94/384: Telegram

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

TOKYO, September 30, 1941—3 p. m.  
[Received September 30—1:41 p. m.]

1542. The Counselor of the French Embassy has given us in the strictest confidence the following information with regard to the attitude and behavior of the Japanese military forces in French Indochina.

1. About 10 days ago the Japanese military presented to the Governor General a number of demands for the transfer to the Japanese of certain airfields in Cambodia and French military barracks in various parts of Indochina. The Japanese have also arrested a number of Chinese who are alleged to be secret agents of the Chinese Government. The demands for the transfer of airfields and military barracks were accompanied by a threat to take forcible possession in the event of a favorable reply not being returned before noon, September 27. The French Ambassador on instructions from Vichy made vigorous repre-

sentations to the Foreign Minister and on September 26, the Counselor, by arrangement between the Foreign Minister and the French Ambassador, conferred at great length with officials in the Foreign Office. The latter emphasized that although the Government did not approve of the attitude of the Japanese military authorities in Indochina it was not in a position to intervene. In view of the wholly negative attitude of the Japanese Government the Governor of Indochina communicated to the Japanese military authorities an affirmative reply before the expiration of the time limit.

2. Baron Fain said that the officials with whom he conferred on September 26, vaguely hinted that the military authorities in Indochina were trying to prejudice the success of the reported conversations between the American and Japanese Governments.

GREW

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892.6863/165

*Memorandum of Conversation, by Mr. Alger Hiss, Assistant to the Adviser on Political Relations (Hornbeck)* <sup>90</sup>

[WASHINGTON,] September 30, 1941.

Participants: Mr. Lowden and Mr. Murch, of the Standard-Vacuum Oil Company;  
Mr. Coville;  
Mr. Alger Hiss.

Mr. Lowden and Mr. Murch called by appointment. They said that the negotiations between the Shell Company and the Standard-Vacuum Company on the one hand and the Thai authorities on the other relating to supplies of petroleum for Thailand have now been concluded and that among the products to be supplied by the companies is lubricating oil, which cannot be produced in the Netherlands East Indies and therefore must be supplied from the United States. Mr. Lowden said that he had been instructed to come to Washington in order to make clear to the Department the fact that such exports as the company might desire to make to Thailand would be part of the general arrangements with Thailand with which the Department is familiar.

Mr. Murch and Mr. Lowden were told that the appropriate procedure would seem to be for the company to file the regular export applications and in an accompanying letter to set forth the fact that these proposed exports are part of the general arrangements with Thailand. They were further told that so far as Mr. Hiss and Mr.

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<sup>90</sup> Initialed by the Chief of the Division of Far Eastern Affairs (Hamilton).

Coville were aware the Department continued to regard favorably the project of supplying Thailand with normal quantities of petroleum products and that unless some change of policy of which Mr. Hiss and Mr. Coville were unaware had taken place or unless some sudden change in the international situation developed there would presumably be no objection to the proposed exports. In any event the proper way to ascertain the Department's views would appear to be by submission of appropriate applications for licenses.

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894.24/1758

*The First Secretary of the British Embassy (Marris) to Mr. Jacques Reinstein, Assistant to the Assistant Secretary of State (Acheson)*

WASHINGTON, 30 September, 1941.

DEAR MR. REINSTEIN: We now have a reply to the question whether there are at present any exports to Japan in the four following categories,—

- (a) Tin and Rubber from any part of the Empire
- (b) Pig Iron from India
- (c) Lead and Zinc from Malaya
- (d) Petroleum products from British-controlled fields other than Netherlands East Indies.

The answer to all these four questions is that no exports have recently taken place, or are contemplated.

We are further informed that no decision has yet been taken on what imports will be regarded as essential, but that we will be informed as soon as a decision is made.

Yours sincerely,

A. D. MARRIS

#### CHAPTER IV: OCTOBER 1-DECEMBER 31, 1941

Joint Anglo-American plan to buy Thai rubber (October 2); representations to Japan against increasing infringement of French sovereignty in Indochina; British suggestion of further Anglo-American measures to assist Thailand (October 25-27); renewal of British suggestion for practical aid to Thailand (November 25); general expectation of early Japanese attack on Thailand and Thai plea for American aid to resist aggression; Netherlands East Indies awaiting Japanese attack; American promise to Thailand of credit for expenses (December 6); Japanese attacks on British Malaya and Hong Kong, on Thailand, and on Hawaii and the Philippines; surrender of Thailand and neutrality proclamation by French; adherence of Australia to Anglo-American front against Japan; Thai Minister's repudiation of his Government's alliance with Japan (December 12); instructions to American Minister in Thailand to withdraw (December 18)



892.6176/24

*The Department of State to the British Embassy*

## MEMORANDUM

A copy of the British Embassy's memorandum of September 25, 1941 on the subject of rubber purchases in Thailand has been furnished to the Rubber Reserve Company which has requested the Department to inform the British Embassy that all of the terms of the Embassy's memorandum are approved by the Rubber Reserve Company with the exception that the Reserve Company prefers that the East Asiatic Company act as the agent of the British Government alone and that the Reserve Company purchase from the British Government at cost one-half of the rubber acquired by it.

The Department accordingly proposes to telegraph to the Minister of the United States at Bangkok informing him of the proposed buying arrangements, suggesting that emphasis be laid on the confidential nature of the communication and requesting that the Thai Government be not informed of the price limit of 30 cents per pound.

WASHINGTON, October 2, 1941.

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740.0011 Pacific War/548: Telegram

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

VICHY, October 2, 1941—6 p. m.

[Received 10:15 p. m.]

1255. Embassy's telegram 1238, September 29, 6 p. m. Lacoste asked us to call this afternoon and stated that the Foreign Office source of information in Indochina, the nature of which he would not divulge but which he stated should be "in an excellent position to know the facts", still insists that a large scale increase in Japanese military occupation of Indochina is going to take place in the very near future. He is still not convinced of the "certainty" of this move but the Foreign Office is obviously very much worried. Its source of information indicates that the operation will involve "several tens of thousands" of additional Japanese troops and that they will probably come by sea, landing at Haiphong. The move appears, he said, to be confined for the moment entirely to the north (Tonkin). Meanwhile local Japanese officials in Indochina are continuing their "truculent" attitude. Lacoste stated that no one other than this Embassy has been informed of the foregoing French fears and reiterated that in view of our "common interest" in avoiding any further deterioration of the situation in Indochina the Foreign Office is asking that we let the Japanese Government know as firmly as possible that we

would view with considerable displeasure any increase in Japanese forces in that colony.

In reply to our inquiry he specifically stated that the Germans have not been informed of the foregoing and that there is no indication of any German hand in the situation. He has the impression, he added, incidentally, that the Japanese attitude toward their talks with the United States blows hot and cold, depending on German progress in the Ukraine.

A second point which Lacoste wished to raise was increasing Japanese economic pressure in Indochina, pressure which he said was not necessarily tied with the foregoing Japanese politico-economic ambitions but which might foreshadow an effort to obtain complete control of the colony. The Japanese, he said, have demanded complete detailed information concerning all exports from and imports into Indochina. The information demanded includes names of importers and exporters, purposes for which the product is required, prices, addresses and a mass of additional information. The Japanese have likewise demanded that no export be made from Indochina without Japanese authorization. This complete "domination of the economic life" of the colony, Lacoste stated, the French Government has declined resolutely to accept. The French authorities in Indochina have the most categorical instructions not to go beyond the strict letter of both the politico-military and the economic agreements and at the present time he insisted the French are putting up some real resistance. (He himself was not in accord at all with the recent agreement which permitted Japanese occupation of the Saigon and Camranh Bay areas.[]) In view, he said, of our steadfast insistence upon the open door policy in the Far East, he hopes that we will urgently and emphatically let the Japanese know our opposition to this attempted economic enslavement of Indochina.

A third point he broached, though with considerably less emphasis, was the recently reported action by our authorities in blocking at Manila certain exports, which he admitted included gasoline, for Indochina. They had been purchased and fully paid for he said by the colony and forwarded by through bill of lading. He hoped the release of the items in question would somewhat relieve the extremely difficult task of the local Indochinese authorities and strengthen the French position with the natives in the face of the Japanese attitude.

In conclusion Lacoste again reiterated the importance from the French point of view of secrecy and the hope that in any such *démarche* as we should feel able to make we would keep from the Japanese the fact that the French Government has approached us in the premises.

892.6176/19a : Telegram

*The Secretary of State to the Minister in Thailand (Peck)*

WASHINGTON, October 2, 1941—7 p. m.

118. The arrangements for joint buying of Thai rubber by the British and the Rubber Reserve Company have now been agreed upon. The British Embassy here has informed the Department that a telegram will be sent to the British Minister in Bangkok requesting him to communicate with you on this subject. It is suggested that when he does so, you inform the Thai Government that the British Government proposes to instruct the East Asiatic Company to start buying rubber on its behalf and that the Rubber Reserve Company will purchase one-half of the rubber acquired by the British Government. East Asiatic Company will act as agent only of the British Government. The Penang branch of the East Asiatic Company will be appointed agent; and the Bangkok branch of the same Company will be appointed subagent. It has been determined that the buying will start unobtrusively, that publicity will be given out only if at all by the East Asiatic Company, and that your communication to the Thai Government should be regarded as strictly confidential. In any case the price limit which for your information will be 30 cents per pound delivered in Thailand, must not be communicated to the Thai Government. It has been agreed that the buying arrangement may be terminated by either the British Government or the Rubber Reserve Company at any time.

Chargeable to Rubber Reserve Company in accordance with Section V-45, Foreign Service Regulations.

HULL

740.0011 Pacific War/541 : Telegram

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

WASHINGTON, October 2, 1941—9 p. m.

633. Reference Hanoi's 140, September 26, 10 a. m.; 141, September 26, 11 a. m.; 142, September 26, 4 p. m.; 145, September 27, 4 p. m., which have been repeated to you; <sup>91</sup> Saigon's 98, September 27, 9 a. m., which is being repeated to you by separate telegram and your 1542, September 30, 3 p. m., Japanese actions in Indochina.

The Department suggests that, in your discretion, you convey to the Foreign Minister on an opportune occasion a statement along lines as follows:

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<sup>91</sup> None printed.

The attitude of the American Government toward Japanese activities in French Indochina is well-known (as set forth *inter alia* in the Acting Secretary's statement to the press of July 23<sup>92</sup>). That attitude remains unchanged. This Government has noted recent acts of the Japanese military in Indochina, which seem to constitute additional indication of an intention on the part of the Japanese military to infringe upon and disregard French sovereignty in that area. This Government finds it especially difficult at this time to reconcile the reported Japanese actions in Indochina with recent declarations of high Japanese officials that Japan's fundamental policy is based upon the maintenance of peace and pursuit of courses of peace.

HULL

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740.0011 P.W./551: Telegram

*The Consul at Hanoi (Reed) to the Secretary of State*

HANOI, October 3, 1941—5 p. m.

[Received 11:11 p. m.]

149. 1. During a conversation late yesterday the Governor General expressed grave apprehension of future Japanese military activities in Indochina which might be preliminary to an advance toward the south and he cited a recent Japanese demand, which has been refused, for four additional air bases in Cambodia as indicating a Japanese desire to enlarge their military establishment in southern Indochina.

2. He said that under the terms of the agreement of September 1940<sup>93</sup> the Japanese were permitted to move Japanese troops across Tongking in the event that operations against the Chinese were envisaged—but never more than 25,000 in Tongking at any one time—he said that there were some indications that the Japanese intended to take advantage of this agreement. He doubted whether there would be operations against the Chinese even if these troops entered Tongking.

3. The Governor General complained that since the departure of Sumita there is no responsible Japanese authority in Indochina. He expressed the hope that Yoshizawa would have the authority to control the Japanese military but he was not entirely convinced that such would be the case. The recent activities at Hanoi and Haiphong he attributed in part to the desire of the Japanese Army to embarrass the conversations at Tokyo.

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<sup>92</sup> For press release issued by the Department of State, July 24, see *Foreign Relations, Japan, 1931-1941*, vol. II, p. 315.

<sup>93</sup> See telegram of September 22, 1940, 7 p. m., from the Consul at Hanoi, *Foreign Relations, 1940*, vol. IV, p. 141, and subsequent despatches.

4. He remarked that he understood that Yoshizawa's departure for Indochina had been postponed.

The Governor General speculated whether [this delay?] was to give the Japanese military a free hand for the time being in Indochina. At the same time he was convinced that the uncalled for size of the Yoshizawa Mission is predicated on an ulterior motive which will be to the detriment of French interests in Indochina. He felt that the least that could be expected is a concerted effort to make Indochina economically dependent on Japan.

5. He referred to the subject mentioned in the last sentence of my telegram no. 143, September 27, noon, and said that that matter had been given much thought. He added that even the sending of a single well known personality "to investigate conditions in Indochina" might have a beneficial effect and deter the Japanese.

6. The Governor General expressed the hope that the conversations at Tokyo would not omit consider [*consideration of?*] the situation in Indochina and he pointed out the necessity of bringing about the withdrawal of Japanese troops from Indochina and thus removing the potential danger that the establishment of a large Japanese base in Indochina held for Thailand, Malaya, the Netherlands Indies and even the Philippines. He assured me that everything possible would be done to resist almost certain Japanese encroachment and attempted domination of Indochina but he admitted that little could be done without outside aid.

Sent to Cavite for repetition to the Department, Chungking, Peiping, Hong Kong, Shanghai. Shanghai please repeat to Tokyo.

REED

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792.94/156 : Telegram

*The Minister in Thailand (Peck) to the Secretary of State*

[Extracts]

BANGKOK, October 4, 1941—4 p. m.

[Received October 6—1 : 43 p. m.]

465. 1. Since arrival on September 12, I have held numerous conversations with Thai [officials?], foreign diplomats, American and other foreign residents, and my staff, and mainly on the basis thereof I respectfully submit the following [as?] pertinent to a consideration of policy toward Thailand, followed in paragraphs 7 and 8 by certain recommendations.

. . . The Thai believe themselves threatened with armed invasion from Indochina if Japan decides to undertake further southward expansion. Should Thailand be cowed or cajoled into a military alliance with Japan, the effect on the joint interests of the United States and

Great Britain would be permanently harmed from the standpoint alike of military position, politics, trade and prestige. Western including American commercial and cultural activities in Thailand would dwindle if not disappear and Japan's "new order in greater East Asia" would be greatly strengthened by the adherence thereto of a nation which though small is politically independent and is respected throughout the East as a center of Buddhism and Asiatic culture. It is demonstrably worth while from the American standpoint to preserve Thailand as an obstacle to Japanese imperialism if this can be accomplished without too great sacrifice elsewhere. Excluding the contingency of an armed invasion, the indications here are that the United States unaided could by a very moderate use of credit and manufactured goods urgently needed here deter Thailand from voluntary association with Japan. The effort would involve no risk of political entanglement and could be terminated at will. It would constitute a measure of economic defense against aggression. I therefore suggest that such a program be initiated.

6. The object of the proposed economic assistance to Thailand would be only to encourage Thailand to resist Japanese aggression passively and by no means to provoke forcible action. Therefore it would be advisable not to ask Thailand for political assurances or contractual monopoly rights to rubber and tin. It would be preferable to support the Government's official policy of international impartiality and make this policy continuously advantageous to Thailand. The result would be tantamount to "naturalizing" [*"neutralizing"*] the country without the necessity of obtaining Japan's assent.

7. Let us now consider the nature of the assistance that might appropriately be extended to Thailand. Eliminating petroleum products from the list of imports, in view of the fact that American and British firms are now supplying such needs, statistics show that remaining total imports from April to December, 1940, totaled roughly 36 million United States dollars in value, of which it may be computed the United States supplied about 10 million dollars worth. Two factors now diminish this flow from America, that is, refusal of priority ratings and export licenses and the dearth of United States dollar exchange. In regard to the first factor, I suggest that Thailand be allowed the same range of exportable articles as the Netherlands East Indies and that the requisite priorities and export licenses be granted to permit the exportation of 10 million dollars worth of licensed commodities.<sup>94</sup> Goods not subject to priority rat-

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<sup>94</sup> In a memorandum dated October 10, the Assistant Chief of the Division of Far Eastern Affairs (Adams) reviewed Mr. Peck's recommendations. In a marginal notation beside this point the Assistant Secretary of State (Acheson) observed: "This, I think, is too broad and too general. Specific action seems to me better. D. A."

ing nor license need not be considered in this connection. Government purchases and replacements and spare parts for all types of American equipment already in use would naturally rank first in importance. The Thai Government should be strictly enjoined to utilize its existing system of export licenses to prevent transshipment. As regards the acquisition of dollar exchange with which to pay for these goods, it is to be noted that first of all there is little if any free dollar exchange available for open market purchase and secondly what fluid capital Thailand possesses is locked up behind sterling balances. For exports to Japan Thailand is in effect paid in gold bullion which is promptly utilized as coverage for further note issue while for exports to Malaya it receives sterling or its equivalent in Straits dollars. The British might be persuaded to hand over to Thailand the United States dollar exchange resulting from the resale to the United States of Thaiandese tin and rubber as they did once before and if the United States made direct purchases in this country credits would be established. However, these sources would probably be inadequate and I suggest that to meet the deficiency the Export-Import Bank set up commercial credits up to say \$5,000,000 per annum repayable after the war.<sup>96</sup> In discussing this possibility informally with me financial adviser Doll<sup>96</sup> has pointed out that the Thai Government has a spotless record in financial dealings and that the country has an extremely favorable trade balance in consequence of which the interest on the credit could justifiably be very low.

8. Another measure calculated to have a profound effect in preventing Thai drift toward Japan would be to allow this country to purchase some military planes plus equipment and military aviation gasoline from the United States. The Naval and Military Attachés to this Legation have received urgent requests from the Thai military authorities for 24 Brewster Buffalo fighters and the Attachés strongly recommend that an allotment of say one squadron of 9 planes with three replacements be granted. They state they are informed that there are still uncrated at Singapore many more of these planes than the British can utilize with the trained pilots they have and they believe that it is very desirable to erase the resentment remaining from the requisitioning of the Thai planes at Manila last year. Brooke-Popham<sup>97</sup> urged me to recommend to the Department that a

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<sup>96</sup> Marginal notation written by Mr. Acheson in the Adams memorandum: "No objection if it proves necessary to move what can be actually exported. D. A."

<sup>97</sup> British Financial Adviser to the Thai Government.

<sup>98</sup> Sir Robert Brooke-Popham, Air Marshal of the British Royal Air Force and Commander in Chief, Far East.

few military planes be sold to the Thai and the British Minister is said to have [urged?] so likewise, adding the request that, if not essential, the Thai be informed that the transfer was made at the expense of allotments to the British. If compensation has been paid for the requisitioned planes, the Thai Government presumably has almost enough funds in the United States to pay for 12 planes. This allotment would not affect the military situation but would, it is believed, gain for us the undying friendship of the military party here, which is very influential.<sup>98</sup>

9. These recommendations are the product of careful thought on my part; they are also endorsed by all the officers of the Legation staff, who had thoroughly studied the situation before my arrival. Since 1932 the Thai Government has been professedly democratic in principle; English is the second language of the Thai; strong affiliations over many decades have bound the Thai to the Americans and the British. From the outlook here it would seem entirely possible by a cautious and comparatively inexpensive [policy?] and [with?] some degree of persuasion to retain these bonds in full force. On the other hand should the Japanese in the absence of opposition achieve economic, moral and political ascendancy over the one remaining independent and "neutral" nation of East Asia the detriment to our national policies in the Far East would be felt for years to come.<sup>99</sup>

10. In conclusion the proposed program carries with it promise of incidental benefits of American interests of considerable importance. For example one local American firm which has been transacting millions of dollars of business annually but is now about to close its doors would be able to survive as a valuable national asset and a permanent market for millions of dollars of American products would be retained which otherwise might be lost.

PECK

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<sup>98</sup> In the Adams memorandum there were three comments on this recommendation of Mr. Peck. Mr. Acheson wrote: "The value of this recommendation seems to me largely psychological, and should be weighed in the light of the comparative needs of Britain, China, and Russia. D. A." The Chief of the Division of Far Eastern Affairs (Hamilton) wrote: "In view of scarcity and needs elsewhere, I am dubious of the advisability of endeavoring to supply airplanes to Thailand. Possibly one or two might be supplied. We should, I feel, try to keep the Thai Government 'sweet'. M. M. H." A notation by the Adviser on Political Relations (Hornbeck) indicated concurrence in Mr. Hamilton's statement.

<sup>99</sup> Mr. Adams, in his memorandum of October 10, initialed by Mr. Hamilton, stated that the Division of Far Eastern Affairs "concurs in general with Mr. Peck's estimate of the problems confronting Thailand and concurs in principle with the three specific recommendations made by Mr. Peck."



851G.6363/17 : Telegram

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

WASHINGTON, October 4, 1941—6 p. m.

638. Reference Saigon's 100, September 30, 8 a. m.,<sup>1</sup> which Department assumes was repeated to you by Peiping, in regard to Japanese requests for leasing of oil storage facilities at Saigon.

The New York office of the Standard-Vacuum Oil Company in reporting to the Department the situation outlined in Saigon's telegram under reference states that to accede to the requests would in effect mean turning over to the Japanese the entire installation facilities of the Standard, Texas and Shell companies at Saigon; that the requests are tantamount to a demand that the companies cease functioning; and that the Standard and Texas companies and presumably the Shell Company do not desire to lease their properties. The Department, in reply, informed the Standard-Vacuum Oil Company that it saw no reasons of policy why the oil companies should not adhere to their decision that they were unwilling to agree to the Japanese request.

In the event that the Japanese military authorities should endeavor to force the issue by the use of pressure methods, the Department desires that you seek an early opportunity to inform the Japanese Foreign Office of the situation under reference and of the fact that any attempt on the part of the Japanese military authorities to coerce or to force under conditions of duress the American oil companies against their will to lease their properties at Saigon would be viewed by the American Government as a wholly unwarranted interference with American rights and interests; that the American Government is confident that the Japanese Government, being apprised of the situation, will wish to issue to the Japanese General Staff in Indochina appropriate instructions.

You may at the same time, in your discretion and if the situation should so warrant, also inform the Foreign Office to the effect that the attitude of the American Government with regard to this matter would in no way be modified if the Japanese military authorities at Saigon, foregoing direct methods, should seek to gain their ends by indirect means such as forcing the French authorities of Indochina to seize the properties in question and thereafter to permit Japanese utilization thereof.

Sent to Tokyo via Peiping. Repeated to Chungking, Shanghai and Hong Kong. Hong Kong repeat to Saigon.

HULL

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<sup>1</sup> Not printed.

811.20 Defense (M)/3339 : Telegram

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

WASHINGTON, October 4, 1941—8 p. m.

751. Your 1228, September 26, 3 p. m. The French and Indochinese authorities are thoroughly cognizant of this Government's desire and earnest efforts to obtain rubber in the face of various difficult conditions imposed. There is, however, no disposition under present circumstances to meet any new conditions of any nature whatsoever in order to obtain the relatively small quantity of Indochinese rubber now presumed to be available for sale to the United States. As to the Japanese demands on Vichy with respect to rubber, the Department is not impressed with the vigor of French resistance either now or in the past.

HULL

894.24/1809

*The Counselor of the British Embassy (Marris) to Mr. Thomas K. Finletter, Special Assistant to the Secretary of State*

WASHINGTON, 6th October, 1941.

DEAR MR. FINLETTER: London have instructed us to consult the United States Government about a proposal put up by the Bangkok Branch of the East Asiatic Company, the effect of which it is hoped would be to interfere with Japanese purchases of Tin and Wolfram ore.

Our Minister in Bangkok favours the proposal and London agree that his conclusions are right. They want to be assured however that the United States Government has no objection and asked us to consult you as soon as possible.

The East Asiatic Company point out that all open tin ore produced in Thailand, amounting to about 500 tons a month, and the entire production of Wolfram, amounting to about 60 tons a month, is now being sold to exporters in Bangkok chiefly for the Japanese market. The East Asiatic Company desires to re-enter the metal market in cooperation with a well-known local firm, Messrs. Yip in Tsoi. The intention would be to set up an organization to receive ore in Malaya from the producers and/or dealers in South Thailand on a consignment basis for sale by private tender. Sales would only be made to approved buyers which would at present have to include local Japanese buyers, but not buyers on behalf of enemy interests.

The East Asiatic Company point out that as a result of restrictions their export business has virtually come to a standstill and in order

to cover overhead expenses they are very anxious to find some fresh activity.

Sir John [*Josiah*] Crosby favours the proposal in that it will enable the firms named to regain a footing in the metal market and states that the activities of the proposed organization will not have the effect of increasing the diversion of ores to Bangkok. He adds that in the event of British or American buyers wishing to participate the existence of a friendly organization would be an advantage.

It is also mentioned by London that this proposal if approved will result in the establishment of an organization which could later be used for preemption if such proved desirable.

I would be grateful for the Department's comments at your earliest convenience.

Yours sincerely,

A. D. MARRIS

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751G.94/384 : Telegram

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

WASHINGTON, October 6, 1941—5 p. m.

641. With reference to recent developments in Japanese activity within and in relation to French Indochina, the Department continues to hold the view expressed in its telegram no. 441, July 29, 11 p. m.

HULL

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851G.6363/19 : Telegram

*The Consul at Saigon (Browne) to the Secretary of State*

SAIGON, October 6, 1941—5 p. m.  
[Received October 7—3:01 p. m.]

108. My telegrams numbers 100, September 30, 8 a. m. and 105, October 4, 8 [9] a. m.<sup>2</sup>

Local heads of Standard-Vacuum Oil Company and Texas Company were advised this morning that the Government would requisition their properties "whenever the need should arise"—that is, when the Japanese demand oil storage space. The companies feel that this probably represents the most that the Government can do to protect their properties from outright seizure by the Japanese. However, they are very critical of the exemption of the Shell terminal from requisitioning.

Sent to Cavite for repetition to the Department, Hong Kong, Shanghai. Shanghai please repeat to Tokyo.

BROWNE

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<sup>2</sup> Neither printed.

740.0011 Pacific War/551: Telegram

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

WASHINGTON, October 7, 1941—2 p. m.

642. Reference Department's 633, October 2, 9 p. m., also Saigon's 102, October 1, 8 a. m.,<sup>3</sup> and Hanoi's 149, October 3, 5 p. m., which have been repeated to you, Japanese actions in Indochina.

If you have not already taken up this matter with the Foreign Minister the Department suggests that you do so at the first opportunity.

HULL

740.0011 Pacific War/558: Telegram

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

VICHY, October 8, 1941—2 p. m.

[Received 4:18 p. m.]

1283. Embassy's telegram 1238, September 29, 6 p. m. and 1255, October 2, 6 p. m. We were requested to call at the Foreign Office this morning. Both Rochat and Lacoste informed us that French anxiety concerning the imminence of a large scale Japanese military operation against Indochina has increased during the past few days. Lacoste stated that the French Foreign Office now "has the certitude that Indochina is being threatened." He said that he could not say that the invasion will actually take place but he could say that there is no longer any doubt as to its threat. There appears, he said, some slight postponement and the date is now set for around October 15. The number of Japanese troops to be used in landing at Haiphong and the neighborhood he estimates at approximately 50,000. As to the ultimate objectives there is still no certainty, he said. He believes that the move may be designed to take over full control of Indochina or it may be conceived as part of Japanese operation against Yunnan or Kwangtung and the Burma Road. The reported series of incidents with the local Japanese military authorities both in Tonkin and in the Saigon area have continued and these authorities, he said, are behaving "as though they already owned the colony."

Lacoste then went on to say (and Rochat expressed similar views), "I am authorized to tell you that the French Government views the situation in Indochina with extreme gravity and feels that complete loss of the colony is imminent. I am further authorized to say to you that we will resist any further Japanese move which goes beyond the limits of the recent accords and that instructions have been sent

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<sup>3</sup> Telegram No. 102 not printed.

to the Governor General of Indochina to resist *by force* if necessary. We fully realize what this means in view of the complete inadequacy of our means of defense but there will be no further yielding to Japan."

We asked whether this meant specifically that there would be no extension of the recent formula of "common defense" of Indochina by Japan and France, and he replied with obvious embarrassment but much emphasis in the affirmative. We also inquired whether the French position has been made clearly known at Tokyo. Lacoste answered that until yesterday when the French received full confirmation of the accuracy of the reports telegraphed to Department in our messages under reference they had not felt in a position to mention the specific threats, although Ambassador Henry had been instructed to emphasize that any Japanese measures which went beyond the terms of the agreement would "not be tolerated." The French Ambassador had received merely "bland assurances" from the Japanese Foreign Office and promises with respect to specific incidents, that efforts would be made to control the military. "Now, however," Lacoste said, "within the next few hours instructions will probably be cabled to Arsene-Henry to mention specifically the threats of invasion and to announce French determination to resist."

Lacoste again emphasized that no word of the foregoing has been communicated to Henry-Haye and added that the threat is apparently unknown to the Chinese here. In reply to our further inquiry he likewise stated that there is no evidence of any German hand in the present developments.

By way of some public confirmation of the "imminent danger" to Indochina, he pointed to a Domei despatch of October 7 (not published here) stating that the *Yomiuri* yesterday published a news item from its correspondent at Hanoi to the effect that "unquestionable signs exist of preparations by Chungking, China, to invade Indochina; that Marshal Chiang Kai-shek has concentrated 111,000 men, including motorized units, in the province of Kwangtung and Yunnan". This, said Lacoste, is pretty good indication that the Japanese are preparing to move.<sup>4</sup>

LEAHY

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<sup>4</sup> In telegram No. 775, October 11, 5 p. m., the Department stated to Ambassador Leahy that the attitude of the American Government toward Japanese activities in Indochina was "well known" and remained "unchanged." (740.001 P. W. /-563a)

740.0011 Pacific War/556: Telegram

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

Tokyo, October 8, 1941—6 p. m.

[Received October 8—8:54 a. m.]

1587. Department's 633, October 2, 9 p. m., 638, October 4, 11 [6] p. m. and 642, October 7, 2 p. m. Yesterday I spoke to the Foreign Minister about the situation in Indochina and pointed out that the Japanese military are taking measures which give indication of their intention to exert complete control over that country in derogation of French sovereignty. I mentioned several of these measures and said that the implications flowing therefrom were causing the American Government great anxiety in connection with the assurance received from the Japanese Government with regard to its intentions in the Pacific area. The Minister listened carefully, but made no observations.

Under today's date I have addressed a note to the Foreign Minister along the lines suggested in the Department's 633, appending thereto a brief statement of recent actions and instances of behavior by the Japanese forces in Indochina.

In addition, a third person note has today been addressed to the Foreign Office in regard to the properties of the American oil companies, along the lines suggested in the Department's 638.

GREW

851G.6363/17: Telegram

*The Secretary of State to the Consul at Saigon (Browne)*

WASHINGTON, October 8, 1941—midnight.

42. Your 108, October 6, 5 p. m. Department is repeating to Vichy the substantive portions of your 100, September 30, 8 a. m., your 105, October 4, 9 a. m.<sup>5</sup> and Department's 638, October 4, 6 p. m. to Tokyo and in so doing is instructing Vichy as follows:

"Please approach the appropriate French authorities as soon as practicable and, after referring to the situation under discussion and the views of the American Government in regard thereto as outlined in the Department's telegram of October 4 to Tokyo, state that the American Government is confident that the French Government will wish to issue to the Indochinese Government without delay such instructions as will prevent the requisitioning, for the purposes indicated, of the properties of the American oil companies at Saigon. You may add that the American Government views as a matter of importance the development under reference and that it is loath to believe that the

<sup>5</sup> Neither printed.

French Government would consider even momentarily the requisitioning in Indochina of American properties in order that such properties may be placed at the disposal of any third country."

Department desires that you make known without delay to the appropriate Indochinese authorities the views of the American Government as expressed in the Department's 638, October 4, 6 p. m. to Tokyo and the substance of the Department's instruction to Vichy as quoted above.

Sent to Saigon via Hong Kong. Repeated to Chungking, Peiping and Shanghai. Shanghai repeat to Tokyo. Shanghai also repeat to Chungking and Peiping Saigon's 105, October 4, 9 a. m.

HULL

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740.0011 P.W./560 : Telegram

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

TOKYO, October 10, 1941—9 p. m.  
[Received October 10—2:38 p. m.]

1606. For the Secretary and the Under Secretary only. I learn from an absolutely reliable source that the proposed forthcoming landing of further Japanese forces in northern Indochina is for the purpose of attacking Yunnan in order to sever the Burma route. This information should be most carefully guarded.<sup>6</sup>

GREW

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892.6176/22 : Telegram

*The Minister in Thailand (Peck) to the Secretary of State*

BANGKOK, October 11, 1941—2 p. m.  
[Received October 11—11:10 a. m.]

473. Department's 118, October 2, 7 p. m. On October 7, I orally and confidentially conveyed to the Minister for Foreign Affairs the information set forth in the Department's instruction. The British Minister informed me that he mentioned the purchasing arrangement to the Prime Minister on October 10 and pointed out that Thailand's own interests would require the maintenance of a completely open market with no clandestine assistance to Japanese purchases as opposed to ours.

PECK

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<sup>6</sup> For substance of warning of probable reaction of the United States Government to such landings, see memorandum of October 9 by the Counselor of Embassy in Japan, *Foreign Relations, Japan, 1931-1941*, vol. II, p. 669. The Ambassador in Japan reported to the Department concerning this warning in his telegram No. 1601, October 10, 3 p. m. (740.0011P.W./559).

851G.6363/21 : Telegram

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

VICHY, October 11, 1941—6 p. m.  
[Received October 12—7:45 a. m.]

1294. Department's telegrams 763, October 8, 9 p. m., and 767, October 9, 11 p. m.<sup>7</sup>

Following our urgent representations [to] Foreign Office, we have just been informed that telegraphic instructions are being sent to the Governor General of Indochina this evening. Admiral Decoux it [*is*] being instructed therein to tell the Governor of Cochinchina to desist from any pressure upon American oil companies with a view to persuading them to turn over their storage tanks to the Japanese and likewise to renounce any plans for requisitioning their properties. We were told at the Foreign Office that it is being explained to the Governor General that "important questions of policy" are involved. He is further being instructed to inform the Japanese authorities that the question is one which must be treated directly between the Japanese and American Governments.

LEAHY

740.0011 P.W./561 : Telegram

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

VICHY, October 11, 1941—7 p. m.  
[Received October 12—1:27 a. m.]

1295. Embassy's telegram 1283, October 8, 2 p. m. Ostrorog (who has just returned as Acting Chief of the Far Eastern Division of the Foreign Office) told us this afternoon that the situation with respect to Indochina is "slightly more satisfactory". He said that in the face of the "firm attitude" of the French; the clear indications given that the policy of "appeasement" in Indochina is at an end and that the French are determined to resist by force if necessary, the Japanese have somewhat modified their aggressive attitude. He told us (which Lacoste had not had the frankness to do) that the Japanese had made a "formal demand to send 50,000 additional troops into Tonkin" but had now, temporarily at least, let up on their pressure.<sup>8</sup>

LEAHY

<sup>7</sup> Neither printed, but see Department's telegram No. 42, October 8, midnight, p. 315.

<sup>8</sup> The Department transmitted the text of this telegram to the Ambassador in Japan in telegram No. 664, October 15, 5 p. m.



894.24/1809

*Mr. Thomas K. Finletter, Special Assistant to the Secretary of State,  
to the Counselor of the British Embassy (Marris)*

WASHINGTON, October 13, 1941.

DEAR MARRIS: I have received your letter of October 6 concerning a proposal of the East Asiatic Company relative to Thai tin and wolfram ore. There is no objection on the part of the Department to the proposed action on the part of the East Asiatic Company which you describe in your letter.

Sincerely yours,

THOMAS K. FINLETTER

851G.6363/22 : Telegram

*The Consul at Hanoi (Reed) to the Secretary of State*

HANOI, October 13, 1941—7 p. m.  
[Received October 14—2:15 a. m.]

156. Reference to Saigon's telegram no. 108, October 6, 5 p. m., regarding oil storage space at Saigon.

The Secretary General has just informed me a telegram has been received from the French Government at Vichy to the effect that the Governor of Cochin-China should inform the Japanese that any question as to the installations of the Standard-Vacuum Oil Company and the Texas Company must be the subject of discussion between the American and Japanese Governments, that the French authorities in Indochina can make no concessions to the Japanese as regards these American properties, and that furthermore it is impossible to give the Japanese storage space in the Shell installation as that space is needed by the Government General for its own use.

Sent to Cavite, for repetition to the Department, Hong Kong, Shanghai; Shanghai please repeat to Tokyo.

Repeated to Saigon.

REED

851G.6363/23 : Telegram

*The Consul at Saigon (Browne) to the Secretary of State*

SAIGON, October 14, 1941—10 a. m.  
[Received October 14—8:32 a. m.]

115. Department's 42, October 10 [8], midnight. Yesterday evening I discussed the matter with the Governor of Cochin-China and left with him an *aide-mémoire* setting forth the substance of the telegram referred to and the Department's 638 to Tokyo.<sup>8a</sup> The Governor's com-

<sup>8a</sup> October 4, 6 p. m., p. 310.

ments were: in view of the stand taken by the American Government, the Indochinese Government will not requisition the American oil properties; if the Japanese press for the properties, they will be told to settle the matter directly with the American oil companies. He added that in his opinion a solution of the problem might be found in the requisitioning and subsequent turning over to the Japanese of the Shell installation in Saigon.

Sent to Cavite for repetition to the Department, Hongkong, Shanghai; Shanghai please repeat to Tokyo.

BROWNE

740.0011 P.W./566 : Telegram

*The Consul at Hanoi (Reed) to the Secretary of State*

HANOI, October 14, 1941—11 a. m.

[Received 12:34 p. m.]

157. Late yesterday the Secretary General informed me that the Japanese have advised the Government General that they intend to take advantage of the clause in the French-Japanese agreement of September 1940 mentioned in paragraph 2 of my telegram No. 149, October 3, 5 p. m. The Secretary General said that he has reason to believe that the Japanese will bring about 20,000 additional troops into Tongking, to be stationed at Gialam, Vietri, Sept Pagodes, and Dapcau; he expected the first arrivals within a few days coming from Hainan. The Secretary General was at a loss to understand this latest development as he does not believe that the Japanese intend to attack China.

Sent to Cavite for repetition to the Department, Chungking, Peiping, Hong Kong, Shanghai. Shanghai please repeat to Tokyo.

REED

740.0011 P.W./568 : Telegram

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

VICHY, October 15, 1941—4 p. m.

[Received 8:14 p. m.]

1317. Embassy's telegram 1295, October 11, 2 [7] p. m. Ostrorog told us this morning that the Japanese "in the face of the firm position taken by the French" are showing a willingness to limit their military operations into Tonkin to the stipulations of the military accord of September 1940; that is to say, that the total number of Japanese effectives in that area shall not exceed some 25,000. (Embassy's telegram 610, September 23, 8 p. m., 1940.<sup>9</sup>) They have however expressed

<sup>9</sup>Not printed, but see *Foreign Relations*, 1940, vol. iv, p. 142, footnote 92.

their intention of bringing their forces in that area up to this maximum allowed at an early date. He feels that this is probably a measure to get more and more control in the colony and to set up "a sort of administration parallel to that of the French as well as a means of bringing greater influence on the native population." It may also be, in his opinion, designed to strengthen the Japanese position with a view to some future operation against the Burma Road.

Reports from the French Ambassador at Tokyo indicate, he said, a steadily deteriorating internal situation in Japan both politically and economically. Ambassador Henry reports, he said, that neither Prince Konoye nor the Gaimushu any longer has much influence over important questions of Government policy and that it is really the military clique that is in increasing control. While he admitted that there may be some differences of view between the army and navy elements in this clique, he feels it would be a mistake to count on any greater depreciation by the Japanese Navy of the difficulties of Japan's situation in the face of a firm American attitude to exercise a restraining influence on Japanese policy. He added that all of Ambassador Henry's reports emphasize the outstanding position of Ambassador Grew in the situation and the importance of his great personal prestige.

Ostrorog attaches considerable significance to a statement attributed in the press here to the Japanese official spokesman, Ishii, yesterday that the Japanese Government would make every effort up to the last moment to reach a solution of its problems in a peaceful manner. To him this can only mean that the Japanese, "who are by far the best informed as to the real situation in Russia, do not expect any early collapse of Russian resistance. You can consider Japan as a reliable barometer in this respect," he said. (He understands that while the Russians have withdrawn some of their forces from the Far East they still have some 30 divisions in that area—"fully enough for defense against Japan, but not sufficient for any offensive operation against the Japanese.")

LEAHY

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792.94/159 : Telegram

*The Minister in Thailand (Peck) to the Secretary of State*

BANGKOK, October 15, 1941—7 p. m.  
[Received October 16—2:58 a. m.]

476. My 465, October 3 [4], 4 p. m., paragraph 8. On October 7 and October 14 the Minister for Foreign Affairs asked me to call, his purpose being to restate the Government's earnest plea that the American Government make available at the earliest moment possible the

24 planes concerning which the Thai Minister approached the Department in August. Air Force officers also have been pressing the American Naval and Military Attachés to support this request. The Foreign Minister informed me yesterday that his Government feels apprehension amounting to conviction that the Japanese are planning to invade Thailand in the near future. He described the truculent Japanese press campaign charging the British with anti-Japanese activities here and Thailand with being pro-American and pro-British. The Thai Ambassador in Tokyo has reported that the Japanese press stigmatizes [the Thai Government?] as being a creature of the Foreign Office which has traditionally been British in complexion. The Foreign Minister pointed out that the Thai Government has officially announced its determination to resist invasion from any source and has endeavored scrupulously to preserve neutrality in its actions. If, however, the country is to fight for its independence it must at once augment its present meager means of defense. He therefore excitedly pleaded that the planes the Government has been seeking to purchase be supplied. I asked whether the Japanese would not protest against the purchase by Thailand of planes from the United States and the Minister for Foreign Affairs answered that the Government had prepared a reply in advance, that is, that Thailand had already purchased some Japanese planes and wished to acquire more but that Japan had refused to sell them.

The British Minister informed me this afternoon that he had just seen the Minister for Foreign Affairs and the latter had made to him representations similar to those I received and had urged him to impress me with the serious view of the situation taken by the Thai Government. My British colleague said there was no doubt but that the Government was in a panic. As further confirmation of this he told me for secret official use only that the Foreign Minister had conveyed a personal message from the Prime Minister to the effect that he was convinced by the whole trend of events that the Japanese intend an early invasion of Thailand possibly within the next 2 weeks; when this occurred Bangkok would almost certainly be threatened with air attack and lacking means to defend the city the Government would have to move elsewhere, thus removing all legitimate excuse for bombardment; the Prime Minister thought that the apparent failure of Russian resistance to Germany was encouraging the Japanese to begin their further expansion southward; the Premier asked the British Minister to telegraph urgently to his Government inquiring what measures the British Government intended to take in South Thailand if the Japanese invaded the north and what steps the Thai Government should take in conjunction with British dispositions; the Premier wanted to receive this information within 1 week. In this connection, I ventured the supposition that the British authorities in Malaya

might be persuaded to take steps to preserve the rubber and tin resources in the south and he replied that he assumed they would do so. He again urged that the Prime Minister's inquiry be safeguarded with the greatest secrecy. (A generally well informed American resident recently told me he had reliable information that the British would use troops to prevent Japanese seizure of the rubber and tin area.)

When I informed the British Minister recently that I had suggested to the Department that the Singapore authorities follow your army [*should now?*] release to Thailand some of the apparently surplus planes on hand, he countered with the statement that the conference he lately attended in Singapore had adopted the view that it was very desirable that 24 planes be allotted to the Thai forces and had suggested that the Chinese seemed to be getting many more Vultee fighters from the factory in India than they had trained pilots to use and that some of these might be diverted.

In discussing the probability of an invasion the British Minister told me that British consular authorities in Indochina reported that the Japanese had asked the French Government to approve an increase of 40,000 in the Japanese garrison there but that Vichy had refused. The reports stated, however, the 20,000 additional troops were being imported through Haiphong and that various airfields were being created or extended.

Not repeated elsewhere.

PECK

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740.0011 P.W./571 : Telegram

*The Consul at Hanoi (Reed) to the Secretary of State*

HANOI, October 17, 1941—4 p. m.  
[Received October 18—2: 59 a. m.]

159. Reference to my telegram No. 157, October 14, 11 a. m. According to reasonably reliable sources, the Japanese have landed approximately 2,000 troops at Haiphong within the last 24 hours. I am also informed that the Japanese have recently requested that the Government General allow them to organize and manage the railway transportation of Japanese troops throughout Indochina, a request which has been refused up to now. The news of the resignation of the Konoye Government<sup>10</sup> has increased appreciably the apprehension here of further Japanese moves in this area.

Sent to Cavite for repetition to the Department, Chungking, Peiping, Hong Kong, Shanghai. Shanghai please repeat to Tokyo.

REED

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<sup>10</sup> Concerning the fall of the Japanese Cabinet, see telegram No. 1643, October 16, 9 p. m., from the Ambassador in Japan, vol. iv, p. 511.

751G.94/388 : Telegram

*The Consul at Hanoi (Reed) to the Secretary of State*

HANOI, October 18, 1941—noon.

[Received October 19—8 a. m.]

160. A special Japanese economic mission, headed by Yokoyama and including about 80 members but having no connection with the Yoshizawa mission, arrived at Haiphong today. This mission will investigate the economic possibilities of Indochina and prepare for Indochinese-Japanese "collaboration" in these possibilities. My informant stated that the Japanese have indicated that the mission will be interested primarily in rubber and minerals and that the establishment of cotton piece goods factories and the development of the salt industry will be of next importance. He added that a further group of approximately 80 will arrive to join the mission. He felt that this mission is but one more step in the Japanese intention to control Indochina's economy.

Sent to Cavite for repetition to the Department, Chungking, Peiping, Hong Kong, Shanghai. Shanghai please repeat to Tokyo.

REED

792.94/156

*Memorandum by Mr. Thomas K. Finletter, Special Assistant to the Secretary of State*

[WASHINGTON,] October 22, 1941.

In Section 8 of the attached telegram 465,<sup>11</sup> Mr. Peck suggests that the British might be persuaded to turn over to Thailand the dollars resulting from the purchase by the United States of the Thai rubber and tin.

This has already been done as to the rubber. It is my understanding that Metals Reserve is not buying tin from Thailand.

Recently the Rubber Reserve Company authorized the Department to approve on behalf of Rubber Reserve Company a plan whereby the East Asiatic Company will buy rubber competitively in the Thai market for joint Anglo-American account. The plan has just now been put into effect. The top price is 30 cents a pound; 11½ cents over the current market. The memorandum of the British, agreed to by the Rubber Reserve Company, provides that "payment for the total purchased must of necessity be made in sterling as payment partly in dollars and partly in sterling is not practicable. It is accordingly suggested that the dollars which we would acquire in payment of the American half be re-sold to the Thai Government for

<sup>11</sup> October 4, 4 p. m., p. 306.

sterling at the official rate of exchange." The effect of this is that the Thais will receive dollars for one-half of the total purchases.

Assuming that this buying program acquires 20,000 tons of rubber in one year at a price of 25 cents a pound, the total proceeds would be \$10,000,000 which would make \$5,000,000 available to Thailand.

This comment is not intended to be an adverse comment on Mr. Peck's proposal for Export-Import Bank credit up to \$5,000,000, for Mr. Peck states in his telegram that the dollars resulting from the rubber purchases would be inadequate. Mr. Peck was familiar with the proposal for this joint buying program on rubber before he left this country.

T[HOMAS] K. FINLETTER

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740.0011 P.W./576: Telegram

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

VICHY, October 22, 1941—2 p. m.  
[Received October 22—1:52 p. m.]

1360. Lacoste (who is again replacing Ostrorog in the latter's absence for a few days) asked us to call this morning to say that the Japanese attitude toward Indochina is again becoming "menacing." Following the "more satisfactory" attitude of the Konoye Government during its last few days (Embassy's telegram No. 1317, October 15, 4 p. m.), the Tojo<sup>12</sup> government or at least the Japanese military officials in Indochina are renewing their demands for additional troops in Tonkin. The latter officers, he said, have told the French authorities in Indochina that they propose to send additional forces into Tonkin in an amount "over 70,000." A telegram received from Admiral Decoux yesterday indicates that the Japanese military authorities, said Lacoste, propose to communicate their "demands" or "intentions" with respect to these additional forces to the Indochinese authorities in writing. If and when such a communication is received, he said, Admiral Decoux will be instructed to state that such matters can only be discussed between the French and Japanese Governments and not by the authorities in Indochina. Lacoste has no information as to the date on which the Japanese plan this troop movement.

Lacoste stated that he is communicating the foregoing to us in confidence and that he is not informing the Chinese Embassy here.

LEAHY

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<sup>12</sup> Gen. Hideki Tojo, Japanese Prime Minister succeeding Prince Konoye.

611.51G31/16: Telegram

*The Consul at Hanoi (Reed) to the Secretary of State*

HANOI, October 25, 1941—10 a. m.

[Received 8:05 p. m.]

167. Reference to Department's telegram No. 20, October 20, 7 p. m., and my telegram No. 163, October 22, 11 a. m.<sup>13</sup> Tariff treatment accorded to imports from the United States.

The Chief of the Economic Section informs me that the preferential tariff treatment accorded to Japanese goods, as set forth in list A of the Indochinese-Japanese customs agreement of May 6, does not apply to imports from other countries.

REED

892.24/833

*The British Embassy to the Department of State*<sup>14</sup>

On the 15th of October the Minister of Foreign Affairs of Thailand sent for Sir J. Crosby and delivered to him an urgent message from the Prime Minister, who took a very grave view of the situation in consequence of the threatening attitude of the Japanese press to Thailand and of the increase of Japanese forces in Indo-China. The Prime Minister saw an imminent danger of Japanese intervention, which would involve the bombardment of Bangkok and the removal of the Thai Government to another centre.

The Prime Minister reiterated the imperative need of Thailand for aircraft and other war material. He emphasized that she needed them now, that it would be too late if they were supplied only after the event and that, if Japan attacked and Thai resistance were speedily overcome, it would not be the fault of Thailand if the worst were to happen to allied interests there.

Sir J. Crosby was given to understand that a communication had been made to the United States Minister at Bangkok as regards the supplies which the Thai Government needed from the United States.

The Thai Prime Minister's main purpose in approaching Sir J. Crosby was to enquire (a) what military action the British would take to protect their own interests in case of a Japanese invasion of Thailand; and (b) what means they would advise Thailand to take for her own protection in consort with the British. The Prime Min-

<sup>13</sup> Neither printed.

<sup>14</sup> Left by the British Minister (Campbell) with the Under Secretary of State (Welles), on October 27.



ister begged earnestly for a reply within seven days. He added that his approach must be kept profoundly secret and that he would have to deny it if the news leaked out.

WASHINGTON, October 25, 1941.

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892.24/831

*The British Embassy to the Department of State*<sup>15</sup>

His Majesty's Government in the United Kingdom are giving urgent consideration to the reply which should be returned to the appeal of the Thai Prime Minister, bearing in mind the importance of doing whatever they can to encourage the Thai Government in their present mood of resistance to encroachment by Japan. They have had in mind, as a gesture of encouragement to the Thai Government, to offer to release to them twenty-four 4.5 Howitzers, plus 24,000 rounds of ammunition, and twelve 75 millimetre field guns with 500 rounds each per gun of semi armour-piercing ammunition and high explosive. The value would be approximately £200,000. It is intended, however, that this offer should be made conditional on the acceptance by the Thai Government of a number of military instructors. It is hoped that the Thai Government would agree to at least three officers remaining in the country on a permanent basis.

As regards aircraft, for which the Thai Government are constantly pressing, His Majesty's Government in the United Kingdom are still, unfortunately, unable to release any aircraft from their own resources. It is understood that the United States Government have communicated the view to the Thai Government that the demand for aircraft far exceeds the production and that aircraft will be sent where it is deemed they will be most useful. It is presumed that this applies to Vultee aircraft as well as to other types but it is desired to enquire whether it would not be possible for the United States Government to release a few of these machines for Thailand. It is, of course, appreciated that regard must be paid to the question of supplies for China and Russia. There is a possibility that some light training aircraft might be made available out of Australian production towards the end of this year, and if the Thai Government have need of this type the matter would be taken up with the Commonwealth Government.

There is the further question of the supplies of aviation spirit and lubricating oil for the Thai Air Force. Hitherto facilities have been withheld by the United States and British Governments and supplies

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<sup>15</sup> Left by the British Minister (Campbell) with the Under Secretary of State (Welles), on October 27.

have been confined to those required for civilian purposes. In view of the urgency of the Thai Prime Minister's appeal, it is felt that the time has come to reconsider this question. If Thailand is to be expected to resist Japanese demands generally and, if need be, to defend herself by force of arms, it appears only reasonable to allow her some aviation spirit now. The British Government would propose, however, that this should only be delivered in limited quantities and that care should be taken to ensure that large stocks should not be built up.

It is suggested that a similar concession should be allowed as regards aviation lubricating oil. This is, however, a less urgent question as Thailand received a large consignment in June. British interests are, in any case, less directly concerned as this product has always been supplied by The Standard Vacuum Company. If supplies of this commodity are to be resumed, it is suggested that they should be supplied from United States and not from British sources.

His Majesty's Government in the United Kingdom are anxious to issue instructions to their Minister at Bangkok as soon as possible, and would appreciate early consideration by the United States Government of the points raised in this memorandum.

WASHINGTON, October 25, 1941.

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892.24/83½

*Memorandum by the Adviser on Political Relations (Hornbeck) to the Under Secretary of State (Welles)*

[WASHINGTON,] October 28, 1941.

MR. WELLES: Reference, your memoranda of October 27<sup>16</sup> covering two memoranda left with you by Sir Ronald Campbell, with dates October 25; and your request for draft replies as soon as possible.

I am handing these papers at once to the Far Eastern Division, as that Division has been currently studying the recommendations regarding policy which have been sent in by our Minister to Siam, Mr. Peck. I am asking FE<sup>17</sup> to confer with me regarding reply to be made to the British Embassy sometime today.

In the interval, may I make certain comments and observations.

In my opinion both the Thai Prime Minister and Sir Josiah Crosby manifest undue alarm as regards the imminence of the possible Japanese intervention (involving military operations) in Thailand. I have no doubt but that the Japanese are pressing the Thais, probably

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<sup>16</sup> Not printed; they included a personal memorandum of Mr. Welles to Dr. Hornbeck, requesting draft replies.

<sup>17</sup> Division of Far Eastern Affairs.

with threats, toward causing the Thais to make concessions which would facilitate Japanese military penetration into Thailand, but I see no reason for expecting a crisis to develop in that situation within a week or even a month.

Nevertheless, the question of giving support and material assistance to Thailand is of immediate and urgent importance. The questions raised in the shorter of the two British Embassy communications under consideration are, in my opinion, questions for the British themselves to answer.

Regarding the general question of support and assistance by the American Government, I myself feel that, in endeavoring to cause small nations to resist powerful aggressors by offers or pledges of material assistance on our part rather than by announcement on our part that we will, if and when aggression is launched and armed resistance is made, give military support, we are constantly misdirecting our efforts and are permitting the world situation to become worse instead of making it become better. In the particular case of Thailand, it is quite possible that, by giving or promising material assistance, we and the British may cause Thailand to stand up to the Japanese, but I for one am convinced that if we and the British would give the Japanese clearly to understand (by procedures not requiring threats or publicity) that an armed assault by Japan upon Thailand would result in armed support of Thailand by Great Britain and the United States, Thailand would be made secure against Japan and the whole situation in the Pacific would be improved. I firmly believe that, with the scarcity which prevails as regards airplanes, et cetera, given increments of weapons and munitions in British and American hands will have more influence upon Japan and more effect toward defeating the Nazis than will the same airplanes and munitions taken out of British and American hands and placed in Thai hands. As things stand in the Pacific, a huge amount of arms and munitions has been and is immobilized. The only people who are actively using arms toward withstanding and putting an end to Japan's aggressions and nuisance activities are the Chinese. Huge amounts of arms and munitions are lying inactive, in our hands, in Russian hands, in British hands, in Dutch hands. And now we consider adding to or redistributing this dispersed and immobilized aggregate of weapons by supplying weapons to Thailand. I would rather that we and the British, with weapons in our hands tell the Japanese that they are not to invade Thailand than to have the Thais, with our weapons in their hands, tell the Japanese that. The more we place of weapons in Thai hands the less we will be able to place of weapons in British hands and Chinese hands, hands of people who actually are fighting in resistance to the Nazis and indirectly to Japan. I know full well that the course which I advocate is, as between the two courses, the

more difficult (temporarily). But, I am firmly convinced that, by following and continuing to follow, as we have been doing, an easier course, we are not making things better but are letting them become worse.

Of the various things for which the Thais ask, I see no reason why we should not supply them with petroleum products, et cetera (including aviation gasoline). It had been my understanding that those questions had been taken care of. But one can only infer from the British Embassy's communication that they have not. Weeks ago we informed the British that we were willing for them to work those problems out with the Thai Government and look to us for cooperation in implementing whatever was, within certain indicated limits, agreed upon.

S[TANLEY] K. H[ORNBECK]

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740.0011 P.W./595 : Telegram

*The Consul at Saigon (Browne) to the Secretary of State*

SAIGON, October 29, 1941—8 a. m.

[Received November 1—3:45 a. m.]

121. There has apparently been some increase in the number of Japanese troops in Indochina during the last 2 weeks but accurate figures cannot be obtained. Opinions vary between 30 and 45,000. At least 75% are in the south.

Japanese military equipment of all kinds is arriving in increased quantities. Recently the Japanese began to bring in airplanes in parts and to assemble them in Saigon. More light tanks have come and about a dozen 8-ton tanks. Seventy-five millimeter field guns are being landed.

Construction of flying fields, radio stations and barracks continues all over southern Indochina. Near Cap Saint Jacques a landing pier is being built. The stage is clearly being set for the accommodation of a large army with which to attack Thailand if this plan is followed. Although the present force here is small there is some opinion to the effect that it alone may undertake the attack, relying on only token resistance from Thailand.

The French military authorities have so far refused to comply with the Japanese demand for French mobilization in "joint defense" of Indochina. It is reported that they convinced the Japanese that in the event of mobilization the Foreign Legion and other French contingents would try to enter China and join the Chinese Army. But Japanese disregard of French authority is growing; a French district officer is now in a Saigon hospital recovering from wounds wantonly inflicted by Japanese soldiers.

Sent to Cavite for repetition to the Department, Chungking, Peiping, Hong Kong, Shanghai; Shanghai please repeat to Tokyo. Repeated to Bangkok.

BROWNE

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892.24/79 : Telegram

*The Minister in Thailand (Peck) to the Secretary of State*

BANGKOK, October 29, 1941—10 a. m.

[Received 10:30 a. m.]

495. Legation's 476, October 15, 7 p. m. The British Minister informed me on October 28 that the British Government is anxious that action be taken on the Thai Government's urgent plea for munitions and military planes. The British are considering letting the Thais have 6 batteries of howitzers and 3 batteries of anti-aircraft guns. He asked whether I had learned the reaction of the American Government to the suggested sale of 24 planes. I replied that I had had no reply to my telegrams on this subject. I suggested that the sale of American planes to Thailand at this moment of strained relations with the United States and Japan might be seized upon as an excuse for additional setup pressure on Thailand and that it would be preferable for the British to supply the planes. He replied that to meet this point the planes could be sent from Singapore on arrangement with the United States for replacements or Vultees could be sent from India subject to the consent of the Chinese. He said the British Ambassador in Chungking was being consulted on this last proposal.

On October 22, the Minister for Foreign Affairs reiterated to me the conviction of his Government that the Japanese are preparing for an attack on Thailand in the near future and his belief that Japan will present severe economic and political demands on this country as a preliminary. He urged that the American Government consent to the sale of planes in order to strengthen the present inadequate means of self-defense.

I concur in the British view that if the Thai Government were to receive the desired 24 fighter planes its determination to resist all Japanese demands would be strengthened and therefore respectfully advise that they be supplied preferably from Singapore.

This measure in conjunction with the release of commodities will counteract to a considerable extent the effect of the Japanese military threat and Axis propaganda which depicts the United States as doomed to be on the losing side because of internal strife and widespread strikes. I see no lessening of the Thai spirit of resistance to Japan but it is desirable to bolster this determination with such encouragement as we conveniently can give.

I would appreciate information regarding the decision reached in Washington.

PECK

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740.0011 P.W./597 : Telegram

*The Consul at Hanoi (Reed) to the Secretary of State*

HANOI, October 29, 1941—11 a. m.  
[Received November 1—6:53 a. m.]

170. My 169, October 28, 1 a. m. [*p. m.*,]<sup>19</sup> regarding Japanese troops in Tongking. Yesterday evening the Secretary General stated that although the Japanese had spoken of stationing 50,000 troops in Tongking a few weeks ago they have agreed reluctantly and after much discussion to limit their effectives to the number fixed by the agreement of September 22, 1940, that is, to 25,000 in Tongking at any one time. He remarked, however, that he could not guarantee that the Japanese would not revert to their original demand for 50,000.

Sent to Cavite for repetition to the Department, Chungking, Peiping, Hong Kong, Shanghai. Shanghai please repeat to Tokyo. Repeated to Bangkok.

REED

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740.0011 P.W./594 : Telegram

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

TOKYO, October 31, 1941—6 p. m.  
[Received October 31—12:50 p. m.]

1722. Continuing Embassy's telegram No. 1721, October 31, 5 p. m.<sup>19</sup> In summing up his interview with the Minister for Foreign Affairs,<sup>20</sup> the British Ambassador reported to the Foreign Office that he believed that, while the Minister was genuinely anxious to bring about an improvement in relations with Great Britain, he was chiefly preoccupied at the present time with the situation in Southeastern Asia concerning which he is probably under strong pressure and that, therefore, the time left for effecting a solution of relations with Japan may be shorter than the Ambassador had previously anticipated.

GREW

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<sup>19</sup> Not printed.

<sup>20</sup> Shigenori Togo.

740.0011 P.W./604 : Telegram

*The Consul at Saigon (Browne) to the Secretary of State*

SAIGON, November 3, 1941—3 p. m.  
 [Received November 6—9:25 p. m.]

123. Department's telegram of October 31, 7 [8] p. m.<sup>22</sup> regarding Japanese troops and aircraft in southern Indochina. While increasing secrecy surrounds Japanese troop movements, the consensus of opinion among qualified observers is that not more than 32,000 are now stationed in southern Indochina, distributed roughly as follows: Cambodia 10,000, Saigon 8,000, Cochin-China apart from Saigon 12,000, coastal areas of Nhatrang and Camranh 2,000. The same observers place the number of Japanese troops in Tongking at 18,000, including most recent arrivals, making a total of 50,000 for Indochina. It is believed that this figure should be considered a maximum.

With regard to aircraft, little accurate information can be obtained but reliable sources estimate a maximum of 150 of which the large majority consists of bombers. They are now concentrated mainly at Saigon.

Sent to Cavite for repetition to the Department, Chungking, Peiping, Hong Kong, Shanghai. Shanghai please repeat to Tokyo. Repeated to Bangkok.

BROWNE

740.0011 P.W./605 : Telegram

*The Consul at Hanoi (Reed) to the Secretary of State*

HANOI, November 3, 1941—5 p. m.  
 [Received November 7—3:40 a. m.]

171. Reference to Department's telegram No. 24 [21], October 31, 6 p. m.,<sup>22</sup> received November 2, 5 p. m. As of today and based on information from military authorities, it is estimated that there are approximately 17,000 Japanese troops and 35 airplanes in Tongking. So far as can be ascertained there are no Japanese troops garrisoned in Laos, but a number of Japanese reconnaissance parties have recently traveled widely in that region and there are there at the present time a number of Japanese civilians who probably belong to the military. The same sources estimate the Japanese troops in the south at about 26,500 and the airplanes at 75 (30 at Saigon)—making a total of 43,500 troops and 110 airplanes in Indochina. Dur-

<sup>22</sup> Not printed.

ing the last week only a few hundred Japanese troops were landed at Haiphong, but according to my informants there are indications that the Japanese will again begin to land important numbers at that port. It is noted that a considerable number of horses and [apparent omission] trucks have been landed at Haiphong. The small number of airplanes is of little importance as planes can fly from Hainan in a few hours.

Sent to Cavite for repetition to the Department; Chungking, Peiping, Hong Kong, Shanghai. Repeated to Bangkok.

REED

892.24/79 : Telegram

*The Secretary of State to the Minister in Thailand (Peck)*

WASHINGTON, November 3, 1941—10 p. m.

137. Your 495, October 29, 10 a. m. The Department is particularly interested in the statement made to you by the British Minister that planes could be sent to Thailand from Singapore. The Department was on the point of informing the British Embassy, in reply to an inquiry, that it favored the sending of planes from Singapore, but that reply on our part has been held up pending consideration of related matters.

HULL

892.24/91

*The Department of State to the British Embassy*<sup>23</sup>

#### AIDE-MÉMOIRE

Reference is made to two memoranda, dated October 25, 1941, left with the Under Secretary of State, Mr. Welles, on October 27, by the British Minister, Sir Ronald Campbell, in regard to the situation of Thailand and to the question of making available war materials to the Government of Thailand.

For some weeks it has been the policy of the Government of the United States to give sympathetic consideration to priority and export applications filed on behalf of the Thai Government and, whenever practicable in the face of the very great and urgent demands from other areas upon this country's production, take favorable action upon such applications.

On August 18 the Secretary of State, in reply to the Thai Minister's oral inquiry as to the attitude of this Government toward Thailand in case Thailand should be attacked and endeavor in good

<sup>23</sup> Handed on November 6 to the British Minister (Campbell) by the Adviser on Political Relations (Hornbeck).



faith to defend itself, commented that the United States has been aiding China in many ways against the aggression of Japan and that in the contingency mentioned this Government would place Thailand in the same category as China.

With regard to the proposal of the British Government to offer to release to the Thai Government certain howitzers and field guns with accompanying ammunition conditional on the acceptance by the Thai Government of a number of military instructors, question is raised whether a stipulation that the Thai Government accept military instructors might not be interpreted by the Japanese Government as contrary to the political accord between the Japanese Government and the Thai Government arrived at in connection with the Japanese Government's mediation of the Thai-French Indochinese border controversy, and thus serve as a pretext to the Japanese Government for the exertion of additional pressure upon Thailand.

With regard to the question of aircraft, information has been received that the American Naval and Military Attachés at Bangkok are under the impression that there may be certain airplanes at Singapore in excess of the number which can, with the trained pilots available there, be used to advantage. The suggestion is offered that the British may wish to consider the release to Thailand of a number of these planes. Should that be not practicable, there is offered the further suggestion that, if the British Government, after weighing its own needs and the needs of Thailand and taking into account all political and military factors, should decide to make available to Thailand from planes being supplied to it from this country a certain number of planes, this Government would be agreeable to such an arrangement.

With regard to the question of aviation gasoline and lubricating oil for the Thai air force, this matter is being looked into and we shall expect to make reply on this point in the near future.

WASHINGTON, [November 6, 1941.]

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892.6176/23 : Telegram

*The Secretary of State to the Minister in Thailand (Peck)*

WASHINGTON, November 6, 1941—1 p. m.

140. Your 483, October 20, 5 p. m. and 494, October 28, 5 p. m.<sup>24</sup> The Department confirms that the arrangements between Rubber Reserve Company and the British Government provide that payments by the East Asiatic Company shall be made in sterling, but that half of the rubber so purchased will be resold by the British Government to Rubber Reserve for dollars, and that the dollars so acquired by the

<sup>24</sup> Neither printed.

British Government will be resold to the Thai Government for sterling at the official rate of exchange. The Department and the British Embassy here feel that the procedure by which the dollars are to be made available to the Thai Government should be settled by you in consultation with the Thai Government and the British Minister. Rubber Reserve is willing to pay the dollars either to the British Government, or upon order of the British Government, directly to the Thai Government. The Department does not desire the creation of a special account if by that term it is intended that withdrawal from the account will be in any way restricted. The Department does approve, however, of an allocation of the dollars between the Thai Government and the local banks such as that suggested in your 483. Rubber Reserve Company will make such dollars available as soon as the rubber has been shipped from Thailand, and as soon as it is in receipt of wired advice from you stating that you have received appropriate bill of lading endorsed on board ocean carrying vessel consigned to Rubber Reserve Company, U. S. A. port; it being understood that title to the rubber so purchased by Rubber Reserve Company shall not pass, nor shall such rubber be at risk of Rubber Reserve, until issuance of said bill of lading endorsed on board ocean carrying vessel. You are requested to forward said bill of lading to Department by first air mail. Please consult your British colleague as to their details of payment.

Chargeable to Rubber Reserve in accordance with Section V-45, Foreign Service Regulations.

HULL

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892.24/83 : Telegram

*The Minister in Thailand (Peck) to the Secretary of State*

BANGKOK, November 6, 1941—5 p. m.

[Received 10:04 p. m.]

504. Department's 137, November 3, 10 p. m.

1. Both the British Minister and I, in suggesting that 24 fighter planes be transferred to Thailand from Singapore, had in mind their replacement from the United States. I have asked the Naval Attaché now in Singapore to report whether surplus planes exist there.

2. I venture to suggest below factors relevant to a consideration of American policy with respect to Thailand. Whatever may have been the Thai feeling toward Japan during the Indochina incident, the Government and people now undoubtedly dread and desire to escape Japanese domination in any form. Following the Japanese move into Southern Indochina in July, a policy of resistance was adopted and the Government was [strengthened?] in this by press reports of August 6 and 7, quoting the Secretary of State as asserting that the

United States would regard American security and possessions in the Pacific as threatened by Japanese demands for military advantages in Thailand and quoting the British Foreign Secretary as stating that threats to the independence of this country would endanger the security of Singapore. (See Legation's telegram No. 403, August 8, 3 p. m.<sup>25</sup>). This opposition is being maintained in spite of the admitted fact that without extraneous aid forcible resistance to the expected Japanese invasion could result only in making the country a battlefield in the destruction of cities and military centers by bombing and military occupation of a large area. Opposition has consisted in rejecting Japanese importunities that the country join the "co-prosperity sphere", recognize the Nanking régime, and grant commercial credits and a rubber export quota. It is fair to say that this stubborn opposition to Japanese schemes has been of considerable advantage to the United States and Great Britain because if Japan had acquired a dominant position in this country it would have had a favorable position from which to negotiate for seaports and airfields and to obstruct American and British access to the tin and rubber resources here. If Thailand had in any important particular during recent months sided with Japan as the self styled champion of Asia against American and British imperialism the benefit of Japan's program would have been immense. As things stand Great Britain has been left undisturbed in control of three fourths of the tin output and our joint rubber purchases begun October 18 are proceeding at the rate of over 3,000 tons monthly. Our extensive missionary enterprises are continuing without the molestation they have encountered in Japanese controlled areas. The military implications of a possible Japanese domination of this country whether acquired by intimidation or invasion seem to concern us in a general way because of the possible advantage to Japanese strategy and in particular as threatening American aid to Thailand through Burma but on the whole military considerations concern Great Britain more than the United States. The United States during the progress of hostilities is under no specific obligation to assist Thailand to maintain its independence whatever may be our future obligations under general pronouncements once victory over aggression is achieved.

3. I have been informed of the purport of reply from the British Government to the inquiry of the Thai Prime Minister concerning British intended action in the event of a Japanese invasion. Apparently this draft can be reduced to an undertaking to give Thailand aviation gasoline and lubricating oil for military purposes at once, the 36 pieces of artillery over a period of about 9 months and a promise to occupy Southern Thailand with armed forces when the

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\* Not printed.

invasion takes place in the north. Disregarding other considerations this seems a small return to make for the practical advantages we are receiving and for the risk Thailand is incurring through repudiation of Japanese overtures. If it could be done it would certainly be preferable to preserve this country as a political and military entity rather than to envisage partition of the country as a temporary expedient. Moreover, it happens that the British owned tin mines and all the rubber plantations are in the south and if they were saved and the bulk of the country abandoned to Japan a hostile propaganda would allege this to be proof of our merely selfish aims in the Orient.

4. Indochina and Thailand will be dry and suitable for military activities from January to April inclusive. Presumably bombing and parachute attacks could take place at any time. In the meantime those leaders who support a policy of independence in this country must fight the counsels of despondency and of expediency. In China Japan has overwhelmed areas and armies many times greater than those of Thailand. No amount of supplies given [the] country or courage on its own part could guarantee successful resistance to a determined Japanese assault. But the public and private utterances of officials here incline me strongly to believe that if we assist the Government to acquire the aviation gasoline, lubricating oil, and fighter planes for which it is pressing there will be no surrender until forcible resistance has been tried and has failed. This will give us valuable respite to prepare for further developments. If the Japanese were to be convinced not only that invasion would be opposed by Thailand with force but would meet with serious retaliation from the United States and Great Britain there is strong probability that the studied invasion would be abandoned altogether. I venture the further suggestion that if our attempt to prevent Japan's southward expansion were inspired by the aim of preserving the independence of Thailand as well as saving our own possessions the cause of democracy would derive greater advantage from the effort than otherwise since this dual purpose would convince the people of Asiatic countries that we are champions of their liberty.

PECK

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892.24/91

*Memorandum by the Adviser on Political Relations (Hornbeck)*

[WASHINGTON,] November 7, 1941.

Reference, the question of planes for Thailand; the *aide-mémoire* handed to Sir Ronald Campbell on November 6; and especially Bangkok's telegram 504, November 6, 5 p. m.

In handing to Sir Ronald Campbell the *aide-mémoire* under reference I stated that the reply therein contained to the British Gov-

ernment's inquiry need not put an end to consideration by my Government and Sir Ronald's Government of the question of planes for Thailand. I said that it seemed to us that as a matter of practical procedure and of political practicability, it would be more feasible for the British than for us to put planes into Thailand. I pointed out that in either case the planes would be American planes. The British could set them down in Thailand more quickly and with less publicity than could we.

In the light of developments in Indochina and of the approach made to us by Chiang Kai-shek, the pressure both upon this country and upon the British of supplying aid to China is increased. It seems to me that at this moment it is highly desirable that we and the British make a special and extra effort to reinforce the morale and the capacity to resist of both the Chinese and the Thais. In both cases the maximum of advantage would flow from direct supplying of planes by the British, with the indirect supplying by us. This might be effected by a conclusion of an arrangement whereunder we might undertake that for every plane which the British supply from Singapore or Burma or India we will send to the British one or more planes by way of replacement.

It is of course a fact that for each plane that we send to the Far Eastern and Indian Ocean theaters, we send one less plane to the European and Mediterranean theaters. However, the number called for in order to produce certain psychological and military effects in the Far Eastern situation is small and the potential advantages of such investments in that area are large.

There would be warrant for urging upon the British a release of some planes from Singapore even if it could not be arranged that replacement would be made immediately from this country. We have been placing substantial air forces at Manila, and every plane that we send there contributes substantially toward increasing the security of Singapore. In the light of the combined British, Dutch and American preparations of the past few months in the general area under consideration, the likelihood of a Japanese attack upon Singapore or the Malay Peninsula has been greatly diminished. At this point the British might well move planes from Singapore into China and into Thailand, with some arrangement for a recall in certain eventualities, without great risk so far as Singapore is concerned (but, of course, with substantial risk so far as Hong Kong is concerned).<sup>26</sup>

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<sup>26</sup> As reported in a memorandum of November 18 by the Liaison Officer (Wilson) to the Chief of the Division of Far Eastern Affairs (Hamilton), this matter was a subject of discussion at the Liaison Meeting held on November 12; and "The consensus of opinion was that if any action concerning these planes should be taken, the initiative should come from the British without any urging from the United States."

892.24/84 : Telegram

*The Minister in Thailand (Peck) to the Secretary of State*

BANGKOK, November 8, 1941—1 p. m.  
[Received November 8—9:20 a. m.]

508. The Thai Ministry of Defense is extremely anxious to purchase a small number of anti-tank and anti-aircraft guns with ammunition. The Legation has informed the applicants that it is extremely improbable that any such supplies could be made available from the United States but at their earnest request consented to telegraph an inquiry. I request the Department's instruction.

PECK

892.24/85 : Telegram

*The Minister in Thailand (Peck) to the Secretary of State*

BANGKOK, November 8, 1941—2 p. m.  
[Received November 8—1:42 p. m.]

509. Department's 137, November 3, 10 p. m.

1. The British Minister has informed me that General Chiang Kai Shek has telegraphed the British Commander-in-Chief at Singapore asking that the latter supply all possible planes for use in repelling a Japanese attack on the Burma Road which he is convinced is impending. My colleague seems to think this request will militate against the transfer of planes to Thailand from Singapore.

2. This would be unfortunate from the standpoint of Thailand which is perhaps more seriously threatened than the Burma Road. The Thai air force is very despondent. It is unable to obtain such essentials as replacement parts for the American planes it already possesses. I will furnish full particulars of these in a later telegram.

PECK

892.24/79 : Telegram

*The Secretary of State to the Minister in Thailand (Peck)*

WASHINGTON, November 11, 1941—1 p. m.

145. Department's 137, November 3, 10 p. m. and 141, November 6, 1941, 6 p. m.<sup>27</sup> to you. In connection with consideration which the Department is giving to the question of making available to Thailand certain supplies, the Department requests that you endeavor discreetly to obtain information in regard to specifications and quantities of aviation gasoline and aviation lubricating oil that might reasonably

<sup>27</sup> Latter not printed.

be made available to the Thai air force under present circumstances. In sending to the Department your report and any recommendation which you may feel in a position to make, you should bear in mind the circumstances that, because of great and increasing demands on this country's production of high octane gasoline, careful disposition of available supplies is imperative.

HULL

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740.0011 Pacific War/1465

*The British Embassy to the Department of State*<sup>28</sup>

The following indications of the possibility of a Japanese attack upon Thailand may be of interest to the State Department.

Sir Robert Craigie reports from Tokyo that several factors point to the early months of next year as the most likely period for any Japanese action against Thailand, provided that the crisis is not precipitated earlier for other reasons.

Sir J. Crosby, in Bangkok, states that the rains cease in Thailand about the middle of November and begin again in May, so that the dry weather thus prevails from December to April inclusive. He adds that in the flat country, which comprises Cambodia and Central Thailand, the soil of the rice fields becomes baked hard during the dry season. He has been told that the improvisation of air fields for temporary use is then not difficult and suggests that, if the Japanese contemplate an attack on Thailand, the most favourable time for it may well be at the beginning of next year.

The Commander-in-Chief, Far East, reports that the present Japanese strength in Cambodia and Cochin-China is about 30,000, including one and possibly two tank regiments. There has been a considerable importation of anti-aircraft artillery, motor transport and transportation material, including small craft capable of use for water transport up to the new frontier at the northern end of Tonla Saidle Lake. A number of aerodromes in the North are known to be equipped with concrete or asphalted runways and can operate at any season. In the South there is an asphalted runway at Tan Son Nhut, and metal runways at Angkor, Pnon Penh and Tourane. Runways being constructed at other aerodromes in the South will cater for the operation of heavy bombers and work is proceeding rapidly.

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<sup>28</sup> Handed on November 14 to the Adviser on Political Relations (Hornbeck), by the First Secretary of the British Embassy (Denning); noted by the Secretary of State.

892.24/86 : Telegram

*The Minister in Thailand (Peck) to the Secretary of State*

BANGKOK, November 14, 1941—7 p. m.

[Received November 14—3:40 p. m.]

518. Department's 145, November 11, 1 p. m. The Minister for Foreign Affairs has urgently requested of me that steps be taken to enable the Ministry of Defense to purchase from some American firm 87-octane aviation gasoline to the extent of 10,000 drums of 200 liters each and octane 73 gasoline to the amount of between 2 and 3,000 drums as well as 1,000 drums of aviation lubricating oil for high power engines according to Wright's specification 5817-A. Apparently these amounts would comprise suitable cargo for shipment from [apparent omission] by the Thai Government's tanker. The Air Force estimates its consumption of aviation gasoline at 1,000 tons monthly in peace time and 1,200 tons on war basis with lubricants at 5 percent of above.

With the concurrence of the Military and Naval Attachés, I recommend that, if these supplies can be purchased by the Thai Government in Singapore, it be permitted to buy 1 month's supply of high and low octane gasoline and the specified lubricating oil each month and if shipped from the United States that one shipment be permitted of 3 months' supply in accordance with the estimate. The Attachés think the Air Force estimate is liberal but not unreasonable in view of the necessity of preparation for hostilities. I may add that the Minister for Foreign Affairs has assured me that in the event of war with Japan what gasoline could not be protected from falling into Japanese hands would certainly be destroyed by the Air Force.

PECK

611.51G31/16 : Telegram

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

WASHINGTON, November 15, 1941—noon.

847. With reference to the provisions of our Trade Agreement with France<sup>29</sup> applicable to Indochina, you should address a note of protest to the appropriate French authorities in regard to the preferential treatment accorded to Japanese products enumerated in list A, annexed to the Indochinese-Japanese customs agreement of May 6, and make formal reservation of American rights. A similar instruction has been sent to Saigon.

HULL

<sup>29</sup> Signed May 6, 1936, Executive Agreement Series No. 146, or 53 Stat. 2236.



740.0011 P.W./621 : Telegram

*The Minister in Thailand (Peck) to the Secretary of State*

BANGKOK, November 15, 1941—2 p. m.

[Received 5:40 p. m.]

520. Legation's 504, November 6, 5 p. m.

1. As signs multiply of Japanese preparations for offensive action in some direction from Indochina and of "allied" measures in opposition, the Thai Government feels increasing anxiety over the part it must play in the struggle. The Government continues to exhort the people to avoid offenses to any nation. The Prime Minister has published a denial that Thailand is pro-British and ungrateful to Japan as asserted in a Japanese news article. The Thai recommendations have refrained from obvious military protective steps lest the Japanese seize on them as pretexts for action. Underlying these feeble efforts to stay out of the impending struggle there is a general conviction that a Japanese attack is coming and that after a futile resistance Thailand must capitulate unless effective [American] and British aid is forthcoming. The Japanese are reported as warning the Thais that this aid will be only "lip service".

2. In a very confidential interview on November 13, the Minister for Foreign Affairs told me the Government had finally determined to establish a "Supreme Command of the Armed Forces" as was done during the hostilities with Indochina. He said the Government knew the Japanese would demand an explanation and had decided to give no explanation but the general right of self-defense. He [again?] reaffirmed Thai determination to resist invasion and he again pleaded for the gasoline, lubricating oil and airplanes already asked. He stated, however, that Thailand offers in the main a flat terrain, that in about 1 month the ground will be dry and firm enough to bear 10 ton tanks and that successful defense will be extremely difficult and in fact impossible unless Britain and America oppose Japan with their military forces. He said that the Government would feel a little encouragement in facing the struggle if given only a "ray of hope" of British and American armed support.

3. The Kurusu mission<sup>30</sup> seems to me the final appeal to peaceful measures before Japan pleads vital necessity and further extends her war of conquest. The British Minister has informed me that he has received telegrams indicating that the American Government has promised the Thai Minister that if Japan invades this country and

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<sup>30</sup> Saburo Kurusu, arriving in the United States; see vol. iv, pp. 566-67, 570, 584, 599, and 600-729, *passim*.

Thailand resists them American assistance will be given similar to that afforded to China. The Minister for Foreign Affairs has not mentioned to me this reported promise. It is a question how long the Thai Government would survive a determined Japanese attack unless they [are strengthened?] by such assistance. There is reliable information that present plans are to remove the capital in an emergency to Chieng-mai, roughly 450 miles from Bangkok, in the comparatively mountainous northwest, 60 [miles?] from the Burma border. The British Minister has casually suggested to me the possibility that the Government might, if it desired, remove to the extreme south and join its forces with the British. Japanese press items reprinted here have recently alleged that the United States had sold this country two naval vessels and two lots of planes, the latter being Martin bombers in the Netherlands East Indies. A Thai communiqué concerning the latest report states that, if the United States were to supply arms, friendly relations with that country would be correspondingly enhanced. I am not aware how much truth underlies these various reports but I venture to observe that munitions supplied by Great Britain and the United States to Thailand in the month that still intervenes before the earliest probable moment of Japanese invasion would be of greater encouragement and assistance toward resistance than if supplied after the country had been demoralized by bombing and military penetration.

4. In estimating possibilities particular account must be taken of the Prime Minister. It is alleged that the Japanese have access to him through private unofficial sources. It is conceivable that the Japanese might promise Thailand restitution of large portions of Indochina which the Thais regard as "lost territory". The Thais are passionately devoted to obtaining redress of these "ancient wrongs" and the opportunity might blind them to the danger of becoming a puppet nation of Japan. I recommend that to offset the threats and persuasion applied by Japan and [to?] Thailand and to reinforce their will to resist we immediately supply the Thais with limited planes and fuel and give them an assurance of some sort of military aid in parallel action with Great Britain.

5. In conclusion I suggest that the American and British effort to prevent Japanese domination of the western Pacific would be strengthened politically by announcing a determination to protect the integrity of Thailand. Otherwise in all the south of China the struggle will relate only to territorial possessions.

740.0011 Pacific War/665

*The Netherland Legation to the Department of State*<sup>31</sup>

According to information received by the Governor General of the Netherlands East Indies a Japanese Expeditionary Force has arrived in the vicinity of Palao.

Should this force, [which is]<sup>32</sup> strong enough to form a threat for the Netherlands East Indies or for Portuguese Timor, move beyond a line between following points: Davao-Waigeo-Equator, the Governor General will regard this as an act of aggression and will under those circumstances consider the hostilities opened and act accordingly.

[WASHINGTON,] November 21, 1941.

740.0011 Pacific War/1511

*The Navy Department to the Department of State*<sup>33</sup>

WASHINGTON, November 22, 1941.

[Received November 25.]

The Chief of Naval Operations has just received a communication from Ghormley<sup>34</sup> in London which in substance is as follows:

Vice Admiral Furstner, Dutch Minister of Marine in England and Commander in Chief of Dutch naval forces, asked me informally to present following to Opnav<sup>35</sup> and requests Opnav's informal reply. Dutch Government receives reports to effect Japan is concentrating Expeditionary Force in Palau. Dutch state it difficult to confirm this info[rmation] but feel they should consider at this time what they should do in case this reported concentration leads to expedition crossing Davao-Waigeo line or equator east of that line. Dutch inclined to consider any such movement can only be regarded as direct menace to N. E. I.<sup>36</sup> and to be a non-direct [*indirect?*] threat to lands and interests of U. S. and Great Britain and that therefore it would have to be countered by force immediately. Before definitely making up their minds in this respect, Dutch would like to have views of Opnav. Possibility of an individual Jap commander acting against intentions of his Government should be taken into account and also that in case of such act Japanese Government has tendency to back up commander in question considering that otherwise Japanese would lose face. Information that 4,000 laborers have left Japan for Palau also received by

<sup>31</sup> Handed on November 21 to the Adviser on Political Relations (Hornbeck) by the Netherland Minister (Loudon); noted by the Secretary of State.

<sup>32</sup> The bracketed words were inserted by Dr. Hornbeck with the following notation: "Mr. Loudon stated that his telegram contained this affirmation."

<sup>33</sup> Noted by the Secretary of State.

<sup>34</sup> Vice Adm. Robert L. Ghormley, Special Naval Observer in London.

<sup>35</sup> Office of Naval Operations.

<sup>36</sup> Netherlands East Indies.

Dutch. I (Ghormley) suggested possibility of confusing between movement of laborers with reported movements of Expeditionary Force. Biddle<sup>87</sup> requests this go to State for info.

Opnav replied to Ghormley in substance as follows:

Your despatch presents political questions upon which Opnav is not in position to advise. However, the importance of Pelews for defense of the Mandates and for offensive operations against either the Philippines or N. E. I. may be expressed as my views in the premises. I question accuracy of info concerning Expeditionary Force near the Pelews but I am aware that facilities, land and air forces in that region are in process of expansion. Commanders in Chief, Asiatic and Pacific are checking on recent Japanese movements. Further advice in premises will be sent you.

J. L. HOLLOWAY, JR.,  
Commander, U. S. Navy,  
Senior Operations Watch Officer,  
Office of the Chief of Naval Operations

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892.24/87a : Telegram

*The Secretary of State to the Minister in Thailand (Peck)*

WASHINGTON, November 22, 1941—3 p. m.

153. Your 520, November 15, 2 p. m., and previous messages in regard to assistance for Thailand.

1. The Department has on several occasions informed the Thai Minister in regard to the policy of the United States of extending assistance to countries resisting aggression and has stated to him that in the event that Thailand should be invaded and should endeavor in good faith to defend itself, the United States Government would place Thailand in the same category as China.

The question of supplying planes to Thailand has been under active consideration by this Government and by the British Government. An officer of the British Embassy informed the Department November 18<sup>88</sup> that in view of the serious demands on British resources, the British Government was unable to supply any planes at the present time and that it was doubted whether bombing or fighting planes could be supplied from other sources, although inquiries were being made. The United States Government has also explored every possibility of supplying planes to Thailand, but it has been found impossible to spare

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<sup>87</sup> Anthony J. Drexel Biddle, Jr., Ambassador and Minister to the Governments-in-Exile of Poland, Belgium, Norway, the Netherlands, Yugoslavia, and Czechoslovakia, established in London.

<sup>88</sup> Memorandum from the British Embassy, dated November 17, not printed.

any planes for Thailand at this moment in view of the tremendous demands of our own defense program as well as the urgent needs for planes by countries now actively resisting aggression.

The question of supplying aviation gasoline and aviation lubricating oil to Thailand (your telegram No. 518, November 14, 7 p. m.) has also been under active consideration by the United States and British Governments. In a recent instruction to the British Minister at Bangkok, the British Foreign Office stated that the British Government was prepared at once to furnish limited amounts of aviation gasoline sufficient for the current requirements of the Thai air force. The appropriate authorities of the United States Government are now endeavoring to arrange for the supply of aviation lubricating oil to Thailand and the Department expects to telegraph you further in this regard in the near future.

2. It may be stated for your information that the British Government has recently authorized the British Minister at Bangkok to offer to Thailand 12 field guns and 24 howitzers; if this offer is accepted, 12 howitzers would be released at once from Malaya. The British Minister has also been authorized to assure the Thai Prime Minister that, in respect to general defense, the British Government is ready to furnish "unobtrusive advice"; for this purpose the British Minister has been authorized in his discretion to obtain the agreement of the Thai Government to the appointment of three additional assistant British military attachés to Thailand.

HULL

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892.24/84 : Telegram

*The Secretary of State to the Minister in Thailand (Peck)*

WASHINGTON, November 22, 1941—4 p. m.

154. Your 508, November 8, 1 p. m. The Department has given this matter the most serious consideration and has explored every possibility of making available to the Thai Ministry of Defense the desired anti-tank and anti-aircraft guns and ammunition. It is very much regretted, however, that it has been found impossible to spare any of these guns or ammunition at this moment, in view of the tremendous needs of our own defense program as well as the very urgent needs for such materials in other areas.

HULL

751G.94/401

*Memorandum of Conversation, by the Assistant Chief of the Division of Far Eastern Affairs (Smyth)*<sup>39</sup>

[WASHINGTON,] November 22, 1941.

Mr. Hayter of the British Embassy informed Mr. Smyth during a call on November 22, 1941 that according to a recent telegram from the British Minister at Bangkok, Japanese members of the Thai-Indochina Boundary Commission are asking for the use of some Thai airdromes for "survey flights" and also for aviation gasoline from Thailand, presumably to be used in these flights. Mr. Hayter added that this information had been given to the British at Bangkok by the Thai Minister of Foreign Affairs.

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740.0011 Pacific War/1323

*Memorandum of Conversation, by the Assistant Chief of the Division of Far Eastern Affairs (Smyth)*<sup>39</sup>

[WASHINGTON,] November 22, 1941.

Mr. Hayter of the British Embassy informed Mr. Smyth during a call on November 22, 1941 that the British Embassy had received a report dated November 17 from the British Consulate General at Batavia to the effect that all Japanese, except consular staffs and certain key business men, have been ordered to leave the Netherlands East Indies and will sail from Sourabaya on the *Fuji Maru* on November 28. Mr. Hayter stated that after the departure of these Japanese there would remain only four hundred Japanese of the seven thousand Japanese resident there prior to the current difficulties between the Netherlands East Indies and Japan.

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892.24/95

*The First Secretary of the British Embassy (Hayter) to the Assistant Chief of the Division of Far Eastern Affairs (Smyth)*

WASHINGTON, November 24, 1941.

DEAR MR. SMYTH: As I told you on Saturday,<sup>40</sup> Sir Josiah Crosby has conveyed to the Thai Prime Minister instructions, of which the

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<sup>39</sup> Initialed by the Chief of the Division (Hamilton).

<sup>40</sup> November 22.

State Department was given a copy on November 10th, as modified in accordance with our *aide-mémoire* of November 17th.<sup>41</sup>

Sir Josiah Crosby has since reported that these instructions were received even less well than he expected, and it was clear that the Prime Minister was bitterly disappointed. He concluded the interview by saying that he would do all in his power to avoid war with Japan and would only fight if he must. He apparently told the Minister for Foreign Affairs afterwards that Great Britain would supply nothing more than oil and would leave Thailand to fight Japan alone.

Sir Josiah Crosby takes the view that the Prime Minister will now be more inclined to yield to Japanese pressure upon Thailand, which is increasing, and will silence any protests from the pro-British elements in the Government by saying that he made overtures to Great Britain which had been rejected. Sir Josiah Crosby fears that the possibility of Thailand's entering the Japanese economic sphere must now be faced, and that a military arrangement can not be excluded.

Yours sincerely,

W. G. HAYTER

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892.24/83½

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

[WASHINGTON,] November 25, 1941.

The British Ambassador called to see me this evening at his request.

The Ambassador said he wished to discuss with me an urgent instruction he had received from his Government concerning Thailand. A message received by the British Foreign Office from Sir Josiah Crosby, the British Minister in Bangkok, gave as the opinion of the latter that the Thai Government was again becoming very shaky and that unless some practical action were taken by Great Britain and the United States, the Japanese influence would again become preponderant.

The Ambassador said that the aviation gasoline and the artillery given to the Thai Government by the British had been regarded by the former as completely insufficient and had had no appreciably beneficial effect. He stated that the Thai Government was urgently desirous of obtaining airplanes. I replied that if that was the case it would seem to me that the British might use some of the planes allocated by the United States to Great Britain which are now in

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<sup>41</sup> Neither printed; the information given was included in telegram No. 153, November 22, 3 p. m., to the Minister in Thailand, p. 345.

Singapore and make these available to the Thai Government without publicity by flying them in at night. The Ambassador said that the trouble was that the British Government urgently needed all the airplanes they could get from us for use in Singapore. I said that that was the situation with respect to the United States since, as the Ambassador knew, we were building up as rapidly as possible our air strength in the Philippines, and I had been informed by both General Marshall<sup>42</sup> and Admiral Stark that the planes that we had in the Philippines are infinitely more valuable to us there than they would be in Thailand.

The Ambassador then suggested on behalf of his Government that the situation might be ameliorated by a credit of \$10,000,000 to Thailand by the United States. I said that this matter would be given immediate consideration.

S[UMNER] W[ELLES]

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756D.94/191

*The Netherland Minister (Loudon) to the Adviser on Political Relations (Hornbeck)*

WASHINGTON, November 25, 1941.

DEAR STANLEY: Please find enclosed two confidential memoranda for your personal information.

One of the enclosed refers to the possibility of assistance by Australian troops for defense of certain strategic points in the Netherlands East Indies.

In the other memorandum you will find some indications as to the source and the meaning of rumors concerning the presence of Japanese expeditionary forces in the waters of the Netherlands East Indies.

I am enclosing a personal and confidential note, addressed to the Secretary of State, with a memorandum containing the comments of the Netherlands Government<sup>43</sup> on the tentative proposals of Mr. Kurusu.<sup>43a</sup>

Believe me [etc.]

A. LOUDON

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<sup>42</sup> Gen. George C. Marshall, Chief of Staff, U. S. A.

<sup>43</sup> Vol. IV, p. 658.

<sup>43a</sup> *Foreign Relations, Japan, 1931-1941*, vol. II, p. 755.



[Enclosure 1]

*The Netherland Legation to the Department of State*

For some time there have been continually rumors, among others from Portuguese source, about movements of Japanese expeditionary forces. There has, however, been nothing positive. In mentioning recently a rumor about approaching expeditionary forces, the object was, therefore, to point out that in view of the existing tension the entry of Japanese forces in the waters of the Netherlands East Indies can only be interpreted as done with aggressive intentions.

WASHINGTON, November 14, 1941.

[Enclosure 2]

*The Netherland Legation to the Department of State*

A small number of quarter masters from Australia will be sent to Ambon Koepang and Namlea to prepare quarters in order that in case of hostilities larger forces can be directed to said places. Arrangements for the sending of these forces in case of emergency have already been made.

A limited number of aviation technicians will also proceed to these places.

This matter has been arranged in common understanding between the British, Australian and Netherlands Governments.

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740.0011 Pacific War/646: Telegram

*The Consul at Hanoi (Reed) to the Secretary of State*

HANOI, November 25, 1941—6 p. m.  
[Received November 26—9:45 a. m.]

187. The following information is forwarded for what it may be worth.

A reliable source informs me that a certain agency of the Government General has just received from one of its agents a report to the effect that the Japanese Navy will, without a declaration of war or ultimatum, attack the Isthmus of Kra [at Singora?] on or about December 1, and that the Japanese Army will begin its advance into Thailand at the same time. The above mentioned agent reports that the Japanese do not anticipate any Chinese reaction along the Tongking frontier.

The above information may explain the present acceleration in troop landings at Haiphong, approximately 4,000 within the last few days, and the increased movement by rail towards the south, ap-

proximately 1,500 Japanese troops are to be sent by special trains this evening and tomorrow. There are now about 25,000 troops in Tongking and about 90 planes at Gialam.

Sent to Cavite for repetition to the Department, Chungking, Peiping, Hong Kong, Shanghai. Shanghai please repeat to Tokyo. Repeated to Bangkok.

REED

611.51G31/17

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

VICHY, November 26, 1941—10 a. m.  
[Received November 27—7:36 p. m.]

1470. Department's 847, November 15, noon. The following letter dated November 25 signed by Admiral Darlan has been received:

"By a note dated November 18, Your Excellency informed me that the Government of the United States, taking as a basis the text of the Franco-American agreement of May 6, 1936, which provides most-favored-nation treatment for American products in Indochina, protests against the concession of a preferential régime for Japanese products imported into that colony and enumerated in list A annexed to the Franco-Japanese economic agreement of May 6, 1941.

Your Excellency adds that instructions have been received from the American Government 'to make formal reservation of all American rights' in this matter.

I have the honor to inform Your Excellency that the above mentioned note of November 18, calls for the following observations on the part of the French Government:

1. In negotiating with Japan, the French Government did not lose sight of or contest the provisions of the Franco-American Agreement of May 6, 1936, which assures American products in Indochina the enjoyment, without limitation, of most-favored-nation treatment. If, following the conclusion of the Franco-Japanese accord of May 6, 1941, the tariff reductions and exceptions, accorded to Japan, have not been applied in practice to products of the United States, it is because no actual importation of American merchandise has been made into Indochina.

Otherwise, such merchandise would have enjoyed the same treatment accorded to similar Japanese products.

Nevertheless, and in order that there may be no doubt as to the interpretation given by the French Government to the provisions of the Franco-American Agreement of 1936 concerning the application of most-favored-nation treatment, I am disposed to proceed with an exchange of letters with Your Excellency extending to American products the benefit of the reduced duties exemptions and fixed tariffs accorded by Articles 2 and 4 of the Franco-Japanese Agreement to the Japanese products enumerated in List A annexed to that agreement.

On the other hand, the French Government would be willing to agree to a régime specially favoring the entry into Indochina of the

American products listed below which are now particularly necessary for Indochinese economy:

Preserved food, raw cotton, oil (mineral), leaf tobacco, metallic or metal products, pitch, asphalt, chemical products, pharmaceutical products, paper, machines and machinery, automobiles, tires, wheat flour, canned foods, prepared tobacco, hides and skins, miscellaneous.

2. The French Government recalls that prior to the conclusion of the Franco-Japanese Agreement of May 1941, and with a view to facilitating the resumption of exchanges between Indochina and the United States, which has been interrupted since the Armistice, it instructed its Ambassador at Washington on February 12, 1941, to present the following proposals to the Department of State:<sup>44</sup>

(a) To facilitate exchanges between the United States and Indochina the French Government would be disposed, in agreement with the Government of the Colony, to examine the terms to be accorded, with respect to the tariff, to American products.

(b) These terms, which might be based on the contractual régime at present in force between Indochina and the other French possessions (*Journal Officiel* of January 4th, 1941) as well as on the régime of exchanges then envisaged between Indochina and Japan, might admit of tangible advantages in favor of American products.

(c) As a quota system is now applied in Indochina with regard to the majority of French and foreign importations the French Government would be disposed to grant special quotas in favor of the greater part of American products;

3. The American Government has not yet replied to these proposals. It has simply indicated that it would be a buyer of Indochinese rubber and ore.

The French Government recalls that if these negotiations could not be concluded with regard to the furnishing of ore to the United States in 1941, it is because of circumstances beyond its control. On the other hand and with regard to rubber no actual delivery has yet been possible to the American market notably because of delays with regard to the conclusion of contracts.

Nevertheless the French Government will address to Your Excellency new proposals in this regard in the immediate future.

4. The French Government considers the note sent by Your Excellency on November 18, as the proof of the renewed interest of the American Government in the Indochinese market. The French Government has all the more reason to be pleased as the well understood interests of Indochina constrain it:

(a) To continue its exchanges with the other French possessions and

(b) To buy and sell on other markets besides the Japanese.

The Federal Government is in a position to help Indochinese economy on the first point, by facilitating the obtaining of free passage for ships on the Saigon-Dakar-Casablanca run (note from the Ministry of Foreign Affairs to the American Embassy dated November 10,

<sup>44</sup> See note from the French Ambassador, February 14, p. 78.

1941 <sup>45</sup>) and, on the second point, in favoring the exchanges between this French colony and the American market or the Philippines market. In this respect, the proximity of this American possession to Indochina, and the possibility for French ships of going there easily (in fact French ships en route to Shanghai stop at Manila) should favor exchanges consonant with the enlightened self interests of these two possessions.

I may add that although Indochina has not since the armistice effected any important direct exportations to the Philippines, this French colony actually sells great quantities of rice, coal and miscellaneous products to Shanghai, to the great advantage of foreign colonies there and particularly of American interests. The Manila market would consequently appear to be the appropriate one to furnish Saigon and Haiphong especially with the products enumerated in the above list, and eventually with other merchandise to be determined by common agreement between the two Governments.

If the Federal Government agrees in principle to this suggestion the French Government will examine with Admiral Decoux the Indochinese products which might be exported to the Philippines (notably rice and coal).

I may add that the ships which link Indochina and the Philippines should of course have free passage for themselves and for their cargoes. Furthermore the French Government would be disposed to authorize the Consulate of the United States to verify the use in Indochina of the merchandise imported from Manila.

I would be grateful if Your Excellency would inform me as soon as possible of the American Government's reply to foregoing proposals. (signed) Jean Darlan."

A copy of the above letter is being forwarded by air mail.

Repeated to Algiers and Casablanca by air mail.

LEAHY

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893.24/1214 : Telegram

*The Consul at Hanoi (Reed) to the Secretary of State*

HANOI, November 26, 1941—11 a. m.

[Received November 26—10:59 a. m.]

189. Early yesterday morning the Mayor of Haiphong advised all interested parties by urgent circular that the Japanese intended to remove all cargo that had been in transit to China and that the Japanese demanded that the keys to all bonded warehouses be delivered to them by yesterday noon. The circular stated further that the French authorities had protested but that the interested parties were to use their own discretion as to whether or not they would deliver their keys to the Japanese.

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<sup>45</sup> Not printed.

It is understood that the Japanese entered a number of private warehouses yesterday afternoon and removed certain cargoes. Details of these new seizures have not been obtained as yet.

This action constitutes a new violation of French sovereignty in Indochina and indicates the continuing helplessness of the French authorities. In this connection it is worthy of note that the arrival of the Yoshizawa mission has not prevented violations of French sovereignty (including the recent arrest of Annamites and Chinese at Saigon by the Japanese military) nor has it brought about the settlement of outstanding problems as yet. As previously reported the mission appears to be marking time and awaiting a clarification of the political situation in the Far East.

Sent to Cavite for repetition to the Department, Chungking, Peiping, Hong Kong, Shanghai; Shanghai please repeat to Tokyo.

REED

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740.0011 Pacific War/647: Telegram

*The Consul at Saigon (Browne) to the Secretary of State*

SAIGON, November 26, 1941—5 p. m.  
[Received November 26—4:56 p. m.]

157. On November 21 Japanese troop and supply ships began to arrive at Saigon and they now occupy all of the pier space including that of the Messageries Maritimes. It is reliably reported that 20,000 Japanese troops have landed since that date. Another 10,000 are believed to have arrived from the north during the same period and the Japanese forces in Southern Indochina are now estimated at 70,000. One qualified observer places their number at 128,000 but this is probably too high as yet. The Government still insists that there are not more than 30,000 in the south.

Large numbers of trucks have been landed and these are being used to move men and equipment out of Saigon. A large movement is taking place and it would appear that military operations against Thailand may soon begin.

During the night of November 21-22 Japanese troops erected barricades in Saigon and Cholon, entered Chinese dwellings and arrested about 60 Chinese. They also arrested some 40 Annamites at a neighboring town. The Government has protested. The Yoshizawa mission obviously has no restraining effect on the actions of the Japanese Army in Indochina.

Sent to Cavite for repetition to the Department, Chungking, Peiping, Hong Kong, Shanghai; Shanghai please repeat to Tokyo. Repeated to Bangkok.

BROWNE

892.24/88 : Telegram

*The Minister in Thailand (Peck) to the Secretary of State*

BANGKOK, November 26, 1941—11 p. m.  
 [Received November 26—6:47 p. m.]

534. Department's 153, November 22, 3 p. m.

1. I informed the Minister for Foreign Affairs today of the Department's replies to the Thai requests. He said that the Minister in Washington had reported the American offer of supplies after invasion but observed that China's situation was very different from that of this country.

2. The Foreign Minister told me very confidentially that he had said frankly to the British Minister that the fate of certain small countries in Europe had lessened the confidence of his Government in British promises of joint action in the event of a Japanese invasion and that he had pressed for a formal statement from the British Government. I thought it advisable to observe that while I had no official information concerning the Department's conversations with the Japanese Ambassadors I have decided enough had been published to show that the American Government was seeking to curb Japanese expansion and that success in this effort would obviously be to the advantage of Thailand.

I recalled also the American Government had been crediting in [*credited with?*] respecting the Government's policy of neutrality.

3. There is evidence of a growing sentiment in the Government in favor of linking Thailand with the democracies against Japan. Two radio political commentators publicly known to speak for the Premier recently announced that if Thailand were invaded it would have friends and would welcome their aid. Berrigake, United Press representative, informed me that the Director of Publicity even authorized him to assert that if Great Britain and the United States publicly asserted an intention to support this country against invasion Thailand would join the so-called ABCD <sup>46</sup> group at once. I am informed this material has not been used.

PECK

792.94/164

*The Netherland Legation to the Department of State* <sup>47</sup>

## MEMORANDUM

Japan's pressure on Thai[land] is said to be increasing. The Thai Government is feeling more and more uneasy, which seems to be

<sup>46</sup> American-British-Chinese-Dutch.

<sup>47</sup> Handed on November 27 to the Secretary of State by the Netherland Minister.

caused by the uncertainty about the question how soon the United States and Great Britain will give Thai[land] what it needs for its military and economic defense. The British Minister is assisting the Thai Government in obtaining aviation gasoline. As regards other war supplies Thai[land] depends on the United States.—The impression is that the United States is not very anxious to give this help.—

Japan is said to have proposed to take charge of the military defense of Thai[land], but this offer which was made orally has been turned down by the Prime Minister who referred to the non-aggression treaties with Great Britain.

The main questions pending at the present time are the following:

- 1.) Permanent control by Japan over the demilitarized Eastern Provinces;
- 2.) All Thai airports to be used during 6 months, enabling a mixed border commission to take pictures from the air of the above-said Provinces.

WASHINGTON, November 26, 1941.

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740.0011 Pacific War/651: Telegram

*The Minister in Thailand (Peck) to the Secretary of State*

BANGKOK, November 27, 1941—1 p. m.

[Received 2: 03 p. m.]

536. Legation's telegram No. 534, November 26, 11 p. m.

1. In contrast with reports from Indochina of preparation (see Saigon [telegram 157, November 26]) portending a Japanese attack on this country there appears to be here a studied Japanese attempt to allay anxiety. The Foreign Minister informed me yesterday that the Japanese have not seriously pressed the Government for any concession for 2 months. Moreover, on November 24, Minister Futami, in conversation, spontaneously stated to him that the Thai Government might rest assured that Japan would not invade this country but if it did it would proceed directly to its objective. The Minister for Foreign Affairs said that his Government remained convinced that a Japanese invasion was only a matter of time and a committee is drafting plans for the removal of the capital when needful. In reply to my question he said that the Government would like to have the diplomatic missions accompany it if it were shifted. It is reliably reported that orders were issued several days ago for the packing of archives by Government departments.

2. The mild attitude taken by the Japanese Embassy here may reflect the intentions of the civilian section of the Japanese Government as distinguished from the military or it may be a device to take the Thais and the powers sympathetic to them unprepared.

3. I should be grateful for early information regarding the outcome of the discussions between the Department and the Japanese diplomatic representatives with special reference to possible effect on the situation here.<sup>48</sup>

PECK

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892.24/90

*Memorandum of Conversation, by the Assistant Chief of the Division of Far Eastern Affairs (Smyth)*<sup>49</sup>

[WASHINGTON,] November 28, 1941.

The Thai Minister called on his own initiative on Mr. Hamilton on November 28. He referred to recent newspaper reports in regard to increased Japanese troop movements to Indochina and stated that he was apprehensive that a Japanese attack on Thailand was imminent. He expressed the opinion that of the several possible areas in which the Japanese might attack, Thailand appeared to be the most logical; he commented that a Japanese attack on Siberia would bring Soviet air attacks on Japan, an attack from Indochina against the Burma Road would have to go through very difficult terrain, while an attack on Malaya or the Netherlands East Indies would be met by strong opposing forces. He said that the situation of Thailand was very different from that of China where the great extent of the country had permitted the Chinese to withdraw far into the interior in the face of Japanese attack. Thailand, however, was a very small country and retreat into the interior was not possible.

He continued in substance as follows: A Japanese attack on Thailand would probably be carried out by a drive of land forces through Cambodia, and by a simultaneous Japanese naval attack in the Gulf of Siam which would meet with only feeble resistance from the few small gunboats constituting the Thai navy. The Cambodian area is chiefly jungle, but one good paved road cuts through it; Japanese

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<sup>48</sup> In telegram No. 159, December 2, 10 p. m., the Minister in Thailand was referred to radio bulletin of November 26 reporting presentation to the Japanese representatives of the document printed in *Foreign Relations, Japan, 1931-1941*, vol. II, p. 768, and to radio bulletin of November 28 reporting a press statement by the President "that the talks with the Japanese had not broken down and that the American policy remained one of great patience." (740.0011 Pacific War/859b)

<sup>49</sup> Initialed by the Chief of the Division (Hamilton).



mechanized forces could proceed along that road. Conscription for military service exists in Thailand, but while the army includes some 200,000 men, only about 40,000 are properly trained and equipped. A part of the Thai army, including most of the small mechanized force, is now stationed in the area ceded to Thailand by Indochina in May, 1941. During the dry season, mechanized forces can operate without difficulty through the plains of Thailand where Bangkok is located; Bangkok is the nerve center of Thailand and its occupation by an invader would practically put a stop to resistance. Thailand has only one first-class airport (at Bangkok) where heavy bombers can operate; there are two or three other small air fields in Thailand but these can accommodate only small planes, such as fighters. The capture of the Bangkok area would cut off the transportation route for relief supplies coming by railroad over the narrow peninsula from Malaya and there would remain only a few rough roads over the mountains into Burma which could not be used except in the dry season.

The Minister stated that in the event of a Japanese attack, Thailand would resist with all its forces. He expressed the hope that the United States could now supply a number of airplanes to Thailand, as this would have a very important effect on Thai morale and would "raise their spirits" immensely. Referring to statements made to him by the Department that, in case of attack on Thailand by an aggressor the United States would place Thailand in the same category as China and would offer assistance, he suggested that immediate consideration be given to the problem of making such supplies available in Thailand, and suggested in particular that the question of transportation of supplies to the Thai military forces be carefully studied and plans made so that supplies could go forward without delay in the event that hostilities occur. Mr. Hamilton informed the Minister that this matter would promptly be brought to the attention of the appropriate authorities of this Government.

In discussing the general situation, the Minister remarked that Thailand has a non-aggression pact with Great Britain<sup>50</sup> in which Great Britain promises to respect the territorial integrity of Thailand, but that this is not the case in Thailand's treaty with Japan;<sup>51</sup> Japan merely promises to promote cordial relations, exchange information, and cooperate in economic matters. This fact, he commented, increased his apprehension in regard to a Japanese attack on Thailand.

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<sup>50</sup> Signed at Bangkok, June 12, 1940; *British and Foreign State Papers*, vol. cxxxxiv, p. 172.

<sup>51</sup> Signed at Tokyo, June 12, 1940; *ibid.*, p. 435.

740.0011 Pacific War/655 : Telegram

*The Consul at Saigon (Browne) to the Secretary of State*

SAIGON, November 29, 1941—10 a. m.

[Received November 29—5:45 a. m.]

151. Arrivals of Japanese troops at Saigon were heavy during the past week and their numbers in southern Indochina are now estimated as follows: Cambodia 55,000, Saigon area 10,000, Cochin-China apart from Saigon area 20,000, southern Annam 5,000, total 90,000. These figures may be far from accurate; the most competent observers admit that they now have no reliable data. Statements from government sources are no longer considered trustworthy.

It is widely felt that if the Japanese threat against Thailand has so far been a bluff such is no longer the case. Factors contributing to this feeling are the efficient appearance of the recent arrivals, their superior equipment, the taking over by the Japanese of the large hospital in Cholon and the increase in air activity.

Sent to Cavite for repetition to the Department, Chungking, Peiping, Hong Kong, Shanghai. Shanghai please repeat to Tokyo. Repeated to Bangkok.

BROWNE

740.0011 Pacific War/660 : Telegram

*The Consul at Hanoi (Reed) to the Secretary of State*

HANOI, November 29, 1941—2 p. m.

[Received November 29—1:51 p. m.]

194. Although during the last few days there has been no great increase in the number of Japanese troops in Indochina the French military report that the number of planes has increased considerably during the same period, estimating somewhat over 300 Japanese planes in all of Indochina. Both civilian and military circles consider the situation in the Far East very grave, a number of these contacts making allusion to the charges referred to in the first paragraph of my telegram No. 187, November 25, 5 [6] p. m.

Sent to Cavite for repetition to the Department, Chungking, Peiping, Hong Kong. Shanghai please repeat to Tokyo. Repeated to Bangkok.

REED

740.0011 Pacific War/674

*The British Embassy to the Department of State*<sup>52</sup>

There are important indications that Japan is about to attack Thailand and that this attack will include a sea-borne expedition to seize strategic points in the Kra isthmus.

We have plans for the rapid movement of a force from Malaya to hold a line across the Kra isthmus in the neighbourhood of Singora. Time is the essence of this plan, particularly at this season of the year when the Kra isthmus is water logged. Consequently great tactical advantage lies with the side which gets there first.

R. A. F.<sup>53</sup> are reconnoitering on arc of 180 miles from Tedta Bharu for three days commencing November 29th and our Commander in Chief, Far East has requested Commander in Chief, Asiatic Fleet at Manila to undertake air reconnaissance on line Manila-Camranh Bay on the same days. Commander in Chief, Far East, has asked for permission to move into Kra isthmus, if air reconnaissance establishes the fact that escorted Japanese ships are approaching the coast of Thailand, and he asks for an immediate decision on this point.

To allow the Japanese to establish themselves so near the Malay frontier would be an obvious threat to Singapore even though at the present season it might not develop at once. We have also to bear in mind the encouragement which the Japanese success would give to their extremists. Demands of appetite would grow and other Far East peoples would be correspondingly depressed. It looks therefore as though, to ensure the defense of Singapore and for wider reasons, we might have to take the proposed action to forestall the Japanese.

892.51/236 : Telegram

*The Minister in Thailand (Peck) to the Secretary of State*

BANGKOK, November 30, 1941—5 p. m.

[Received November 30—2:20 p. m.]

540. 1. On November 29 Doll, British Financial Adviser to the Thai Government, handed me for strictly confidential use a copy of a telegram sent by him to Waley and the Bank of England on November 28 through the British Legation which shows that the following arrangements were made between the Minister of Finance and Japanese Minister Futami on November 27:

2. Two credits of 10,000,000 ticals each opened on August 2 and November 2 will be repaid entirely in gold to be shipped from Japan to Bangkok and a third credit of the same amount may be opened

<sup>52</sup> Handed on November 30 to the Secretary of State by the British Ambassador.  
<sup>53</sup> Royal Air Force.

if required on the same terms on February 2; these are transactions between Yokohama Specie Bank and Thai Banking Consortium.

3. All of the 25,000,000 ticals worth of gold sold by the Japanese Government to Thai Treasury last August will be shipped to Bangkok and a further sale in the same amount will be consummated, the ticals to be made available partly on the date of shipment and partly on delivery of the gold in Bangkok. The Minister of Finance demanded and Japan consented that Thai Government may freely dispose of all the gold acquired in these five transactions.

4. The telegram states that the Thai Government intends to ask the American Government for a credit of 8 million United States dollars to be equally divided for the use of the Government and market. It would be the intention of the Government, however, to sell at least 44 million ticals worth of the gold to the United States mint, thus repaying the total credit, and by gradually selling the dollar exchange to the Thai Treasury and the market to retire from circulation most of the Thai currency notes which the Currency Department will be obliged to issue in consequence of the gold purchases.

5. Hitherto the Japanese Government has insisted that gold purchased from it should not be resold and in regard to the present changed [arrangement?] whereby the Japanese Government consents to free use Mr. Doll offers the following comments: Because of the freezing orders Japan cannot use its native gold production of some one million fine ounces per annum; it is almost beyond doubt that Japan for military reasons wants to buy as much rice as possible; and Japan is using part of the new credits to acquire large quantities of Thai notes including the smallest denominations.

6. Doll handed me also copy of a memorandum dated November 28 to the Minister of Finance which describes the proposal to be made to the American Government. I was given to understand this memorandum was approved and will be the basis of a communication from the Minister for Foreign Affairs. Finally Doll handed me a letter from himself dated November 29 in which he stated *inter alia* that the Thai authorities were very happy to have \$9,000,000 worth of gold safe in New York and wanted to send the bulk of the newly acquired gold out of the country as soon as possible. He said that if the United States Government were to grant the desired credits the cost of sending the gold cover to the United States would in present circumstances involve prohibitive cost in insurance and freight. They would prefer to deposit the gold in government banks in Singapore, Manila or Australia, especially in Singapore where shipment would entail no marine risk. The letter makes it clear that in this procedure immediate dollar credits are a comparatively minor consideration, the main objective being to enable the Thai Government to place realizable assets in [bank deposits?] for use during and after the present period of peril. For this

reason the Thai Government would infinitely prefer to ship more gold out of the country to serve as security for credits rather than use that already in the United States. Doll asked me to ascertain by telegraph for information, whether the American authorities would be willing to purchase gold acquired and deposited as described above.

7. I agreed to telegraph the inquiry but I imagine the Department before returning a reply will prefer to await a formal proposal from the Thai Government. This may be expected in a day or two.

PECK

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892.24/83½

*Memorandum of Conversation, by the Assistant Chief of the Division of Far Eastern Affairs (Smyth)*<sup>54</sup>

[WASHINGTON,] December 1, 1941.

The Thai Minister called on his own initiative, accompanied by his Military Attaché, Colonel Kunjara, on Mr. Adams and Mr. Smyth December 1, 1941. The Minister said that he had brought Colonel Kunjara along in order to explain the general military situation.

Colonel Kunjara said that according to his latest information the Japanese have approximately 150,000 troops in Indochina, about equally divided between northern and southern Indochina. He expressed the conviction that the real objective of any Japanese attack from Indochina would be the Burma Road, and he felt that it would be far easier for the Japanese to reach the Burma Road by going through Thailand than by attacking from northern Indochina through the difficult mountain country of Yunnan. He said that the Japanese could attack from southern Indochina into Thailand, using mechanized equipment, and then proceed north along the railroad from Bangkok; just south of Chiangmai a paved motor road branches off from the railroad and the Japanese could go north along this road to the Thai-Burma border and/or the Thai-Indochina border. He believed that the Japanese would then probably cut through a corner of Burma toward the Burma Road. He pointed out that the pass through the mountains of northern Thailand would be far less difficult to cross from a military viewpoint than would be the passes which would have to be crossed by an Army attacking from northern Indochina. For this reason he was extremely apprehensive that the Japanese intended shortly to launch an attack against Thailand from southern Indochina.

Colonel Kunjara gave the following information in regard to the Thai military and naval forces: the total strength of the Thai army

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<sup>54</sup> Initialed by the Chief of the Division (Hamilton).

is about 200,000 but only 40,000 are well-equipped and trained. The Thai air force possesses about 200 combat planes, of which 108 are pursuit planes (slower than current Japanese pursuit), 30 bombing planes and the balance observation and general service planes. There are about three pilots for every plane. The Thai artillery includes 15 regiments of field artillery (12 guns to a regiment) and one regiment of medium artillery. The mechanized equipment includes 80 tanks (all eight tons or under), several hundred trucks, and one platoon of armored cars. The Thai navy is composed of the following vessels: two heavy gunboats (2400 tons), two light gunboats (1200 tons), two sloops, nine first-class torpedo boats, five submarines, five smaller torpedo boats, twelve mosquito boats, and 36 naval planes. The naval personnel amounts to about 6,000 men.

Colonel Kunjara expressed the belief that a Japanese attack against Thailand would be carried out by a land attack through Cambodia and by a simultaneous naval attack; he believed that one Japanese naval force would attack along the coast in the region of Bangkok, while a second force would attempt to land men along the Kra peninsula in order to cut railroad communications with Malaya.

Colonel Kunjara said that the military equipment now most urgently needed by Thailand was heavy artillery, bombing planes and pursuit planes. The Minister expressed the hope that means could be found to make this equipment available immediately in order that Thailand might be better able to resist aggression by Japan.

Mr. Adams informed the Minister that the information given by Colonel Kunjara and the request of the Minister would promptly be brought to the attention of the appropriate authorities of this Government.

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892.51/237 : Telegram

*The Minister in Thailand (Peck) to the Secretary of State*

BANGKOK, December 1, 1941—4 p. m.

[Received December 1—3:11 p. m.]

544. Legation's 540, November 30, 5 p. m.

1. In August Japan pressed the Thai Government to advance ticals against yen credits. The Thai Government courageously refused and thinking to avoid entanglement in the yen bloc and also hoping that Japan would have no gold insisted on payment in gold. It also refused Japan's request that gold be "earmarked" and left in Japan and demanded shipment to Bangkok. Negotiations culminated on November 27 in a request from Japan that the Government supply 80 million ticals in notes against gold deposited in Bangkok and the Government felt powerless to refuse, especially as the gold was left

for free use. This is substantially the account of these events given me by financial adviser Doll, and it seems credible.

2. For a number of days no United States dollar exchange has been obtainable in Bangkok. This has of course effected a practical embargo on all purchases from the United States whether by the government or private individuals and firms. Funds cannot be sent for the support of students in the United States and the Philippine Islands. The result has been actual hardship and a feeling of depression. This is not a condition conducive to enthusiastic resistance to Japan and support by the Thais of the principles upheld by the United States and Great Britain.

3. It is of course undeniable that the Thai purchases of Japanese gold have circumvented the presumed object of the American and British freezing orders in that they have facilitated acquisition by Japan of rice, rubber and tin. In extenuation it may be noted that the Government has steadfastly protected American and British opportunity to buy the same materials even without insisting on receiving the all important dollar exchange. Thailand has resolutely followed a course of impartiality. Unable to promise the military assistance for which the Thai Government has repeatedly asked, the American and British Governments could hardly have expected this small country to go further than it has in disregarding the threats of a powerful and predatory neighbor.

4. I therefore earnestly believe that it would be only just, as well as politic, to give Thailand an immediate allotment of dollar exchange. Whether or not Thai gold shall be accepted as security or purchased outright seems unimportant compared to the desirability of extending this country's assistance and encouragement in a moment of anxiety and distress. Thai Government is solvent and has an honorable financial record, and security could well be relaxed. Through export control, the credit would be [at] all times subject to American supervision except in respect to the small portion used for personal remittances.

5. I am expecting momentarily a communication from the Minister for Foreign Affairs on this general subject.

PECK

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740.0011 Pacific War/661: Telegram

*The Consul General at Singapore (Patton) to the Secretary of State*

SINGAPORE, December 1, 1941—7 p. m.

[Received December 1—9: 17 a. m.]

327. Governor today issued a proclamation declaring state of emergency and calling out military, naval and air volunteer forces of Straits Settlements. Military authorities issued statement at the

same time stressing that this does not signify immediate deterioration of the situation but is only precautionary step permitting mobilization to be effected without undue dislocation of civil activities.

PATTON

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740.0011 Pacific War/666: Telegram

*The Consul General at Batavia (Foote) to the Secretary of State*

BATAVIA, December 2, 1941—4 p. m.

[Received 4: 18 p. m.]

217. The Japanese steamship *Husi (Fuji)* left Surabaya November 29 for Keelung with 1800 Japanese men, women and children evacuated from the Netherlands Indies. This leaves only 400 to 500 Japs in this country against about 7,000 on July 1. These evacuations have occurred since the beginning of the present American-Japanese discussions in Washington, but chiefly during the past 3 weeks.

A few days ago the Japanese Consul General warned all of his local nationals through various Japanese organizations that the *Husi* would be the last evacuation ship to visit this country and that evacuation was desired by the Japanese Government. Representatives of Japanese shipping companies, banks, retailers and other firms then met with the Japanese Consul General who emphasized the desire of his Government that evacuation proceed as quickly as possible. During this meeting the following decisions were made: all small shopkeepers to turn their stocks over to a large retailer and then evacuate, the large firm to retain only a skeleton staff to liquidate the business; all small importers to follow the same procedure; shipping companies to close branches in the Netherlands Indies and retain only a small staff at one main office; banks to ask for further instructions from Japan but Yokohama Specie Bank will probably be the only one to remain; Japanese plantations and Borneo Oil Company to retain only nucleus staffs; consular officers to remain except for women and children.

The general opinion, both official and civil, is that hostilities are unavoidable and that the Netherlands Indies will be attacked in the near future. All elements of the Netherlands Indies army were mobilized today in outer possessions but not in Java. On the other hand, all air force reservists were mobilized today throughout the Netherlands Indies. They will not be concentrated, however, but will remain at their home bases at least temporarily.

Local reaction to our discussions with Ambassadors Nomura and Kurusu is that time is being lost; that Japan must be fought and that



it is dangerous to delay further; that Japan is in a hopeless position, being unable to retreat from her announced policies and that she must continue her aggressive policy unless stopped by force of arms.

FOOTE

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892.6363/167: Telegram

*The Secretary of State to the Consul General at Singapore (Patton)*

WASHINGTON, December 2, 1941—11 p. m.

177. In concurrence with the British Government we wish to facilitate the supply to Thailand under adequate control of certain quantities to be agreed upon of aviation grade gasoline and aviation grades of lubricating oils. A complete description of the arrangements tentatively agreed upon between this Government and representatives here of the British and Netherlands Governments will be cabled to you shortly. Completion of these plans may require several days, and meanwhile we wish to facilitate the immediate delivery of small quantities of appropriate grades of aviation lubricating oils to Thailand. We understand from the Standard Vacuum Oil Company in New York that it will be possible for them to ship by first boat approximately 15 tons of aviation grade lubricating oils from their own stocks at Singapore. While they will make their own arrangements with the Thai Government for the purchase of this material, we request that you communicate with the local representative of this oil company and render all assistance possible to expedite this delivery. It is requested that you discuss this arrangement with the British authorities at Singapore to insure against duplication and to facilitate issuance of export licenses. We understand that the British Government has already arranged to supply a limited quantity of aviation grade gasoline pending agreements referred to earlier for continued supplies.

The above information is being transmitted to the Legation at Bangkok.<sup>55</sup>

HULL

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<sup>55</sup> In his telegram No. 337, December 6, 1 p. m., Consul General Patton informed the Department of the impending sailing direct to Bangkok of the *Thaiss* with 1000 drums of Socony-Vacuum aviation gasoline and "120 drums aviation lubricating oil from Asiatic Petroleum Company in lieu of 15 tons mentioned in Department's cable as Socony-Vacuum could not supply from stock." (892.6363/166)

740.0011 Pacific War/671: Telegram

*The Minister in Thailand (Peck) to the Secretary of State*BANGKOK, December 3, 1941—5 p. m.  
[Received December 3—4 p. m.]

547. 1. In a conversation I have had with the Minister for Foreign Affairs he referred to the seemingly mild attitude of the Japanese toward the Thai Government lately but said that the Thai Government thoroughly understood what Japan was plotting against this country and definitely would resist Japan. I said I would be glad to telegraph this to my Government. He referred appreciatively to the information received through the Minister in Washington that the United States would place Thailand in the same category as China in case of resistance to invasion.

2. The Prime Minister was very disappointed at the meagerness of the assistance promised by the British Government in reply to his inquiry made about October 15. It is my opinion that the Government, however, as a whole and the Thai people are confidentially expecting that if the nation resists Japanese invasion it will receive immediate [aid?] from Great Britain and the United States.

The Thais are well aware that these two nations are opposing Japanese aggression even at the risk of war and naturally infer that their own efforts will receive British and American support. See the Legation's telegram 534, November 26, 11 p. m., paragraph no. 3, quoting two popular radio commentators as saying that Thailand will have friends to come to her assistance.

3. If Japan invades this country and no aid as described is provided there is bound to be popular resentment against our two nations and possibly our citizens. This will be fomented by the Japanese and some Thais. I earnestly suggest that the British and American Governments as soon as possible inform the Thai Government what immediate and long term assistance it can expect against invasion.

This will enable the government to plan for the future intelligently either for resistance to the last extremity in the hope of ultimate victory through supporting British and American action or for a truce while awaiting a later settlement. Preliminary advice will also do much to avert a revulsion of feeling if American and British aid is not speedily forthcoming. The Thai have confidence in Britain and the United States in spite of refusal to supply them with military equipment and I feel that it would be fair to inform them of our intentions with reference to their situation as soon as those intentions can be communicated.

My British colleague is telegraphing along the same general line.

PECK

751G.94/402: Telegram

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

VICHY, December 3, 1941—11 p. m.

[Received December 4—10:07 p. m.]

1493. We talked with Ostrorog today who was delighted with the report that the President has asked the Japanese negotiators in Washington why Japan wishes to increase its occupational forces in Indochina.<sup>56</sup> He then referred to a Domei press report from Tokyo dated December 2 which stated that: "the official spokesman of the French Government has said that France would permit Japan to use her bases and facilities in Indochina in the event of war in the Far East". This, he said, was utterly and completely false and had been fabricated in Tokyo; France had made no such statement and he had drafted the denial which Havas had sent abroad last evening. (Neither the Domei report nor the denial was published in the French press.)

He then went on to say that the Japanese had for over 2 months been pressing the French to permit them to increase substantially their forces in Indochina the number provided for in the Franco-Japanese agreement of May 9, 1941. Some time ago, he said, after constant pressure from the Japanese, particularly in Indochina, the French Embassy at Tokyo had finally been instructed to inform the Japanese Government that France would resist with such force as she had at her disposal any attempt to increase Japanese garrisons in Indochina beyond the terms of the agreement. He said that he had personally urged this policy of resistance because, while the French in Indochina were actually powerless to resist the Japanese, he believed that the threat of French resistance, coupled with the stand which England and the United States had taken in the Far East, would be sufficient to keep the Japanese from increasing their forces. Upon receipt of this notification, the Japanese had agreed that they would make no such increases at the moment but gave no assurances that they would not do so in the future. He went on to say, however, that the Japanese recently had been sending large amounts of military equipment and material to Indochina.

Now that the question of the increase in Japanese forces in Indochina has become a part of the negotiations in Washington, he said, the French position is considerably strengthened. We asked him what position the French Government would take in the event of hostilities breaking out in the Far East and he replied that while theoretically the French would continue to hold to their position that the Japanese occupation of Indochina was purely for defense of that territory and that no offensive action would be tolerated, should war actually break

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<sup>56</sup> See memorandum of a conversation, December 2, 1941, *Foreign Relations, Japan, 1931-1941*, vol. II, p. 778.

out he did not see what France could do since the Japanese were so thoroughly installed there they were complete masters of the situation.

He is still of the opinion, however, that Japan will not declare war and that the Tojo Government will resign and a new government, possibly headed by Prince Konoye, will replace it.

LEAHY

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892.51/238 : Telegram

*The Minister in Thailand (Peck) to the Secretary of State*

BANGKOK, December 4, 1941—2 p. m.  
[Received December 4—10:12 a. m.]

549. Following is the full text of an *aide-mémoire* dated December 3, 1941 from the Thai Ministry of Foreign Affairs to the American Legation at Bangkok:

“Aide-Mémoire

1. His Majesty's Government, ever desirous of maintaining and promoting the friendship and commercial relations with the United States of America, have the honor to lay before the United States Government the pressing need of Thailand for United States dollars.

2. In order to facilitate or even enable the trade relations of this country with the United States of America to be carried on during these times of the dislocation of normal trade conditions, His Majesty's Government venture to approach the United States Government with a view to grant by them to his Majesty's Government of United States dollar credits upon conditions, for which the basis of negotiations is submitted in the memorandum attached hereto.

3. His Majesty's Government will warmly appreciate the sympathetic consideration by the United States Government of this matter; and as it is a matter of urgency, His Majesty's Government will be grateful for any steps which might be taken in order to expedite the consideration thereof.”

“Memorandum

1. The Thai Government is unable any longer to maintain its orders from the United States of America owing to the complete drying up of normal sources of supply of United States gold.

2. The Thai Government is completely solvent, as is clearly set out for the benefit of all foreign observers in the lately issued report of the Financial Adviser.

3. The Thai Government requests the United States Government to place at its disposal through the Export and Import Bank the sum of \$8,000,000, half to cover such Thai Government imports from the United States of America and half to cover Thai commercial market imports from the United States of America as may be permitted by license.

4. The Thai Government requests the United States Government to agree in principle to the repayment of this sum at the end of war, when it reenters into the free use of all its foreign assets, the larger

part of which, being in sterling, can for the present only be used in the sterling area.

5. In the meanwhile, the Thai Government is prepared to earmark as cover for this accommodation baht 22,000,000 (pound sterling 2,000,000) worth of its gold deposits in Bangkok in favor of the United States of America.

The Thai Government, however, reserves to itself the right of repaying, in whole or in part at any earlier moment than that envisaged in Article 4, should it find itself in funds that permit such anticipated repayment. ["]

PECK

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740.0011 Pacific War/673: Telegram

*The Minister in Thailand (Peck) to the Secretary of State*

BANGKOK, December 4, 1941—3 p. m.

[Received 4:40 p. m.]

550. The Minister for Foreign Affairs this morning again asked me to convey to the Department the hope of the Thai Government that the American and British Governments will issue public statements to the effect that Japan by invading Thailand would incur the enmity and armed resistance of those two countries in addition to Thailand's. He recalled American and British statements of last August which I referred to in paragraph 2 of the Legation's 504, November 6, 5 p. m. and said the Thai Government believed a new and even stronger statement would accomplish two results—it would deter the Japanese from the invasion on which they are now determined and would strengthen the will to resist of a Thai faction that is wavering because of disbelief that our two nations will actually come to the aid of Thailand when it is called on to resist aggression. He said this faction has considerable political influence and that it is impressed by the Japanese argument that all the small nations whom Great Britain encouraged to resist were abandoned and were conquered by Germany. He insisted that the Thai Government will resist invasion even without exterior aid but that it needs and earnestly hopes for the assistance it would derive from the suggested American and British statements.

PECK

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740.0011 Pacific War/680: Telegram

*The Consul at Saigon (Browne) to the Secretary of State*

SAIGON, December 4, 1941—4 p. m.

[Received December 5—4:24 a. m.]

158. Japanese supply ships are still arriving at Saigon but at a reduced rate and this Consulate has no information which would lead

it to modify the data furnished in its telegram No. 151<sup>57</sup> as to the number of Japanese troops in southern Indochina. However, I was informed yesterday evening by a competent observer that in his opinion the Japanese force in southern Indochina was between 130 and 135,000.

At least 300 cavalry horses were landed at Saigon last week as well as more trucks, tanks and airplane parts. It is estimated that there are now in the neighborhood of 300 planes at the Saigon airport which has been closed to Air France by the use of movable obstacles. Recently there has been much night flying by Japanese military planes.

It is generally believed here that the Japanese Army is so fanatical and impervious to reason that Thailand will be attacked soon regardless of the consequences.

The local Chief of Police informed me yesterday that he expected the attack to be signalized by the simultaneous arrest of Americans and British (and certain French), occupation of their properties, and seizure of such public [facilities?] as the Postal Telegraph and Telephone services, customs, et cetera. He stated that all Americans now in Indochina were in grave danger since the French authorities could no longer protect them.

I was warned twice yesterday by police officials that I was being shadowed by Japanese and that I should not go out after dark unarmed. I shall of course not carry arms. However, I have consented to a police guard for the temporary quarters of the Consulate.

Sent to Cavite for repetition to the Department, Chungking, Peiping, Hong Kong, Shanghai. Shanghai repeat to Tokyo. Repeated to Bangkok.

BROWNE

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740.0011 Pacific War/681 : Telegram

*The Minister in Thailand (Peck) to the Secretary of State*

BANGKOK, December 5, 1941—3 p. m.

[Received December 5—1 : 30 p. m.]

551. During a call on the Minister for Foreign Affairs this morning in reference to gasoline supplies, he informed me that the Japanese Ambassador<sup>58</sup> had just called and informed him that the Japanese forces in Indochina definitely would not be used to invade Thai[land] and that they were concentrated for use against the Burma Road. Consequently Thailand need feel no anxiety. The Minister for Foreign Affairs informed me that his Government, in spite of Japanese

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<sup>57</sup> November 29, 10 a. m., p. 359.

<sup>58</sup> Teiji Tsubokami.

assurances, is nevertheless greatly worried because it has received additional evidence that an attack by land and air is imminent. He was unwilling to tell the nature of the evidence but said he had asked the British Minister to call in order to check up on the report. My British colleague has received no evidence of this sort recently so far as I am aware. The Foreign Minister inquired anxiously whether I had reported to the American Government the hope of the Thai Government that public statements would be issued by Great Britain and the United States promising to stand by Thailand if invaded by Japan (see Legation's 550, December 4, 3 p.m.).

PECK

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751G.94/402 : Telegram

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

WASHINGTON, December 6, 1941—3 p. m.

897. Your 1493, December 3, 11 p. m. Please inform Foreign Office that your Government officially requests information as follows: What number of armed forces are the Japanese authorized by agreements with French authorities to have in Indochina? What number does the Vichy Government understand Japan to have in Indochina now?

HULL

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740.0011 P.W./684 : Telegram

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

LONDON, December 6, 1941—4 p. m.

[Received December 6—10:40 a. m.]

5918. Personal to the Secretary and the President. British Admiralty reports that at 3 a. m. London time this morning two parties seen off Cambodia Point, sailing slowly westward toward Kra 14 hours distant in time. First party 25 transports, 6 cruisers, 10 destroyers. Second party 10 transports, 2 cruisers, 10 destroyers.

WINANT

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892.51/238 : Telegram

*The Secretary of State to the Minister in Thailand (Peck)*

WASHINGTON, December 6, 1941—6 p. m.

168. Your 549, December 4, 2 p. m. You may assure Thai authorities that extension of a credit to Thailand for current needs is fully agreed to in principle, and that Department expects no delay in

working out details with the appropriate lending agency of this Government.

HULL

751G.94/4071

*The Secretary of War (Stimson) to the Secretary of State*

WASHINGTON, December 6, 1941.

DEAR MR. SECRETARY: I enclose the figures of our G-2<sup>59</sup> estimate of Japanese air and ground forces in Indo-China, Hainan, and Formosa, as requested by the President yesterday.

Faithfully yours,

HENRY L. STIMSON

[Enclosure]

*The Acting Assistant Chief of Staff (Miles) to the Chief of Staff (Marshall)*

WASHINGTON, December 6, 1941.

MEMORANDUM FOR THE CHIEF OF STAFF:

*Subject:* Estimate of Japanese Air and Ground Forces in Indo-China, Hainan and Formosa.

1. *Indo-China.*

|                                      |                |
|--------------------------------------|----------------|
| Japanese troops in the theater . . . | 125,000        |
| In the North . . . . .               | 25,000         |
| In the South . . . . .               | 82,000         |
| On ships in harbors . . .            | 18,000         |
| Total . . . . .                      | <u>125,000</u> |

(Other troops, number unknown, are in transit toward Indo-China, south of Shanghai)

Planes (bulk in the south) . . . . . 450

2. *Hainan.*

|                           |               |
|---------------------------|---------------|
| Japanese troops . . . . . | 50,000        |
| Planes . . . . .          | 200 (approx.) |

3. *Taiwan (Formosa).*

|                           |               |
|---------------------------|---------------|
| Japanese troops . . . . . | 40,000        |
| Planes . . . . .          | 400 (approx.) |

4. Basis of the foregoing: Reports by M. I. D.,<sup>60</sup> O. N. I.,<sup>61</sup> State Department and British Intelligence.

SHERMAN MILES,  
*Brigadier General, U. S. Army*

<sup>59</sup> War Department General Staff, Military Intelligence Division.

<sup>60</sup> Military Intelligence Division.

<sup>61</sup> Office of Naval Intelligence.



811.20 (D) Regulations/5483a : Telegram

*The Secretary of State to the High Commissioner in the Philippines  
(Sayre)*

WASHINGTON, December 7, 1941.

548. The following telegram was sent today to all Collectors of Customs by the Economic Defense Board :

"All licenses, whether general or individual, authorizing exports to Japan and Japanese possessions, Manchukuo, China other than shipments via the Burma Road and Rangoon, French Indo-China, Shanghai, and Thailand, of articles and materials which have been enumerated in all Export Control Schedules under the Export Control Act of July 2, 1940,<sup>62</sup> and all such licenses authorizing exports to Japanese Nationals anywhere, are hereby revoked. This revocation applies to all shipments of the character referred to whether or not laden upon the carrier in which they are scheduled to be exported. While the revocation described herein applies to all licenses now in effect authorizing exports to Thailand, it may be pointed out that the Economic Defense Board is prepared to consider new applications for license to export to that country. Accordingly, you may accept as valid all licenses for export to Thailand which are dated on or after December 9, 1941."

Compliance with above required immediately. Licensing instruction in conformance with above will be radioed shortly.

HULL

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740.0011 Pacific War/1079

*Memorandum by the Assistant Chief of the Division of Far Eastern Affairs (Atcheson) of a Conversation With Captain Roscoe E. Schuirmann of the Office of Naval Operations*

[WASHINGTON,] December 7, 1941.

Captain Schuirmann telephoned Mr. Atcheson at ten minutes of five this evening and stated that a report had been received from the British Admiralty that from three to five Japanese ships were attacking Kota Bharu in British Malaya (just below Siam, 6° north, 102° east) and attempting to land troops there. [( )This information was communicated by Mr. Atcheson to the Secretary's and to Mr. Hornbeck's office).

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<sup>62</sup> 54 Stat. 712.

740.0011 Pacific War/710: Telegram

*The Consul General at Singapore (Patton) to the Secretary of State*SINGAPORE, December 8, 1941—6 a. m.  
[Received December 8—5:45 a. m.]

339. Japanese raided Singapore 4 a. m. today and airfield Tengah nearby. They also landed troops at Kota Bharu, northern Kelantan and heavy fighting reported here. Damages light here, no casualties reported among Americans.

PATTON

740.0011 Pacific War/708: Telegram

*The Minister in Thailand (Peck) to the Secretary of State*BANGKOK, December 7 [8?], 1941—8 a. m.  
[Received December 8—4 a. m.]

555. The correspondents have been officially informed that the Japanese attacked Thailand at various places on the land and sea frontiers at 2 a. m., December 8, and that Thai forces resisted. The Government ordered cease firing 7:30 a. m., and negotiations are taking place. Bangkok is quiet. American citizens will concentrate in the Legation in case of disorders.

PECK

740.0011 Pacific War/704: Telegram

*The Consul General at Hong Kong (Southard) to the Secretary of State*HONG KONG, December 8, 1941—9 a. m.  
[Received December 8—5:35 a. m.]

534. About 15 Japanese bombers, said to be from Canton, bombed the Hong Kong airport at Kaitak this morning at about 7:50 and severely damaged it. British anti-aircraft fire apparently not successful. Casualties apparently light and no Americans reported injured so far. Authorities are vague about number of Japanese troops on the frontier but attack from that source is anticipated. This office continuing business as usual although there is much restricted movements of persons and traffic throughout the colony.

Sent to the Department. Repeated to Chungking.

SOUTHARD

740.0011 Pacific War/1004

*Memorandum of Conversation, by the Secretary of State*

[WASHINGTON,] December 8, 1941.

The Minister of Thailand called at his request.

He said that he had not been able to hear from his Government during recent days and desired to get any information I had from our Minister in Thailand. I gave him the substance of two cables that had come in yesterday and today which showed that his Government's forces had resisted Japanese attacks at various places on the land and sea frontiers on December eighth. I added that the Thai Government had ordered a cessation of firing five hours and thirty minutes after the attack and that negotiations were taking place, including terms of capitulation between Thai and Japanese representatives; and that the American Minister expects Japanese control of the Thai Government.

The Minister then proceeded to say that not many months ago his Government became satisfied of the dangerous character of the Japanese and that it has sought in every way to keep aloof from them; that the people of Thailand are inherently unfriendly toward the people of Japan and distrust them in most ways. The Minister said that what they have said and done in the way of contacts with Japan has been under duress and that, while there are some pro-Japanese in Thailand, and even in the Government of Thailand, the people are fundamentally sound in their opposition and in their conviction that they must always look to democratic governments like the United States for any freedom that they may be able to enjoy. The Minister said that we could count on this state of mind in his country no matter what may happen and that it would look to this country for aid at opportune times in the future to emancipate itself from Japanese military control. At the same time he said his people and he himself would watch every chance to be cooperative with us. I thanked him and reminded him that during recent months on account of our friendship for the people of Thailand and also our desire to safeguard that area against the establishment of a menace against the South Sea area by Japan, we have constantly warned Japan against occupying Thailand.

C[ORDELL] H[ULL]

751G.94/403 : Telegram

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

VICHY, December 8, 1941—noon.

[Received 1:20 p. m.]

1509. We presented to Foreign Office on December 7 a note requesting the information contained in your 897, December 6, 3 p. m. Last evening Ostrorog brought a verbal reply saying that France and Japan had agreed to keep terms of military accord secret and therefore was unable to reply by written note but that in view of Japan's "bad faith" they felt free to keep us verbally informed of developments.

He stated that the French and Japanese were in disagreement and had been having discussions for some time concerning the number of Japanese troops allowed in Indochina. While there had never been any limitation on the number of Japanese troops in Southern Indochina, the French took the position that in Northern Indochina (Tonkin area) the terms of the accord of September 22, 1940 were still binding (i. e., a total of 25,000 troops; 6,000 in garrison and balance in transit). The Japanese however took the view that the agreement of July 29, 1941 (the military protocol of which he said had never been signed) placed no limitation on Japanese troops anywhere in Indochina. He said that the latest French information is that 26,000 troops are in the Tonkin area and 36,000 in the southern, making a total of 62,000. (Others place the estimate considerably higher.) He said that Arsène-Henry was being instructed by cable to make strong protest against increased number in northern Indochina which now was in excess of 25,000 and obtain a statement of Japan's exact aims there.

Ostrorog promised to keep us informed of developments.

This information was given to us prior to news of Japanese attack on Hawaii and Philippines. This morning we saw him again but he could give us no information as to what position the French Government would take. He referred to France's difficult position in Indochina with complete Japanese occupation, and added that the question was being "seriously studied at this moment."

LEAHY

740.0011 P.W./918

*Memorandum of Conversation, by the Secretary of State*

[WASHINGTON,] December 8, 1941.

The Thai Minister called again at his request. He said that he was shocked to learn of the surrender of his country to the Japanese; that he and all of his associates at the Legation proceeded to hold a meeting and decided to offer their services to this country to aid in the general

cause in any way possible. He said also that he desired to turn over to this Government all the money and effects he had which this Government might use in the prosecution of the war; that he thought they might organize and preserve a government of true patriotic liberty loving Thais while his government is in the clutches of Japan. He added that he believed that pro-Japanese influences inside his country were more or less responsible for the surrender.

I thanked him profusely and then added that this Government sometimes freezes any substantial amount of money that a conquered small nation may have in this country when it is captured by Hitler, but that, of course, the Government could not accept any money from him to be used in the prosecution of the war. I then said to him that we have continued to recognize the ministers and ambassadors of some other countries, which have been seized and swallowed up by Hitler, as still representing their respective countries. I mentioned the Czech Minister in that connection. This did not seem to interest him very much and he returned to his original ideas of voluntary service to this country on the part of himself and his associates. He said that he did not propose that anyone should call him and his associates "yellow"—that they did not feel that way. I commended all he has said in that respect and then suggested that he and his associates await full reports regarding the future situation and status of the Thai Government as it has been or will be agreed upon between the Japanese and the present officials of the Thai Government. He seemed to accept this idea and I said that I would be glad to report to him any further and final news on the subject.

C[ORDELL] H[ULL]

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740.0011 P.W./831 : Telegram

*The Minister in Thailand (Peck) to the Secretary of State*

BANGKOK, December 8, 1941—5 p.m.

[Received 6:33 p.m.]

557. The Minister for Foreign Affairs summoned me and other diplomatic representatives in succession this afternoon. His remarks to me were the same as made to the British Minister. The gist follows:

2. He informed me with I believe sincere grief that his Government had yielded to overwhelming Japanese force and at D'Annunzio [*sic*] today had signed an agreement permitting passage of Japanese troops through Thailand by way of Bangkok in order to attack Burma and Malaya. In return Japan guaranteed the sovereignty, independence and honor of the country and gave an assurance that the country would not be disarmed. The Japanese offered to include restoration of all lost territory but the Thai Government refused

because it wished the world to know that it only yielded to force and not for gain. I inquired how this arrangement affected the status of the American Legation and American citizens and the Foreign Minister replied that these points were not discussed and that since Thailand remained independent he believed that American status was not involved. He volunteered that in reply to a question from the British Minister he had assured the latter that if British forces as well entered this country to oppose Japan they would not be opposed.

(The Prime Minister confirmed this over the telephone to the British Minister.)

3. Events leading up to this agreement were as follows: At 11 o'clock night of December 7<sup>63</sup> the Japanese Ambassador and staff called on the Minister for Foreign Affairs [*Prime Minister*] but the latter was absent near the frontier at Aranya. The Japanese were finally received by the Foreign Minister and the latter was told that Japan was fighting for its life with Great Britain and the United States and intended to make widespread attacks on their territory at 1 o'clock in the morning of December 8, part of these attacks would be made through Thailand and Japan demanded that passage of troops be allowed. Japan offered this country certain choices: (1) to join Japan in the war against the United States and Great Britain in return for which Japan would not only guarantee the sovereignty, independence and honor of the country but would restore all territories lost prosecutors [*previously?*] to foreign powers; (2) Thailand could join the three power pact and permit passage of troops in which modified proposal there would be no promise of restoration of territory. The Thais refused to join the pact and the final agreement has been described. The Thai representatives said that in the absence of the Prime Minister who is Commander-in-Chief no reply could be given and no orders could be given and no orders could be issued to the Thai troops; they asked therefore that the forcible attempt to enter Thailand at 1 o'clock should be at least deferred. The Japanese replied that no change would be made in the planned attack.

Fighting occurred during the night and this morning at Singora, Patani and Prachuab on the southern coast and at Watana and Aranya on the Eastern frontier. The Thais lost possibly a battalion of troops at Patani.

The Foreign Minister was deeply moved; he recalled the efforts made by his [country?] to [obtain?] arms [for just such a contingency?] and he expressed gratitude for the friendliness shown by the United States. He said that the hearts of the Thai were with the

<sup>63</sup> The attack on Pearl Harbor began December 8, 1:20 a. m., Bangkok time.

United States and Great Britain and I could not but admit the sincerity of this country's effort to resist Japan and the overwhelming force to which it finally yielded.

It is the intention of the British Minister and myself to continue our duties normally as far as we can. It is almost impossible for our nationals under existing circumstance to leave and they have been offered quarters in the Legation if they wish them.

The Legation telegraphed American citizens in northern Thailand advising them to consider leaving for Burma. The city seems as peaceful as usual.

PECK

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740.0011 P.W./776 : Telegram

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

LONDON, December 8, 1941.

[Received December 8—4: 50 p. m.]

5946. Free French headquarters today issued a statement declaring that the French National Committee had met under the chairmanship of General de Gaulle and that "it was decided that a state of war existed between all the French territories, French naval and land forces and Japan." It stated that Rear Admiral Thierry D'Argenlieu, National Commissioner for the Pacific, had "received instructions to concur in the inter-allied effort with all the means at his disposal and for that purpose to keep in close touch with the authorities of Great Britain and her Dominions, and of the United States and the Netherlands Indies."

The statement continued:

"Further, the National Committee appeals to the military and civilian population of Indochina and invites it to resist Japanese aggression by all the means in its power.

"The National Committee in reaching those decisions is certain of acting in the name of the whole of France.

"For a year a treacherous Government in the hands of the enemy has allowed Japan to enter Indochina, to occupy her ports and her landing fields, to confiscate all her resources for Japan's war needs and finally to transform the whole country into an initial base and an arsenal for Japan's aggressions.

"In handing over French territory the Vichy Government has not only been a traitor to France but also to the allies of our country."

WINANT

740.0011 P.W./931 : Telegram

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

VICHY, December 9, 1941—5 p. m.  
 [Received December 9—3:52 p. m.]

1514. At 4 p. m. today I delivered in person to the Foreign Office by note the information transmitted in your circular cable of December 8.<sup>64</sup> In the absence of Minister of Foreign Affairs Darlan, the note was received by M. Romier, Secretary of State, Acting Minister of Foreign Affairs, who gave oral assurance that the French Government would maintain an attitude of strict neutrality and expressed his personal regret that the United States has had the ill-fortune to become involved in war.

An effort to obtain a conference with Marshal Pétain has resulted in an appointment to see him on December 11 which will probably be subsequent to the return of Darlan.<sup>65</sup>

LEAHY

740.0011 P. W./900 : Telegram

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

LONDON, December 10, 1941—4 p. m.  
 [Received December 10—12:11 p. m.]

5974. Personal for the Secretary and the President. The Prime Minister, as you will have seen in the press, announced to the Parliament at 11 o'clock this morning the loss of the *Prince of Wales* and the *Repulse*. I was with him last night and saw him immediately following the announcement and have been constantly with him over the last few days. It seemed best to me that certain information should go from him direct to you rather than through the Embassy. I hope you and the Secretary approve. He feels that information from the Pacific calls for reconsideration of planning as you already know. Discouragements seem only to give him new courage and add to his determination.

Your speech to the Congress<sup>66</sup> was carried on the BBC.<sup>67</sup> It gave

<sup>64</sup> Not printed.

<sup>65</sup> In telegram No. 1524, December 12, 8 p. m., Ambassador Leahy reported to the Department a reply dated December 11 from the French Foreign Office stating that it was "the decision of the French Government to maintain in the course of this conflict an attitude of neutrality." (740.0011 P. W./987)

<sup>66</sup> Message by President Roosevelt to Congress, December 8, 1941, *Foreign Relations, Japan, 1931-1941*, vol. II, p. 793.

<sup>67</sup> British Broadcasting Company.



people great confidence here. I listened to your talk to the Nation last night.<sup>68</sup> There was serious interference but it was repeated this morning, again at noon on the NBC.<sup>69</sup> People here assume that we are in the total war together. News from the Middle East and Russia is good.

WINANT

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740.0011 Pacific War/1293

*The Australian Minister (Casey) to the Secretary of State*

No. 269/41

WASHINGTON, December 11, 1941.

SIR: I have the honour to convey to you the following message which I have received from the Australian Minister for External Affairs:

"I desire to express the Commonwealth Government's profound appreciation of the initiative[,] courage and patience displayed by the President of the United States and the Secretary of State in their endeavour to prevent war in the Pacific and in their objective of out-lawing force as the instrument of national policy.

For the time being the attempt to maintain Pacific peace on the basis of law and justice has been checked by the sudden and treacherous attack of the Japanese forces while diplomatic negotiations were actually proceeding.

The Commonwealth Government is honoured to be associated with the United States in resisting the aggressors until they are finally overthrown and until the principles for which the President has so frequently declared are established not only in the Pacific but everywhere in the world."<sup>70</sup>

I have [etc.]

R. G. CASEY

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740.0011 Pacific War/1075a : Telegram

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

WASHINGTON, December 12, 1941—5 p. m.

5842. The Thai Minister here received this morning a telegram from the Thai Foreign Minister at Bangkok, stating that Thailand and Japan had entered into an offensive and defensive alliance. It is understood that the Thai Minister here is today making public a

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<sup>68</sup> For text of the address by the President to the Nation, December 9, see Department of State *Bulletin*, December 13, 1941, p. 476.

<sup>69</sup> National Broadcasting Company.

<sup>70</sup> In a communication dated December 18 to the Australian Minister, the Secretary of State requested that his "sincere thanks" be conveyed to Mr. Evatt for the message of December 11.

repudiation on his own responsibility of the above mentioned alliance. Yesterday the Minister stated to the press that he intended to work for the re-establishment of an independent Thailand.

You may wish to communicate the above to the British Foreign Office and, in your discretion, to your Thai colleague.

Further developments will be telegraphed to you.

HULL

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894.796/64 : Telegram

*The Minister in Portugal (Fish) to the Secretary of State*

LISBON, December 13, 1941—4 p. m.

[Received 5:10 p. m.]

721. Department's telegram 825, December 9.<sup>71</sup> Secretary General of the Foreign Office has categorically assured me that there are no secret clauses, reservations or engagements in the agreements between Portugal and Japan regarding air service to Timor. A supplemental technical agreement concerning this service has been signed by a Japanese expert and the Portuguese authorities at Timor but it will not become effective until received and approved in Lisbon. He said that the Japanese had proposed this supplemental agreement in very vague terms which the Portuguese had refused insisting on a definite statement of each specific point. There are no other agreements with Japan regarding Timor. Portuguese General Staff officers have informed me that there is no preparation whatever there for defense and that Portugal is dependent entirely on the good faith of neighboring countries in retaining it. They express no fear of Japan in this respect but consider it possible that the Dutch under certain conditions may take the Portuguese half of the island.

FISH

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740.0011 Pacific War/1443

*The Department of State to the British Embassy and the Netherland Legation*<sup>72</sup>

The Commander-in-Chief of the United States Asiatic Fleet has reported that he has urgently suggested to the Dutch authorities at Batavia and to the British authorities at Singapore that there be effected immediately total demolition of the Borneo oil fields except

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<sup>71</sup> Not printed.

<sup>72</sup> Handed on December 14 to the British Ambassador (Halifax) by the Chief of the Division of Far Eastern Affairs (Hamilton) and to the Netherland Minister (London) by the Adviser on Political Relations (Hornbeck). This action was taken after reference to President Roosevelt.

those at Balikpapan, and that preparations should be made to effect the demolition of the oil fields at Balikpapan soon.

The situation as we see it from here is somewhat as follows:

The American, British and Dutch Governments have a vital, common interest in seeing that the oil fields in question not pass into the possession of our common enemy and that, if it appears likely that Japan is about to obtain possession of the territory in question, the most effective means possible be taken to render the oil fields unusable to Japan.

The question when action to destroy the oil fields should be taken is a problem with regard to which it is believed that military considerations should be controlling. It would appear also that the naval and military authorities of our respective governments in the affected areas are in better position than the authorities of the home governments to appraise accurately the time factor.

This Government is convinced that the British and the Dutch Governments share its view that it is to our common interest that every reasonable and practicable precaution be taken to insure that proper measures be carried out in time.

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740.0011 Pacific War/1443

*The Department of State to the British Embassy and the Netherland Legation*<sup>73</sup>

In case there should be, as a result of the destruction of the oil fields, oil shortages in the British Empire and in the Netherlands, the Government of the United States will of course be prepared to assist by every legal means in its power the British and the Dutch Governments in obtaining the delivery of oil and oil products in or available to the United States for use in the present struggle against the common enemy; also for use in carrying on the work of reconstruction in the Straits Settlements and in the Netherlands East Indies after the cessation of hostilities on a basis at least as favorable as that on which similar products will be made available to other countries which have consistently made sacrifices in their efforts to overcome the forces of aggression. The Government of the United States will adopt a similar attitude with regard to the obtaining of any needed oil extracting and refining machinery in the United States to replace that which the British and the Dutch Governments have destroyed.

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<sup>73</sup> Handed on December 14 to the British Ambassador (Halifax) by the Chief of the Division of Far Eastern Affairs (Hamilton) and to the Netherland Minister (Loudon) by the Adviser on Political Relations (Hornbeck). This action was taken after reference to President Roosevelt.

740.0011 Pacific War/1443

*Memorandum of Conversation, by the Adviser on Political Relations  
(Hornbeck)*

[WASHINGTON,] December 15, 1941.

The Netherlands Minister called me on the telephone late last evening and, referring to the papers which I had left at his residence for him, relating to the question of destruction of oil fields in the Netherlands East Indies, stated that on Saturday afternoon the question had been brought to his attention at the instance of our Navy Department through his Naval Attaché; that he had immediately telegraphed to his Government; that he had now received a reply which did not "satisfy" him; that his Government raised the question of "protecting investments"; and that, in the light of our memoranda, he was going to telegraph his Government stating that this Government strongly urged that action be taken as recommended by Admiral Hart.<sup>74</sup>

I asked that the Minister reread carefully our statement regarding "the situation as we see it from here . . .".<sup>75</sup> I said that we are not insisting that the opinion of the American Admiral should be conclusive, but we are pointing out that this seems to us to be primarily a military question and the problem is one in which military considerations should be controlling; and we emphasize that the taking of proper measures—whatever they may be—should not be delayed until too late. The Minister said that he would inform his Government accurately of our views and of his.

S[TANLEY] K. H[ORNBECK]

740.0011 Pacific War/1457

*The British Embassy to the Department of State*

In view of the Japanese menace to Portuguese Timor, His Majesty's Government in the United Kingdom and His Majesty's Government in the Commonwealth of Australia, in virtue of their Treaties of Alliance with Portugal, have recently been in consultation with the Portuguese Government regarding the security of this isolated outpost of the Portuguese Dominions.

The activities of the Japanese submarines and aircraft off Timor during the past week left no doubt that urgent precautionary action was necessary. His Majesty's Government in the United Kingdom and His Majesty's Government in the Commonwealth of Australia have therefore arranged, in agreement with the Portuguese Gov-

<sup>74</sup> Thomas C. Hart, Commander in Chief, United States Asiatic Fleet.<sup>75</sup> Omission indicated in the original memorandum.

ernment, for the immediate protection of this territory by a combined force of troops from Australia and the Netherlands East Indies, the latter provided after agreement with the Netherlands Government.

WASHINGTON, December 16, 1941.

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740.0011 Pacific War/1457

*Memorandum by Mr. William P. George of the Division of European Affairs*

[WASHINGTON,] December 16, 1941.

The matter of the attached memorandum <sup>76</sup> (deposited by Mr. Barclay of the British Embassy at 2:30 p. m. today) was under discussion between the British and Portuguese Governments for some days prior to the 12th instant, on which date the Portuguese agreed. On the 15th the Dutch reported activity of Japanese submarines in the waters of Portuguese Timor and advised that the moment had come to put the agreement into operation. Thereupon it was agreed that the Governors of Portuguese and Dutch Timor would meet in Dili at 4 p. m. today (our time), and that two hours later a combined force of Australians and Dutch would enter Portuguese Timor.

The British Government would substitute the phrase "in virtue of their obligations to" for the phrase "in agreement with," in the sixth line of paragraph two of the attached memorandum if the Portuguese Government so desires.

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740.0011 Pacific War/1344

*The Navy Department to the Department of State*

WASHINGTON, December 17, 1941.

MEMORANDUM FOR STATE DEPARTMENT

Following information has been received by the Special Naval Observer London from Ambassador Biddle:

Timor was occupied by a force of 230 Dutch and 120 Australian troops December 17. The Dutch report that troops landed in spite of demonstrations from local authorities. At present situation is quiet. In the last 4 days 2 Jap submarines were reported 1 north and 1 south of Timor. It is understood the suggestion of occupation of Timor came from Admiral Hart.

R. E. SCHUIRMANN

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<sup>76</sup> *Supra.*

711.92/30a

*The Department of State to the British Embassy*

## AIDE-MÉMOIRE

According to reports received from the American Legation at Bangkok, Thailand was invaded early on the morning of December 8, 1941, by Japanese military and naval forces. Thai forces resisted, but a few hours later the Thai Government ordered cessation of resistance. Negotiations then took place between the Thai Government and the Japanese. On December 12, 1941, the Thai Minister, Mom Rajawongee Seni Framoj, informed the Department of State that he had received a telegram from the Thai Ministry of Foreign Affairs at Bangkok, stating that Thailand had entered into an offensive and defensive alliance with Japan.

The Thai Minister has informed the Department that on December 11, 1941, he telegraphed the Thai Ministry of Foreign Affairs as follows:

"I announced at press conference 4:50 p. m. today my intention to work for re-establishment of independent Thailand. I shall henceforth carry out only orders which in my opinion are of His Majesty's Government's free will."

The Thai Minister has informed the Department that he repudiates the recent alliance concluded between the Thai Government and Japan.

The offensive and defensive alliance between Japan and Thailand was, on the part of the latter, obviously part of a gesture of surrender to an invading force, but as the conclusion of that alliance was an affirmative act on the part of the Thai Government, the Government of the United States, being in a state of war with the other party to the alliance, must of necessity regard the action of the Thai Government as unfriendly to the United States.

The Thai Minister to the United States having repudiated the Thai-Japanese alliance and having expressed the opinion that the alliance does not represent the true will of the Thai people, the Government of the United States has instructed the American Minister to withdraw from Bangkok as soon as he has done what is possible in regard to the withdrawal of American citizens from Thailand.

The Department has under consideration the question of issuing to the press a statement along the lines mentioned above, in which it is proposed to include a statement that the Government of the United States will continue to deal with the Thai Minister in Washington as the representative in the United States of the free people of Thailand. Before releasing the statement, however, the Department would appreciate receiving the views of the British Government on this question.

It may be added that the Thai Minister in Washington has informed the Department that he believes that he can, if given the support of the Government of the United States, establish a rallying point for large groups of Thai people (in the Philippines, Malaya Peninsula and elsewhere) who he states are chagrined and humiliated by the action of the Thai Government in entering into an alliance with Japan. Before informing the Thai Minister of the attitude of this Government toward the proposed "Free Thai" movement, the Department would be pleased to receive the views of the British Government in regard thereto.

WASHINGTON, December 18, 1941.

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740.0011 P.W./1328 : Telegram

*The Minister in Portugal (Fish) to the Secretary of State*

LISBON, December 19, 1941—9 p. m.  
[Received December 20—4:30 a. m.]

760. My telegram No. 754, December 18, 10 p. m.<sup>78</sup> Salazar<sup>79</sup> addressed the National Assembly this afternoon. The speech was firm but restrained in tone and consisted of a recital of the negotiations and events leading to the occupation of Timor by Dutch and Australian troops. The principal points are that Portugal refuses to accept the explanations of the British and Dutch Governments for the violation of Portuguese neutrality; Portugal will continue to study the question of the protection of this territory; Portugal has loyally and conscientiously observed all her obligations to her ally but has not been accorded the treatment due a friend and ally.

There has been much nervous tension throughout the day as the usual rumors have circulated. However, the reception of the speech was calm and the attitude of the people in general continues one of regret that their country should have been placed in such a difficult position by Great Britain.

Full text by air mail with further comment.<sup>80</sup>

FISH

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<sup>78</sup> Not printed.

<sup>79</sup> Antonio de Oliveira Salazar, Portuguese Prime Minister and Minister for Foreign Affairs.

<sup>80</sup> Not printed. On December 19 the Portuguese Minister (Bianchi) informed the Adviser on Political Relations (Hornbeck) in this connection that the "incident might be productive of an unfortunately adverse opinion in Portugal." (740.0011 Pacific War/1582)

711.92/31

*The Thai Minister (Pramoj) to the Secretary of State*<sup>81</sup>

No. 3002/2484

## MEMORANDUM

1. I have the painful duty to announce that the Thai Government has plainly revealed by its recent actions that it no longer represents the true will of the Thai people. From being a passive neutral, the Bangkok Government has rapidly degenerated into becoming an active partner of the Japanese. As the representative of my Sovereign and of the Thai people, who must in their hearts agree, I have no other choice but to denounce the recent decisions of the Bangkok Government and, in consequence, to disassociate myself entirely with the present body of men who claim to rule the country. With the assistance of all Thais loyal to their King and to their traditions, it is my intention to carry on the struggle for the restoration of Thailand's liberty and independence.

2. I think it may be useful to recapitulate the events which have led me to take this decision. The news of the capitulation of the Bangkok Government was received on December 10th. I decided to adopt the attitude that I would henceforth only accept instructions from Bangkok so long as they appeared not to be dictated by the Japanese. This decision was made known to the Press on December 11th and cabled on the same day to Bangkok.

On December 12th news came that the Bangkok Government had concluded an offensive and defensive alliance with Japan. I immediately informed the Department of State that I repudiated this alliance which was obviously dictated by the military conquerors of Thailand.

I still held strong hopes that Thailand would at least maintain resistance against the Japanese. With the members of my Legation, I cherished the hope that, in spite of the rapid capitulation, the true spirit of Thailand would emerge after the first shock and that opposition against the invaders would be organised all over the country. Reliance on this faith in our people alone made it possible for us to carry on the work of the Legation during a period of extreme dejection and anxiety for our people at home. The atmosphere here truly reflected the feelings of the people in Bangkok as recounted by an American eye-witness in the following words:

"The Thailanders, shocked by news of the surrender, wept as they stood dazed in the streets."

(*Washington Times Herald*, December 18th)

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<sup>81</sup> Handed on December 24 to the Assistant Chief of the Division of Far Eastern Affairs (Smyth) by the Thai Minister.



We could not abandon the hope that our people would be too proud to collaborate with the Japanese.

On December 19th, however, we received news of significant changes in the Thai Cabinet and we began to lose confidence that the Cabinet would remain true to the Thai people.

Then, on December 21st, the radio announced, from Japanese sources, that the Bangkok Government had signed a treaty of political and economic collaboration with Japan. We could no longer avoid the painful conviction that the Thai Government had become an active partner of Japan and we knew that we were now bound, however reluctantly, to disavow further connections with what can now only be termed a puppet government.

The following telegram was nevertheless addressed to the Bangkok Government, through our Legation in Lisbon:

"It is reported here Thailand entered economic and political collaboration with Japan. Please inform if true. No reply before December 25th will be taken as confirmation."

We have no illusions as to the text of the reply which we may expect from Bangkok.

M. R. SENI PRAMOJ

[WASHINGTON,] 21 December 1941.

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740.0011 Pacific War/1594

*The Australian Minister (Casey) to President Roosevelt*<sup>82</sup>

[WASHINGTON,] December 23, 1941.

MR. PRESIDENT: I have received the following communication by telegram from Mr. John Curtin, Prime Minister of Australia, with the instruction to convey it to you at the earliest moment.

I am also to convey the same message to Mr. Churchill, Prime Minister of Great Britain.

1. At this time of great crisis, I desire to address you both while you are conferring for the purpose of advancing our common cause.

2. I have already addressed a communication to Mr. Churchill on the question of Russia which I regard as of great importance in relation to the war with Japan, and which I hope will receive the consideration of you both during the conference.

3. I refer now to a matter of more pressing importance.

4. From all reports it is very evident that in North Malaya the Japanese have assumed control of air and sea. The small British Army there includes one Australian division, and we have sent three air squadrons to Malaya and two to the Netherlands East Indies. The

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<sup>82</sup> Transmitted to the Secretary of State by the Australian Minister under covering letter of December 23. It was sent to the President on the same day, and on December 30 the Australian Minister was informed of this by the Under Secretary of State in writing.

Army must be provided with air support, otherwise there will be a repetition of Greece and Crete, and Singapore will be grievously threatened.

5. The fall of Singapore would mean the isolation of the Philippines, the fall of the Netherlands East Indies and an attempt to smother all other bases. This would also sever our communications between the Indian and Pacific Oceans in this region.

6. The set-back would be as serious to the United States interests as to our own.

7. Reinforcements earmarked by the United Kingdom for despatch to Malaya seem to us to be utterly inadequate, especially in relation to aircraft, and more particularly fighting aircraft. Unchallenged at this time, small reinforcements are of little avail. In truth the amount of resistance to the Japanese in Malaya will depend directly on the amount of resistance provided by the Governments of the United Kingdom and the United States.

8. Our men have fought and will fight valiantly. But they must be adequately supported. We have three divisions in the Middle East. Our airmen are fighting in Britain, Middle East and training in Canada. We have sent great quantities of supplies to Britain, to the Middle East and to India. Our resources here are very limited indeed.

9. It is in your power to meet the situation. Should the Government of the United States desire, we would gladly accept an American Commander in the Pacific area. The President has said that Australia will be a base of increasing importance, but in order that it shall remain a base, Singapore must be reinforced.

10. In spite of our great difficulties, we are sending further reinforcements to Malaya.

11. I would be glad if this matter could be regarded as of the greatest urgency.

John Curtin  
Prime Minister of the Commonwealth  
of Australia"

R. G. CASEY

740.0011 Pacific War/1383 : Telegram

*The Minister in Australia (Johnson) to the Secretary of State*

CANBERRA, December 24, 1941—10 a. m.

[Received 11:21 p. m.]

92. Ministry External Affairs has shown me appeal made yesterday by Prime Minister to President and Churchill<sup>83</sup> and asked me to support it. I do most earnestly support Curtin's statement of the situation. People in the Pacific area await news of definite movement to stop Japanese advances which if permitted to continue threaten to deprive us of every advantage.

JOHNSON

<sup>83</sup> See *supra*.

711.92/33

*The British Embassy to the Department of State*<sup>85</sup>

## AIDE-MÉMOIRE

His Majesty's Government in the United Kingdom welcomes the proposal made in the State Department's memorandum of December 18th to continue to recognise the Thai Minister in Washington as the representative in the United States of the free people of Thailand. When the question of setting up a Free Thai movement arises, the personalities of possible leaders will naturally require careful consideration, and His Majesty's Government are now going into this question so far as the United Kingdom is concerned. The Thai Minister in London has shown no wish to come out into open opposition to the regime in Bangkok, and His Majesty's Government consider that it will be best to arrange for his departure.

His Majesty's Government are sending to Sir Josiah Crosby instructions regarding his withdrawal similar to those which have been sent by the United States Government to Mr. Peck. The text of these instructions is attached as Annex one<sup>86</sup> to this *Aide-Mémoire*. The instructions have been sent direct, and the Swiss Government, who are being asked to take charge of British interests in Thailand are also being asked to transmit them to His Majesty's Minister in case the direct telegram does not reach him.

As regards general policy the conclusion of a Treaty of Alliance which His Majesty's Government have good reason to believe commits Thailand to give assistance of every kind to Japan would normally justify a declaration of war upon Thailand by the powers at war with Japan. His Majesty's Government have however received convincing indications that the majority of Thai opinion is anti-Japanese if not pro-Ally, and it is likely to become increasingly anti-Japanese as the Japanese proceed to apply their usual arrogant methods and to infringe their agreement to respect the sovereignty of Thailand. His Majesty's Government feel that a declaration of war might change this movement of opinion for the worse and have the effect of throwing Thailand into the arms of Japan. They are therefore inclined to consider it premature to declare that a state of war exists with Thailand. They intend however to attack Japanese forces wherever they find them, and since these forces are in occupation of Thailand British forces will operate in or over that country and its territorial waters if it seems desirable for military reasons to do so. His Majesty's Government consider therefore that their policy should be as follows:—

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<sup>85</sup> Handed by the First Secretary of the British Embassy (Hayter) to the Assistant Chief of the Division of Far Eastern Affairs (Smyth) on December 24.

<sup>86</sup> Not printed.

(a) British forces should take no unprovoked action against the Thais.

(b) If the Thais attempt to obstruct the operations of British troops, or if in the opinion of the local Commander the presence of Thai forces constitutes a threat to the security of British troops, the Thai forces should be treated as enemies, and

(c) If any concentration of Thai forces indicates the possibility of a threat to the security of Burma, the Thai Government should be warned that such action will be regarded as a hostile act.

For the time being His Majesty's Government are treating Thailand for economic warfare and other purposes as enemy-occupied territory.

As regards propaganda to be directed to Thailand, His Majesty's Government suggests that the best course of action would be, while expressing sympathy with the Thai people, to endeavor to discredit the present Government . . . His Majesty's Government feel that it is therefore undesirable to lay too much stress on the suggestion that the Thai Government in signing their Treaty of Alliance with Japan were yielding to *force majeure*. It is proposed to issue in London a statement on the lines of that given in the second Annex<sup>87</sup> to this *Aide-Mémoire*, but before putting it out His Majesty's Government would be glad to learn whether the United States Government have any observations to offer. His Majesty's Government consider it desirable that any statements issued by the United States Government, the Netherlands Government and themselves should not in any way conflict. They would be glad to know the views of the United States Government as soon as possible.

[WASHINGTON,] 24. XII. 41.

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740.0011 Pacific War/1566

*The Australian Minister (Casey) to the Under Secretary of State  
(Welles)*

WASHINGTON, December 24, 1941.

MY DEAR UNDER SECRETARY OF STATE: Further to the communication that I had the honour to address to the President yesterday, on the instructions of the Australian Government, I have now received a further telegram from Australia containing telegraphic information from the Australian Government Representative at Singapore, the gist of which is as follows:—

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<sup>87</sup> Not printed.

I feel I must emphasise that deterioration of war position in Malayan defence is assuming landslide collapse of whole defence system.

Kuala Lumpur and Port Swettenham are now our advance landing grounds for air reconnaissance but difficult even to carry out air reconnaissance in face of Japanese superiority in machines. Greater part of our fighters now withdrawn to Singapore for defence of island and base. Nevertheless, Air Officer Commanding stated that to provide effective fighter escort for naval convoys approaching with sorely needed reinforcements, men and material, he would have to leave Singapore unguarded.

Reports read today indicate air situation deteriorating daily. Eight British fighters lost yesterday against three or four Japanese.

Expected arrival of modern fighter planes in boxes requiring weeks of assembly under danger of destruction by bombing cannot save the position.

The military reinforcements expected will be absorbed in relief of tired front line troops and will create little difference. British defence policy now concentrates greater part of fighter and anti-aircraft defence of Malaya on Singapore Island to protect naval base, starving forward troops of such defence.

Present measures for reinforcement of Malayan defences can from the practical viewpoint be little more than gestures. In my belief only thing that might save Singapore would be the immediate despatch from the Middle East by air of powerful reinforcements, large numbers of the latest fighter aircraft with ample operationally trained personnel. Reinforcements should be not in brigades but in divisions and to be of use they must arrive urgently. Anything that is not powerfully modern and immediate is futile. As things stand at present, fall of Singapore is to my mind only matter of weeks. If Singapore and Malaya are to be saved, there must be very radical and effective action immediately.

I believe that without immediate air reinforcement, Singapore must fall. Need for decision and action is matter of hours, not days.

In telegraphing the above to me, the Australian Minister for External Affairs states that the above picture is believed, by the Prime Minister of Australia and the Australian War Cabinet, to be the present state of affairs in Singapore and Malaya.

I have made the above available to Mr. Churchill and to the British Chiefs of Staff. The Australian Government would be grateful if it might be made known to the President.<sup>88</sup>

I am [etc.]

R. G. CASEY

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<sup>88</sup> In a communication dated December 30, Mr. Welles informed Mr. Casey that "the contents of your note were communicated to the President on December 24 last."

740.0011 Pacific War/1585

*The Commanding General, United States Army Forces in the Far East (MacArthur), to the War Department*<sup>89</sup>

FORT MILLS, P. I., December 28, 1941—3:28 p. m.

Enemy has again mercilessly bombed the open city of Manila, using 63 bombers today. Damage has been severe and includes all types of civilian installations, such as churches, the cathedral, hospitals, convents, business and private dwellings. It is notable that before Manila was declared an open city and before our antiaircraft defense evacuated therefrom he had abstained from attempted bombing of anything in Manila except military installations. His present actions can only be deemed completely violative of all the civilized processes of international law. At the proper time I bespeak due retaliatory measures.

MACARTHUR

740.0011 Pacific War/1443

*The British Embassy to the Department of State*

On December 14th Mr. Hamilton of the State Department handed to the British Ambassador two communications regarding the situation in Borneo.

[Here follows summary of communication printed on page 383 and quotation of text of document printed on page 384.]

The British Ambassador was informed some days ago that the British Government agreed with the views of the United States Government as set out in the first communication referred to above. So far as British territories were concerned the demolition scheme had been completely put into effect. The British authorities in Singapore had too been instructed to take the necessary steps to ensure early action by the Dutch authorities.

The British Ambassador has furthermore been instructed to express the warm appreciation of His Majesty's Government for the second communication quoted above. He has also been instructed to express the hope that the British authorities are right in assuming that the undertaking which this statement gives to "the British and Dutch Governments" in connexion with the destruction of the North

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<sup>89</sup> Copy of telegram received by the War Department on December 28, 4:31 a. m.; noted by the Secretary of State.

Borneo oil fields also applies to all parts of the British Empire which may be affected by the destruction of these oil fields.<sup>90</sup>

WASHINGTON, December 29, 1941.

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711.92/34

*Memorandum by the Assistant Secretary of State (Berle)*

[WASHINGTON,] December 30, 1941.

I gather that the British Government agrees entirely with the line taken by the Thai Minister; he is particularly anxious to let drive at the Prime Minister of Thailand, who seems to have sold out the country.

Under the circumstances, unless FE<sup>91</sup> has some reason to the contrary, I propose that we continue to recognize the Thai Minister; that we let him go ahead and develop such Free Thai movement as he can; and that we use the Department's power to certify his right to dispose of a limited amount of money. I should be glad to have a recommendation as to the amount of money we ought to advise the Thai Minister that he might need.

Unless FE disagrees, I should be glad if FD<sup>92</sup> would go ahead and get the material together for the appropriate certifications. The assistance of Treasury will be needed in locating the assets.

A. A. BERLE, JR.

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<sup>90</sup> In a memorandum dated January 19, 1942, the Department informed the British Embassy: "By way of clarification it may be stated that the undertaking of the Government of the United States as set forth in the second communication which was handed to the British Ambassador by Mr. Hamilton on December 14 applies to all parts of the British Empire which, as a result of the destruction of the oil fields in Borneo under the circumstances under reference, suffer oil shortages." President Roosevelt approved the original draft of this memorandum with this notation: "C[ordell] H[ull:] O. K.—Does no harm for the record. F[ranklin] D. R[oosevelt]".

<sup>91</sup> Division of Far Eastern Affairs.

<sup>92</sup> Financial Division.

REPATRIATION OF AMERICAN CITIZENS FROM THE  
FAR EAST<sup>1</sup>

390.1115A/316 : Telegram

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

TOkyo, January 11, 1941—6 p. m.  
[Received January 12—2:07 p. m.]

49. Special *Yomiuri* despatch [from] Shanghai states remaining 3,000 American citizens Shanghai expected evacuate near future. Consulate General reportedly recently again advised Americans withdraw. American ships said declining accept reservations non-Americans.

Sent Department via Shanghai.

GREW

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390.1115A/317

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

No. 2110

WASHINGTON, January 28, 1941.

SIR: Reference is made to your telegram no. 49, January 11, 6 p. m. and to a telegram from the Consulate General at Shanghai no. 55, January 13, 1941<sup>2</sup> in regard to a *Yomiuri* news despatch from Shanghai on the subject of the withdrawal of American citizens.

This is but one of a large number of instances over a long period in which Japanese news correspondents and agencies at Shanghai and elsewhere have disseminated utterly false reports in regard to situations and developments affecting American interests. The Department assumes that you are keeping in mind instances of this character and that at some suitable opportunity you will, in your discretion, take occasion to bring to the attention of the appropriate officials of the Japanese Government, without featuring this particular item, the unfortunate effect upon American-Japanese relations which results from the sending out of false news reports, an activity on the part of Japanese correspondents and agencies so prevalent

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<sup>1</sup> Continued from *Foreign Relations*, 1940, vol. iv, pp. 930-955.

<sup>2</sup> Latter not printed.



over so long a time as to raise the question whether the falsification is often deliberate and malicious.

Very truly yours,

For the Secretary of State:  
SUMNER WELLES

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393.1163/1040: Telegram

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

WASHINGTON, January 28, 1941—8 p. m.

22. Shanghai's January 25, 2 p. m., to Chungking.<sup>3</sup> In conversations at the Department on December 18, 1940, and January 2, 1941, between officers of the Department and Mr. J. W. Decker, Chairman, Committee on East Asia, Foreign Missions Conference of North America, New York, Mr. Decker was informed that the Department would give consideration to applications for passport facilities for a limited number of missionaries whom the concerned mission boards might wish to transfer from occupied to "free" China for the purpose of filling essential posts in the latter area; that proposals to transfer a limited number of missionaries would, of course, tend to be received more favorably than proposals for the transfer of a large number; and that there would naturally be more hesitancy in granting passport facilities to women than to men. It was suggested to Mr. Decker that when the mission boards should have completed their plans for the proposed transfers they furnish the Department with a clear and comprehensive statement of the reasons for each proposed individual transfer and the Department would thereupon give the individual case the most careful and sympathetic consideration. (Copies of the memoranda of the conversations in question have been mailed to Chungking, Peiping and Shanghai.<sup>4</sup>)

In the light of the above, it is suggested that in response to such applications made to our offices in China, the applicants be advised that they should arrange for their mission boards to take up the individual cases with the Department in order that appropriate instructions might be issued to the office concerned.

Sent to Chungking. Repeated to Peiping and Shanghai.

HULL

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<sup>3</sup> Not printed.

<sup>4</sup> None printed.

393.1163/1044 : Telegram

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

CHUNGKING, January 30, 1941—noon.

[Received 4: 56 p. m.]

[To Shanghai:] Your January 25, 2 p. m.<sup>5</sup> and Department's 22, January 28, 8 p. m., both to Chungking, copies of which are being airmailed to Hong Kong.

Since October 7, 1940 Embassy has consistently declined to facilitate travel of American citizens from occupied to unoccupied China. On December 17, three members of the "Advisory Committee on transposition and placement of missionaries" sponsored by the National Christian Council called at the Embassy at the request of the Embassy and were given the substance of the Department's 206, December 12, 1940, 10 p. m. to Chungking.<sup>6</sup> The impression mentioned in your telegram under reference that there would be no objection to removal of "a limited number of urgently needed missionaries to West China" undoubtedly arose from the indication in the Department's telegram December 12 that the Department realized that there might be a real need for "some additional personnel".

In this connection it may be observed that on several occasions members of the committee have expressed the opinion that Americans applying in Shanghai for transit visas for Hong Kong have been refused such visas at the behest of the American Consulate General at Hong Kong. On each occasion the Embassy has informed the committee that it knows of no such arrangement between American and British officials in Hong Kong and has suggested to the committee that its Hong Kong representatives endeavor to obtain the facts before giving further currency to this theory.

Sent to Shanghai. Repeated to Department, Peiping, Hong Kong.  
JOHNSON

390.1115A/333 : Telegram

*The Minister in Thailand (Grant) to the Secretary of State*

BANGKOK, February 5, 1941—7 p. m.

[Received February 5—1: 16 p. m.]

67. Referring to the Legation's telegram No. 125, October 17, 6 p. m., and to the Department's telegram No. 70, October 23, 5 p. m.<sup>7</sup> In view of the recent political developments which, as I have indicated in my telegrams, may place Thailand definitely under Japanese dom-

<sup>5</sup> Not printed.<sup>6</sup> *Foreign Relations*, 1940, vol. IV, p. 955.<sup>7</sup> *Ibid.*, pp. 186 and 191.

ination within the very near future I request telegraphic instructions regarding the advisability of the evacuation of American women and children from this area before it is too late, especially in view of the isolated position of this country and the consequent difficulties of evacuating in the event of a sudden emergency. The British Minister<sup>8</sup> and I have held frequent consultations regarding this matter. Our views in this matter coincide. He is requesting instructions from his Government.

Sent to Cavite for repetition to the Department.

GRANT

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390.1115A/430b : Telegram

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

WASHINGTON, February 11, 1941—7 p. m.

100. Department's 381, October 6, 2 p. m.,<sup>9</sup> withdrawal of American citizens. It is desired that the Embassy at once instruct American consulates in Japanese territory to renew, immediately and quietly and with effort to avoid any sensational publicity, to American citizens, especially to women and children and to men whose continued presence in Japan is not highly essential, this Government's suggestions that they withdraw to the United States. In so doing, the Embassy and the consulates are to understand and should explain to American inquirers that this Government is making no assumption that a situation of acute physical danger to American nationals is imminent, but that this Government, in the light of obvious trends in the Far Eastern situation, desires to reduce the risks to which American nationals and their interests are exposed by virtue of uncertainties and, through the process of withdrawal of unessential personnel, to improve its position in relation to problems which may at any time be presented of affording maximum appropriate protection to those persons who are not in position to withdraw, those interests which cannot be abandoned, and those principles and those rights to which it is the duty of the American Government to give all appropriate support at all times. This instruction and the advice to be given under it is not meant to be alarmist, but is a further and necessary precautionary measure. We do not wish to impose unnecessary hardships upon any American nationals, but we ask that those whom you address shall realize that there are real risks, that we wish to reduce these risks, and that this advice is being given in the interest both of the safety and convenience of the American nationals addressed and in the interest of national security.

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<sup>8</sup> Sir Josiah Crosby.

<sup>9</sup> *Foreign Relations*, 1940, vol. iv, p. 932.

The Department does not contemplate sending a special vessel or special vessels to assist in the withdrawal and American nationals who make inquiry in this particular connection should be advised to take advantage of such transportation facilities as may be currently available.

The Department is sending similar instructions to Peiping, Hong Kong, and Indochina.

HULL

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390.1115A/348 : Telegram

*The Minister in Thailand (Grant) to the Secretary of State*

BANGKOK, February 14, 1941—8 p. m.  
[Received February 15—11:27 p. m.]

85. My telegram No. 67, February 5. In view of the increasing tension in the Far East and radio and press report to the effect that the Department again has advised American citizens to leave the Far East and in view of inquiries made here, I would appreciate receiving instructions at the earliest possible moment.

GRANT

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390.1115A/354 : Telegram

*The Consul General at Hankow (Spiker) to the Secretary of State*

HANKOW, February 18, 1941—3 p. m.  
[Received 10 p. m.]

16. Acting Japanese Consul General today called and inquired as to accuracy of rumors that American Government had issued further orders for immediate evacuation of all Americans remaining. He stated that if reports correct he would seek to arrange for necessary steamer facilities but assured me that, irrespective of developments, American citizens remaining here would be accorded the fullest protection of the Japanese civil and military authorities.

He mentioned that he was aware that at least one large American company was now negotiating for sale of its Chinese newspapers to Japanese interests; that the Japanese Consulate General would be pleased to learn if any other American firms desired to dispose of their property. If so, the Japanese would be pleased to assist in such matters.

The Consul General then stated that if hostilities should regrettably be declared the Japanese authorities would accept responsibility for full protection of American nationals, their properties and of [apparent omission] or American interests, in accordance with established international usage.

During remarks concerning possibility of certain missionaries not heeding suggestions for evacuation, the Japanese Consul General expressed the belief that in the event of war it is probable that such missionaries and other law-abiding Americans will be permitted to remain where they are and that there will be a minimum of interference with their normal lives. The Consul General observed that so far as he was aware the Japanese Government had no intention to evacuate its many nationals resident in the United States where, he was confident, they [and their] property would reciprocally be assured of full protection by the American Government.

Whole tone of conversation was very friendly and conciliatory.

The Japanese Consul General expressed regret that military necessity had caused postponement of travel to Shanghai by 10 American citizens now awaiting passage. He expressed the belief that travel by steamer facilities would soon be available.

Sent to Department; repeated to Chungking, Peiping and Shanghai. Shanghai please mail copy code text to Tokyo.

SPIKER

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393.1163/1040 : Telegram

*The Secretary of State to the First Secretary of Embassy in China (Smyth), at Peiping*

WASHINGTON, February 19, 1941—9 p. m.

38. Chungking's January 30, noon, to Shanghai and Hong Kong's 41, February 4, 10 a. m.<sup>10</sup> The Department in its 22, January 28, 8 p. m. to Chungking (which Peiping should repeat to interested consulates) indicated the procedure to be followed by American missionaries desiring to transfer from occupied to "free" China. The Department has believed that such procedure would be more convenient for mission boards in the United States in formulating their plans than for interested missionaries to take up their cases individually with the various consulates. It is possible that business organizations or individuals may present comparable cases directly to the Department for consideration and that the Department will issue instructions to the officers concerned in connection with those cases.

In general, when officers receive applications for passport facilities for travel in areas of the Far East to which the Department's restrictive policy applies, the officers should give consideration to the applications in the light of existing instructions and of the question whether there exist essential reasons for the journey, the burden being upon the applicant or upon his organization to show that the desired travel is urgent and essential. Doubtful cases should, of course, be referred to the Department for consideration.

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<sup>10</sup> Latter not printed.

As regards particularly the situation at Hong Kong, Americans whose bona fides have been established and who desire to go ashore in Hong Kong or to break their journey there for essential business or other legitimate purposes should be given appropriate assistance vis-à-vis the Hong Kong authorities.

As regards cases in which the Department has expressly authorized travel facilities, all officers should of course render the traveler such assistance incident to the journey vis-à-vis other authorities as may be appropriate and practicable, unless new and impelling considerations shall have arisen which make the journey inadvisable.

The Department requests that the Embassy at Peiping appropriately instruct officers in China, Hong Kong and Indochina.

Sent to Peiping. Repeated to Chungking, Shanghai and Hong Kong.

HULL

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390.1115A/356a : Telegram

*The Secretary of State to the Consul at Rangoon (Brady)*

WASHINGTON, February 20, 1941—4 p. m.

The Department desires to have, without your further consulting local authorities, your opinion whether an extension to the political area in which you are stationed of the policy adopted in Japan, China, Hong Kong and French Indochina in regard to the suggested withdrawal of American women and children and men whose presence is not considered urgent or essential would have a disturbing effect locally or any significantly adverse effects upon the political situation within or relating to your area. Please keep in mind that this Government endeavors to carry out this policy in such a way as to avert the reading into it of sensational implications. As the welfare of American citizens abroad is, of course, a major concern of this Government, it may become necessary, as a precautionary measure, to suggest that American nationals of certain categories in your area return to the United States as they have from other areas in the Far East and in Europe where abnormal conditions obtain, and this Government must, of course, reserve freedom of action in this connection. It is, however, our desire to avoid, when and where feasible, action which might be prejudicial to the interests of friendly governments or to the general political situation, and this inquiry is being made with a view to the giving here of the fullest consideration to such various factors as may be involved before decision is made in regard to the question under discussion.

Identic telegrams are being sent to Singapore and Batavia.<sup>11</sup>

HULL

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<sup>11</sup> Nos. 1 and 8, respectively.

390.1115A/353a : Telegram

*The Secretary of State to the Minister in Thailand (Grant)*<sup>12</sup>

WASHINGTON, February 20, 1941—4 p. m.

29. 1. The Department on February 11 instructed its officers in Japan, China, Hong Kong and French Indochina to renew, immediately and quietly (and with effort to avoid any sensational publicity) to American citizens, especially women and children and men whose continued presence in those areas is not highly essential, this Government's suggestions made early in October 1940<sup>13</sup> that they withdraw to the United States. The officers were instructed to explain to American citizens that this Government is making no assumption that a situation of acute physical danger to American nationals in those areas is imminent, but that this Government, in the light of obvious trends in the Far Eastern situation, desires to reduce the risk to which American nationals and their interests are exposed by virtue of uncertainties; that similarly the Government desires to improve its position in relation to problems which may at any time be presented of affording maximum appropriate protection to those persons who are not in position to withdraw, to those interests which cannot be abandoned, and to those principles and those rights to which it is the duty of the American Government to give all appropriate support at all times.

The instructions in question and the advice to be given under them were not meant to be alarmist, but were a further and necessary precautionary measure. It was explained in the instructions that we do not wish to impose unnecessary hardships upon any American nationals, but we ask that American nationals in the areas in question should realize that there are real risks, that we wish to reduce these risks, and that the advice embodied in the instructions was being given in the interests both of the safety and convenience of the American nationals addressed and in the interest of national security.

2. In view of the continuance of an abnormal situation in the Far East and in the light of various developments in that situation, the Department believes that American citizens in Thailand should take cognizance of the suggestions and advice given to American citizens in other Far Eastern areas as described above. You are accordingly instructed, quietly and with effort to avoid publicity and to preclude the reading into your action of sensational implications, to acquaint American citizens of the categories mentioned now in Thailand with the nature of the renewed suggestions and advice recently communicated to American citizens in Japan, China, Hong Kong and French Indochina, and to suggest that American citizens in Thailand of the

<sup>12</sup> The Department, in telegram No. 37, March 7, 6 p. m., requested repetition of this telegram to the Consul at Rangoon.

<sup>13</sup> See telegram No. 381, October 6, 1940, 2 p. m., to the Ambassador in Japan, *Foreign Relations*, 1940, vol. iv, p. 932.

categories mentioned consider returning, so far as practicable, to the United States.

As the suggestions and advice in question constitute at the present time no more than "suggestions and advice", the determination by American citizens of the specified categories whether they will return to the United States is, of course, left in their discretion. That is, action taken under this instruction should not be construed as a "warning" to those American citizens that they withdraw from your area or as an "urging" by the Government that they do so.

3. The Department does not contemplate sending from the United States a special vessel or special vessels to assist in the withdrawal, and American nationals who make inquiry in this particular connection should be advised to take advantage of such transportation facilities as may be currently available.

HULL

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390.1115A/357: Telegram

*The Consul General at Singapore (Patton) to the Secretary of State*

SINGAPORE, February 22, 1941—5 p. m.

[Received February 23—8:50 a. m.]

1. Department's strictly confidential telegram February 20, 4 p. m.<sup>14</sup> It is our opinion that the extension to Malaya of the policy mentioned in paragraph 1 would have a disturbing effect locally. Any warning of this kind would inevitably be sensational, especially to the Asiatic population and would result in pressure upon the Government for air raid shelters which the Government is not prepared to provide and for which construction material is not available. Moreover advice to Americans to leave might reasonably be interpreted as a lack of confidence in ability of British to defend this area and thus tend to nullify reassuring effect of recent important defense measures including reinforcements from Australia. Above is considered judgment based on careful observation but, in view of Department's instructions, without consultation with British authorities.

Steamer accommodations now available out of Singapore are irregular and inadequate for Malaya without considering possibility of influx of Americans from adjoining territories. Therefore special arrangements to meet this condition should be made in anticipation of any warning. In this connection the Department may wish to consider discussing with British authorities feasibility of utilizing in case of emergency transports which are now in use to move Australian forces to this territory and Middle East and which are returning largely unoccupied to Australia. In event of serious need British Government would doubtless undertake evacuation of its civil popula-

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<sup>14</sup> See last sentence of telegram to the Consul at Rangoon, February 20, 4 p. m., p. 403.



tion to Australia or Ceylon. As this would involve possibly 10,000 women and children, our own problem of moving about 350 citizens might be fitted into larger scheme.

Prevailing opinion here is that any outbreak of hostilities would be preceded by at least one month's significant indications.

It is believed that if any move to withdraw Americans is to be initiated the preliminary step should be [to] withhold in the United States validation of passports for women and children desiring to come out. Such action would avoid undesirable repercussions which might follow premature warning and if learned here might have practical effect of inducing some local Americans to leave.

This telegram has been drafted in consultation with our naval and military observers.

As no mention is made of Bangkok in the Department's telegram, the Consulate General assumes that the Department desires it to repeat message to Batavia only. This has been done.

PATTON

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390.1115A/358 : Telegram

*The Consul at Rangoon (Brady) to the Secretary of State*

RANGOON, February 22, 1941—9 p. m.

[Received February 23—12: 32 p. m.]

Reference the Department's telegram of February 20, 4 p. m. Any published advice to Americans to leave this area would attract the maximum of attention and would be regarded as emphasizing the serious view taken in official circles but if stressed as a purely precautionary measure of a general nature that did not imply fear of imminent physical danger to American citizens the effect probably would not be seriously disturbing. The Burma Legislature is now in session and it is conceivable that some Burmese members might attempt to make anti-British capital out of such action by pointing to it as added evidence of the probability of Burma being involved in war allegedly without the consent of Burmans generally but that in itself would not be likely to prejudice the general political situation. The authorities here have not taken the public into their confidence as to possible dangers or preparations to meet them, the chief reason given being the desire to guard against panic here and because of this attitude they might view with misgiving a suggestion for the withdrawal of American nationals. In connection with the attitude mentioned the leading British daily this week referred to reports and rumors having reached a peak and said that under such circumstances anxiety was best allayed by discussions of possibilities and measures to cope with them.

It would be extremely difficult for any large number of Americans to leave here unless there was assistance in providing shipping facilities.

BRADY

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390.1115A/364 : Telegram

*The Consul General at Batavia (Foote) to the Secretary of State*

BATAVIA, February 25, 1941—8 a. m.  
[Received February 25—2: 30 a. m.]

13. Reference is made to the Department's telegram No. 8, February 20, 5 [4] p. m.,<sup>15</sup> received by the Consulate General February 22 from the American Consul General at Singapore.

1. With reference to the possibility of suggesting that American women and children and men whose presence is not essential withdraw to the United States I respectfully submit the following suggestions.

2. The sudden withdrawal of Americans would be regarded with regret by this Government and would be viewed with mild contempt by the local population. The only other local reaction would be a slight increase in uneasiness or fear of invasion. The presence of Americans has had a calming effect up to the present time.

3. The effect on the general situation especially this country's relations with Japan is a highly debatable question which the Department is far more qualified to answer. I venture, however, to submit the following suggestions: If the United States should intervene before the Japanese strike a blow at the Netherlands Indies there would probably be no hostilities in this country and no reason therefore to suggest that Americans withdraw. The withdrawal of Americans might cause the Japanese to believe that the United States would not intervene. This might lead to hostilities.

On the contrary the Japanese might regard withdrawal from the Netherlands Indies as a clearing of decks for action which might have a sobering effect on them. At any rate the Japanese would probably view the withdrawal in the same manner as they did the extension of this policy to the Far East. The Department will undoubtedly know whether it was considered as a sign of strength or lack of interest. If the United States does not intend to oppose the Japanese actively, this country will probably be invaded in the not distant future.

4. If withdrawal should be decided upon, I respectfully suggest that it be done at once because of the probability that there will be no means of leaving this country after hostilities begin or even prior thereto.

FOOTE

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<sup>15</sup> See last sentence of telegram to the Consul at Rangoon, February 20, 4 p. m., p. 403.

390.1115A/366 : Telegram

*The Consul General at Batavia (Foote) to the Secretary of State*

BATAVIA, February 26, 1941—1 p. m.  
 [Received February 26—5:10 a. m.]

15. I desire to supplement my telegram No. 13, February 25, 8 a. m., with the following: My answers to the Department's questions are based on the assumption that it will become advisable to suggest that Americans withdraw from this area. In this connection, I desire to invite Department's attention to the first paragraph of my telegram No. 1, February 3, 3 p. m.<sup>16</sup> in which I stated that I do not share the extreme pessimism which is so prevalent here although I realize that the situation is fraught with uncertainties and possible danger.

FOOTE

390.1115A/383 : Telegram

*The Minister in Thailand (Grant) to the Secretary of State*

BANGKOK, February 28, 1941—noon.  
 [Received February 28—10:40 a. m.]

110. Department's telegram No. 29, February 20, 4 p. m. I desire to inform the Department that the day following the receipt of the above instructions the Legation sent the first lot of letters addressed to American citizens suggesting that women and children and men whose presence in Thailand is not highly essential consider returning home. All of the letters were forwarded by Monday February 24.

Because of the peculiar existing situations here as a result of the publicity regarding the recent evacuation instructions to the British and rumors of American evacuation I regarded it as impracticable to attempt to keep the matter a secret from the press as suggested in the Department's instruction and, with a view to avoiding unfavorable publicity and distortion, I therefore gave a short statement of facts to the press and to the Foreign Office.

Frankly I fear that the majority of Americans within the categories specified will not follow instructions and will remain here until they receive an order or a strong warning. I have already had echoes to this effect from representatives of the missionary groups who it appears follow the advice of their boards in America and are reluctant to cut their ties in Thailand where some of them have spent many years.

It is my opinion that if real dangers actually exist in the Far East which appears to be the case a strong warning should be issued to these people and they should be urged to leave as soon as possible and further in view of the isolated situation here and lack of American

<sup>16</sup> Not printed.

transportation facilities some assistance should be rendered by our Government in the matter of providing such facilities when practicable through a call of one American ship at a nearby port.

GRANT

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393.1163/1060 : Telegram

*The First Secretary of Embassy in China (Smyth) to the Secretary of State*

PEIPING, March 5, 1941—3 p. m.  
[Received March 6—4 : 25 a. m.]

75. Department's 22, January 28, 8 p. m. to Chungking and 38, February 19, 9 p. m. to Peiping regarding travel from occupied to unoccupied China.

The Embassy here knows no approved manner of restricting passports for travel in specified portions of a country. If a passport is made valid for travel in "China," the Embassy and Consular Officers can use only moral persuasion and decline to help persons whose travel from occupied to unoccupied China is not desirable but who have valid reasons for being in occupied China.

It is respectfully suggested that the Department may wish to consider prescribing a suitable limitation to fit the need under reference.

Sent to the Department, repeated to Chungking and Shanghai.

SMYTH

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390.1115A/414 : Telegram

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

TOKYO, March 7, 1941—8 p. m.  
[Received March 9—10 a. m.]

373. The following summary brings the evacuation situation up to date:

Satisfactory response to Department's renewed evacuation suggestion.

By and large, the response to the Department's renewed evacuation suggestion on the part of the Protestant Missionaries, which account for more than half of the total Caucasian American colony in Japan, can be considered as satisfactory.

Although missionaries as a class have been, and still are critical, of Washington's evacuation suggestions, practically all the Protestant Missions operating in Japan have been advancing furlough and retirement dates, transferring personnel to the Philippines, India and other less troubled areas, and encouraging wives and children to go

home. This has been going on quietly for some months, due in part to the Department's original evacuation suggestion of last October, and in part to the repressive measures lately taken against foreign influence in the Christian churches in Japan.

This gradual exodus has moved out many elderly people, women and children but also some men. The majority of those who have stayed behind have adopted a "wait and see" attitude, that is, they are far from convinced that hostilities are inevitable and they would like to stay on either until the situation rights itself or until the very eve of war. However, the Department's recent approaches to the various missionary headquarters in the United States has radically changed the plans of those who have heretofore refused to consider withdrawal. Practically all mission groups here have lately received telegraphic advices from their home boards either urging or ordering prompt withdrawal, and these messages from American headquarters carry more weight with them than the general evacuation suggestions issued by the Department for the general public.

According to a news item in the local press, the Board of Missions of the Methodist Church has ordered the withdrawal of all its missionaries in Japan, Korea and Japanese controlled areas in China. The order affects 70 missionaries in Japan, 8 in Korea and 110 in North and Central China.

Twenty Episcopal missionaries and teachers are definitely leaving Japan proper during the present month, and remaining 17, including the ranking Bishop, have tentative steamer reservations for April, but these reservations may not be used unless the situation deteriorates still further. Sixteen members of the Lutheran Mission are due to depart within the next 30 days, while 13 will stay on for the time being. Almost all Adventists, excepting a few medical workers, are evacuating. Many Baptists have left or are planning to go soon. It is understood that American headquarters of the Evangelical and Reform Mission left the evacuating decision to its workers in the field and as a result it is said 23, including 6 children, decided to stay. Most Southern Presbyterians are following the Department's withdrawal advice, but the attitude of the Northern Presbyterians appears unsatisfactory. In [An] early telegram from New York headquarters is said to have directed a general evacuation, but a later telegram left the matter to the discretion of the personnel in the field. As a result, about a dozen are said to be leaving but several times that number are reported to be staying, including 50 or more in Korea, among whom are a few women and half a dozen children.

390.1115A/417 : Telegram

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

Tokyo, March 7, 1941—10 p. m.

[Received March 10—9 a. m.]

375. Only a short time ago it appeared likely that most, if not all, missionaries and teachers of the Congregational Church would be leaving soon; however, the situation with respect to this group appears to have undergone a radical change since it became known here that Miss Grace Stowe had secured a passport at Washington and was returning to Kobe Women's College. Those who seemed ready to withdraw only a short time ago now seem to feel that departure is not necessary.

As far as is in [*as is*] known, the Roman Catholic missionaries and nuns have no plans for evacuating. There is a Catholic convent (Maryknoll) near Lake Biwa in Japan proper, another at Dairen, and possible others in other sections of the country, where a number of nuns of American nationality are cloistered. In addition, there are a few Catholic priests and teachers in Japan proper and considerably more in Korea. It is said, without confirmation, that the American Catholics have an understanding with their German and Italian ecclesiastical colleagues whereby the latter will assume responsibility for the American in case of War. Five Catholic bishops have recently been "demoted", that is, they have accepted titles of lower rank and are now working under Japanese bishops. The foreign Catholics, especially those from Axis states, are believed to have considerable influence in this country at this time, and if they guarantee the conduct of their American colleagues and the cloistered nuns, the element of risk in case of trouble would seem to be materially lessened.

After his local efforts had failed, the Consul at Dairen telegraphed the Maryknoll organization in Los Angeles urging a reduction in the number of nuns at the Dairen Convent, but his telegram was never answered. The Consul General at Keijo reports a considerable number of Catholic priests in Korea and states that in his opinion efforts should be made to secure at least a partial withdrawal.

Should the Department wish to urge withdrawal of the Roman Catholic representatives in this country, it is suggested that the following boards be contacted: Maryknoll Convent, Maryknoll, Ossining, New York; Maryknoll Convent, Los Angeles, California; St. Columban's, Nebraska.

*Commercial Firms:* American commercial interests in Japan have suffered from a variety of adverse factors, including the stringent foreign exchange and import control measures, with the result that most American firms here have been able to do little more than a

nominal business for some considerable time. Consequently, they began to move out even before the missionary groups, with the result that some firms have withdrawn entirely while others have made important staff reductions. All women and children of executives of the Standard-Vacuum Oil Company, General Motors Assembly Plant, the National City Bank, and the American President Lines have already left Japan.

*Negligible response of Japanese American[s]:* In spite of the fact that it is generally understood that the new Nationality Act may cause many Nisei to fall within the presumption of expatriation should they continue to reside in Japan, there is no present indication that any appreciable number intend to return to the United States during the next few months.

*American School enrollment dwindles:* The Board of Directors of the American School in Japan, location Tokyo, which occupies its own million yen building and which normally has an enrollment of approximately 200, agreed in a recent meeting to keep the school operating until the Easter holidays and longer if possible. However, the enrollment has gradually dwindled to about 60 pupils, including Japanese, Eurasians and other foreign elements, and it is understood that several teachers are quietly arranging to leave Japan. The Easter holidays have been postponed until the middle of April and in the meantime the school is operating 6 days a week in order to finish as much of the normal curriculum as possible. The prospects for operating the school beyond April are decidedly unfavorable. Its closure at that time must be reckoned with and this move will probably hasten the evacuation of a few American families who would otherwise choose to stay here indefinitely.

*Transportation facilities:* Passenger bookings on the American President Lines ships bound for the United States have been unusually heavy for some weeks and this condition is expected to last at least until the end of April. The *President Coolidge* which sailed from Yokohama on March first was practically sold out in all classes and advance bookings on the next two steamers indicate that these will sail with capacity lists. However, there is no transportation shortage for those intent upon early evacuation inasmuch as the Japanese Line continue to maintain frequent sailings and their steamers are not booked full. Now, as in the past, many American missionary families travel on these boats.

Sent to Department; via airmail to Shanghai.

393.1163/1062

*The Secretary of State to the Secretary of the International  
Missionary Council (Warnshuis), of New York*

WASHINGTON, March 20, 1941.

MY DEAR MR. WARNSHUIS: With reference to conversations which you have held with various officers of the Department and to correspondence exchanged concerning the withdrawal of certain categories of American missionaries from China or their transfer from one section of that country to another, I desire to bring to your attention the following information regarding developments in the Foochow district, which the Department has received from a reliable source.<sup>17</sup>

According to this information, general living conditions in the Foochow area have deteriorated steadily in recent months. Supplies of goods such as are usually considered essential by foreigners residing there have either run low or have been entirely exhausted, and when the importation of fresh supplies is possible at all it is said to be attended by much difficulty and delay and, except in the case of articles of small bulk, by almost prohibitive transportation charges. Such food staples as beef, eggs, flour and pork are reported to be scarce or unobtainable, and many hotels and restaurants in the area are no longer able to serve meals. Furthermore, it is said to be increasingly difficult to obtain overland transportation facilities and it appears that in consequence of these conditions, Americans who have been traveling in the interior not infrequently return to Foochow ill.

With respect to the missionaries still in the Foochow area it has been pointed out that they include many women, children and elderly men, as well as a number of persons who are in poor health, and it is feared that some of these people might not be able to withstand the rigors of emergency travel under existing conditions, should that become necessary, or a further marked deterioration of living conditions.

In view of this situation, the Department earnestly hopes that the Americans still in the Foochow district will not fail to weigh carefully the suggestions that have twice been made to Americans in China and certain other sections of the Far East, with special regard to women and children and to men whose services are not considered urgently or essentially needed, that they consider the advisability of withdrawing to the United States. It would be appreciated if you would bring this matter to the attention of the boards of organizations having missionaries in the Foochow area or that might otherwise contemplate transferring missionaries there from other parts of China. In the circumstances it of course appears particularly desirable that

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<sup>17</sup> Telegram No. 3, March 5, 9 a. m., from the Consul at Foochow, not printed.



there should not be a net increase in American personnel in the Foo-chow area at this time.

Sincerely yours,

For the Secretary of State:  
GEO. L. BRANDT  
*Chief, Special Division*

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390.1115A/430a : Telegram

*The Acting Secretary of State to the Consul General at Singapore  
(Patton)*

WASHINGTON, March 20, 1941—6 p. m.

15. 1. The Department has given careful consideration to the replies received from Singapore, Rangoon and Batavia to its strictly confidential telegram of February 20, 4 p. m. Department has decided for the time being not to extend to British Malaya, Burma and the Netherlands East Indies its policy in regard to withdrawal of certain categories of American citizens. The Department expects that the officers will keep the Department informed of pertinent local developments which might have bearing on this question.

2. Meanwhile, should American nationals approach the officers in the three areas in question for advice in regard to the question of their withdrawing to the United States, the Department desires that the officers inform them that in the light of the general world situation and the uncertainties therein, they may desire on their own initiative and as a result of their own decision to take steps to return to the safety of the United States. The Department desires further that the officers in taking action under this instruction do so in a manner to avoid publicity.

3. For your information, the Department has decided to extend to British Malaya, Burma and the Netherlands East Indies its policy, now applied to Japan, China, Hong Kong, Indochina and Thailand, of withholding in the United States the granting of passport facilities to American citizens of certain categories desiring to travel to the three areas first named. This applies especially to women and children and men whose travel to or presence in the areas in question is not considered urgent and essential. Applications for passport facilities for travel to those areas made to officers abroad should be given consideration in the light of and along the lines of the Department's practice in regard to such applications, doubtful cases being referred to the Department for consideration.

4. This instruction is being sent to Singapore (for repetition to Penang), to Rangoon, and to Batavia (for repetition to Surabaya and Medan).

WELLES

393.1163/1075

*Memorandum by the Adviser on Political Relations (Hornbeck)*

[Extract]

[WASHINGTON,] March 25, 1941.

Generally speaking, adoption and application of the policy of bringing about withdrawal from China of American nationals who are not especially needed there has, in my opinion, served certain useful purposes.

However, I do not perceive that rigid pursuit of that policy, in connection with cases of individual Americans who are in China, who have serious business there, who persistently desire to remain there, and whose presence there is not especially likely to cause complications which would be embarrassing to this Government, serves any very useful purpose.

Were there any imminent likelihood that steps will be taken either by this Government or by the Japanese which will create a situation of greater peril to American nationals in China than that which has prevailed during more than three years past, I would incline to the view that we should be very stiff and rigid in pursuit of the policy of getting our nationals out (both from China and from Japan). I perceive no such likelihood.

S[TANLEY] K. H[ORNBECK]

390.1115A/445 : Telegram

*The Minister in Thailand (Grant) to the Secretary of State*

BANGKOK, April 5, 1941—noon.

[Received April 5—10:25 a. m.]

196. My 110, February 28, noon. I desire to reiterate the opinion expressed in paragraphs 3 and 4 of the above telegram as a result of further developments here in connection with the Department's evacuation advice to American nationals in certain categories. The latest information indicates that American citizens are not taking the Department's advice seriously and are awaiting an actual "emergency" with the exception of a few who are returning on regular home leave and because of illness.

I am strongly of the opinion that we should urge these Americans to return home as quickly as possible especially women and children

and that similar advice should be given to the missionary boards in the United States which are represented in Thailand.

Receipt of further instructions by telegraph from the Department would be appreciated.

GRANT

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390.1115A/445 : Telegram

*The Secretary of State to the Minister in Thailand (Grant)*

WASHINGTON, April 12, 1941—3 p. m.

45. Your 196, April 5th. It appears from your 110, February 28th, that Americans in Thailand have been duly advised, both directly and through the press, in the sense of the Department's 29, February 20th. Department has likewise kept key missionary organizations in the United States informed of its suggestion and advice to Americans in Thailand, especially to those of the specified categories, that they consider the advisability of withdrawing to the United States while transportation facilities are available. This suggestion and advice having been offered, there should be no insistence upon departure of any citizen since the Government may not compel the return of its citizens and the decision whether to remain or to depart is one for each individual himself to make.

The Department of course desires that you continue to keep it informed of developments affecting the safety of Americans in Thailand so that it may be prepared to repeat its advice or to warn Americans to return immediately if developments should render this necessary. In this connection and with reference to the penultimate paragraph of your telegram, please cable brief statement of reasons on which your opinion that Americans in Thailand should be urged "to return home as quickly as possible" is based.

HULL

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390.1115A/458 : Telegram

*The Minister in Thailand (Grant) to the Secretary of State*

BANGKOK, April 17, 1941—4 p. m.

[Received April 17—1 p. m.]

219. Department's 45, April 12, 3 p. m. From inquiries made by representatives of the missionary groups regarding the Department's advice to certain American nationals to withdraw to the United States as outlined in my letter which was based on the Department's telegraphic instructions No. 29, February 20, it would appear that these Americans who constitute the great majority of our nationals residing in Thailand have not given the serious consideration to the Depart-

ment's advice which it was intended should be given since only a very few Americans who are going on home leave or are ill have so far withdrawn. Several leaders of the missionary groups indicated they expected advice of a stronger tone and they seemed disposed to await arrival of an "emergency." I therefore pointed out that in my judgment it was the Department's intention that "serious consideration" should be given to the Department's advice without delay and if the Americans in the categories specified should then decide, in the light of their own situation, that they should return to the United States immediate steps should be taken to obtain steamship reservations in view of the fact that a considerable length of time is required to obtain such reservations because of the heavy withdrawals from other sections of the Far East.<sup>19</sup>

For the reasons indicated above and because of the very uncertain political situation throughout the Pacific which may result in great difficulty and also hazards of ocean travel American authorities with little advance warning, I am of the opinion that the Department might well give these Americans especially women and children the type of advice which they seem to expect as indicated above. Elaborate plans have been made for the evacuation of British women and children from Thailand and a considerable number have already departed. It should be pointed out that the British problem of evacuation is without exception easier of solution than ours since they may withdraw to nearby British possessions whereas our nationals must return to the United States.

GRANT

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893.77 Manchuria/155 : Telegram

*The Consul at Mukden (Krentz) to the Secretary of State*

MUKDEN, July 23, 1941—3 p. m.  
[Received July 25—10:30 a. m.]

28. Railway announces effective tomorrow sale of round trip, season, excursion, limited express (Asia), sleeping car and platform tickets is suspended "for the time being." Stopovers, changes of route or destination, changes of class, and refunds for unused tickets will not be permitted. Luggage and express shipments are also drastically curtailed. Hand luggage will be limited to two pieces per passenger not exceeding one cubic meter and checked luggage to two pieces not exceeding 100 kilograms. We have been orally informed today that no tickets will be granted to foreigners destined to Rashin,

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<sup>19</sup> Minister Grant informed the Department in undated telegram No. 329, received July 4, of the departure for the United States of 28 members of American mission groups in Thailand, the majority of whom were women and children (390.1115A/489).

Seishin, Fusan or Dairen whether or not they are destined to Japan and that foreigners may leave for North China only with special permission of the authorities. Travel to Fusan is also restricted for Japanese.

Sent to Peiping. Repeated to Tokyo, Harbin, Dairen.

KRENTZ

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390.1115A/502 : Telegram

*The Consul General at Singapore (Patton) to the Secretary of State*

SINGAPORE, July 26, 1941—8 a. m.

[Received July 26—5:15 a. m.]

176. Reference last sentence paragraph 1 of the Department's 15, March 20, 6 p. m. My considered judgment is that the situation has not sufficiently deteriorated in consequence of apparent imminence of unopposed Japanese occupation of strategical zones in Indochina to render necessary at the [*this*?] time [the] issuance of warning to Americans to leave Malaya. While such a Japanese move admittedly constitutes threat to defenses of the British and Dutch possessions, consensus of informed opinion is that actual attack is not imminent as Japan will require several months to create and develop offensive bases from which to operate.

The foregoing interpretation does not take into consideration either the possibility of armed resistance by French colony which is considered extremely remote or the possible imposition against Japan by the United States and Great Britain either jointly or separately of economic and other measures so drastic as to be deemed by Japan sufficient cause to abandon the more cautious policy of complete preparation in favor of precipitate action.

American naval and military observers here concur with above.

PATTON

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393.1115/4969 : Telegram

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

PEIPING, July 27, 1941—9 a. m.

[Received 6:50 p. m.]

Following from Mukden :

"July 25, 11 p. m. Reference my 30, July 24, 5 p. m., and Dairen[']s July 23, 9 p. m. and July 24, 4 p. m. Confirming previous indications and clarifying the trend of policy, an American who held ticket for Fusan en route to Japan 3 days ago was yesterday finally definitely told he could not go to Fusan and would have his passage refunded. Upon inquiry he was told he could in theory go via Rashin but that unfortunately all steamship accommodations were full until Septem-

ber. He is now trying to get a booking to North China. Another American destined for United States has been endeavoring for several days to get a permit to proceed to North China but is being told each day 'come back tomorrow.' Other foreigners are meeting like tactics. It is difficult to escape the conclusion that Americans and others in Manchuria including consular officers are now virtually prisoners at large of the Japanese military forces operating on the continent.<sup>21</sup>

Sent to Peiping. Repeated to Tokyo, Harbin, Dairen. Krentz."

Sent to the Department. Repeated to Chungking, Shanghai.

BUTRICK

390.1115A/552

*Memorandum by the Adviser on Political Relations (Hornbeck)*

[WASHINGTON,] August 7, 1941.

Apparently the Army and/or the Navy have taken over from the American President Lines for Army and/or Navy use some 6 or 7 ships. They have, further, recently been making gestures toward taking over the S. S. *President Coolidge*. Mr. Grady<sup>22</sup> gave me during his recent visit here an account of the whole matter and advanced excellent reasons why the S. S. *President Coolidge* should *not* be taken over by the armed Services and should remain in the hands of the American President Lines. Developments of the past few days serve strongly to support the views expressed by Mr. Grady.—At the present time, this ship is the *only* important passenger ship other than Japanese operating on the Pacific. The service which she will be rendering shortly in bringing home American nationals from Manila, Hong Kong, Shanghai, (and possibly Japan) is of definite importance. There will probably be need for a good deal more of such service in the immediate future. Operation of the ship as at present and under the orders of a company president who understands the problems which confront this Department, who understands our attitude and methods, and who wishes and is prepared to give us one hundred percent cooperation affords us a setup in which there is a flexibility which would tend to disappear were this ship taken over by one or other of the armed Services. Mr. Grady is doing his best to persuade the Army and/or Navy to refrain from taking this ship. In my opinion, if, where and as it is possible for us discreetly to support Mr. Grady's effort, it would be in the interest of all concerned for us to do so.<sup>23</sup>

S[TANLEY] K. H[ORNBECK]

<sup>21</sup> In telegram No. 44, September 5, 11 a. m., the Consul at Dairen reported: "It is understood that all Americans who have recently attempted to pass in transit through Dairen have been refused the necessary visas" (393.1115/5009).

<sup>22</sup> Henry F. Grady, President of the American President Lines.

<sup>23</sup> Dr. Hornbeck's recommendations were approved by the Secretary of State and Under Secretary of State.

394.1115/28a : Telegram

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

WASHINGTON, August 7, 1941—6 p. m.

476. Further reference your 1177, August 6, 3 p. m.<sup>25</sup> In the light of your report that suggestion was made at the Foreign Office that the *President Coolidge* might possibly be sent into a Japanese port to pick up Americans, we suggest that, unless you perceive objection, you inquire of the Foreign Office whether, if the *Coolidge* should prove available, the Japanese Government would be willing to give assurances that the *Coolidge* would be allowed to enter and to leave a Japanese port, with treatment not less favorable, with respect to the ship, the cargo and the passengers than was accorded in American ports to the *Tatuta Maru*, *Heian Maru*, and *Asama Maru*, for the special purpose of taking on board American citizens who desire to depart for the United States. It is important in this connection to note that, although it became necessary for the *Tatuta Maru* to unload and leave her cargo in the United States, that cargo consisted of goods consigned to and/or already paid for by American purchasers. You should request that for the time being this inquiry be kept confidential. Should the officer or officers of the Foreign Office whom you consult raise a question regarding possible future reciprocal treatment, you should state that it is your understanding that this inquiry relates to the matter of the *Coolidge* only and that reciprocity in regard thereto is sought on the basis of treatment already accorded to three Japanese vessels.<sup>26</sup>

You will understand that this inquiry is purely exploratory and tentative and should have the Japanese so understand.

Department has not yet received your reply to its 473, August 6, 6 p. m.,<sup>25</sup> but is expecting momentarily to receive it.

HULL

394.1115/28 : Telegram

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

Tokyo, August 8, 1941—noon.

[Received August 8—4: 38 a. m.]

1191. Department's 473, August 6, 6 p. m. and 474, August 6, 8 p. m.<sup>27</sup>

1. An estimate of the number of Americans who would be able to take passage on the *President Coolidge* if sent to a Japanese port is being prepared and will be cabled shortly.

<sup>25</sup> Not printed.

<sup>26</sup> In telegram No. 1198, August 8, 8 p. m., Ambassador Grew reported that an inquiry was made of the Japanese Foreign Office on August 8 (394.1115/29).

<sup>27</sup> Neither printed.

2. In this connection the Department's attention is earnestly invited to the following considerations. The Japanese Government has informed us in effect that treatment accorded to Americans will be *pari passu* with the treatment accorded by the United States Government to Japanese.<sup>28</sup>

3. At present Americans wishing to leave (including United States Government officials) would (a) be unable to withdraw any funds from any bank without a permit; (b) be required to obtain a permit to leave the country; (c) be required to obtain a permit to purchase tickets; (d) be required to submit all effects including hand baggage to customs examination 24 hours prior to sailing; (e) be required to obtain permit to send effects out of Japan.

4. Unless therefore the Embassy can receive assurances that Japanese leaving the United States would be subject to no such restrictions, and unless such assurances can be conveyed to the Japanese Government a sufficient time before the possible sailing of the *Coolidge* so that the machinery can be put into motion for the lifting of the various restrictions listed above, it is doubtful whether most Americans wishing to leave would be able to avail themselves of the opportunity if it were to be presented.

5. It is accordingly urged that the foregoing considerations be laid before the Treasury Department to the end that an early decision be reached in the questions now before it.

GREW

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894.5034/24 : Telegram

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

Tokyo, August 8, 1941—4 p. m.

[Received August 8—9: 20 a. m.]

1194. 1. American firms here are facing a very serious situation. Their Japanese employees, sensing the possibility of these concerns having to discontinue business as a result of prevailing trading conditions, are demanding retirement allowances of from 1 to 2 months' pay for every year of service and in some instances an advance notice of 3 before being discharged. One American owned Japanese incorporated firm has received a demand from its employees for a 30% increase in salaries and the transfer to them of 55% of the only [common?] shares.

2. It is believed that the above demands are being made with the full approval of the Japanese authorities as some Americans have been

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<sup>28</sup> For freezing of Japanese assets in the United States, see *Foreign Relations*, Japan, 1931-1941, vol. II, pp. 266-267; also *Foreign Relations*, 1941, vol. IV, pp. 774 ff.



informed that no permit will be granted for their departure from this country until full satisfaction has been given their Japanese employees.

GREW

394.1115/38 : Telegram

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

[Extracts]

Тоkyo, August 11, 1941—11 p. m.

[Received August 11—1 : 23 p. m.]

1216. 1. The Counselor<sup>29</sup> this afternoon called on the Director of the American Bureau, at Mr. Terasaki's request.

2. Mr. Terasaki said that the position of his Government with regard to the possible visit of the *Coolidge* to a Japanese port was as follows, but that he wished to make it perfectly clear that this position was an entirely independent one and completely disassociated from the position of the American Government with regard to Japanese vessels:

[a] It was desired that the ship put in at Yokohama (rather than at Kobe). The vessel will be granted free entry and clearance. Supplies and fuel will be granted; special preparations already have been made, the permit of the purchase by the vessel of supplies in fuel. Steps have already been taken to enable the representative in Japan of the President Lines to deal directly with the Chief of the Bureau of Foreign Exchange in the Department of Finance for the release of funds covering purchases which might be made by the vessel. The regulations with regard to the examination of effects of passengers, permits for their departure, etc., will be generously applied in a friendly spirit.

(b) The route to be taken by the vessel while in Japanese waters is to be designated. (Mr. Terasaki said in explanation of this point that shipping in the Inland Sea and the Straits of Shimonoseki was "extremely congested" and it was probable that the vessel would be asked to proceed from Shanghai to Yokohama by the so-called "outside route".)

(c) The passengers to be embarked at the Japanese port of call are to be limited exclusively to American official personnel.

(d) Publicity to be avoided on both sides until after the departure of the *Coolidge* from the Japanese port.

3. Mr. Terasaki said that the only one [of] the points enumerated in the preceding paragraph which was regarded as a condition was the limitation of the passengers embarking in Japan to American official personnel.

<sup>29</sup> Eugene H. Dooman.

4. Mr. Terasaki concluded with a lengthy plea that the position which he had outlined be regarded by our Government, not as any indication of an attitude of *intransigence* on the part of his Government but rather to open the way for resumption [of] normal interchange of shipping.

5. An oral statement containing the substance of the Department's 487, August 9,<sup>30</sup> was handed to Mr. Terasaki who said that he would examine it in connection with the last sentence of sub-paragraph (a) paragraph 2 above.

GREW

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394.1115/30: Telegram

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

WASHINGTON, August 11, 1941—6 p. m.

492. Reference your 1202, August 9, noon, and 1205, August 9, 4 p. m.<sup>31</sup> Please review telegrams, Embassy's 1177, August 6, 3 p. m.,<sup>30</sup> and 1191, August 8, noon; also Department's 476, August 7, 6 p. m., and 487, August 9, 1 p. m.<sup>32</sup>

The S. S. *Coolidge* is due to leave Shanghai on the 14th. She is equipped to take on if she puts into a Japanese port, on a semi-emergency basis, approximately 200 passengers. It is necessary that we decide within the next 24 hours whether she is to be ordered to stop in Japan. We do not intend to keep the ship suspended anywhere. It is desired that you inform the Foreign Office of these facts and say that if your Government has not received within the time indicated satisfactory assurances which would warrant our asking the owners to send the *Coolidge* into Yokohama to pick up American passengers, we will be compelled to let the *Coolidge* adhere to her regular schedule, proceeding directly homeward without delay; and that, in that event, it will become necessary for us to inform our public that we have tried to make the arrangements under reference but have been unable to obtain from the Japanese Government any assurances.

Your 1216, August 11, 11 p. m., has just been received. This Government perceives no warrant and it believes that the American public would perceive no warrant for making a distinction under the circumstances between American officials and private American citizens who may desire to leave Japan at this time. In the cases of Japanese ships entering American ports after the freezing of Japanese

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<sup>30</sup> Not printed.

<sup>31</sup> Neither printed.

<sup>32</sup> No. 487 not printed.

assets in this country became effective,<sup>34</sup> both Japanese officials and private Japanese nationals were permitted to embark on Japanese vessels for return to Japan. The Department desires that you bring these considerations to the attention of the Foreign Office as soon as possible; that you state that this Government will not ask the *Coolidge* to call at Yokohama to pick up American official personnel only; and that you again ask whether the Japanese Government is prepared to offer satisfactory assurances previously suggested with respect to the ship, the cargo and the passengers. Please point out to the Foreign Office that in view of the shortness of time before the *Coolidge* is scheduled to sail from Shanghai it is necessary for us to reach a decision promptly. If the Foreign Office is prepared to give satisfactory assurances within 24 hours we will be enabled to make arrangements to have the *Coolidge* call at Yokohama; otherwise, the *Coolidge* will have to follow her regular schedule.

Please point out also to the Foreign Office that there is no way of avoiding publicity here with regard to the question of the call of the *Coolidge* at a Japanese port.

Please keep in mind that the question of these arrangements is *ad hoc* and is not to be associated with future problems, which will have to be dealt with as the situation further develops, regarding shipping, et cetera, between the two countries.

HULL

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394.1115/41 : Telegram

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

[Extract]

Tokyo, August 13, 1941—4 p. m.

[Received August 13—9:45 a. m.]

1228. Embassy's 1225, August 12, 9 p. m.<sup>35</sup>

1. In order to avoid any possible misunderstanding by the Foreign Office of our Government's views the Counselor at my direction called this morning on the Director of the American Bureau and read to him the substance of the Department's 492, August 11, 6 p. m.

2. Mr. Terasaki thereupon said that the spirit and intent of his suggestion that the *Coolidge* be brought into a Japanese port had been entirely misunderstood. He regretted that the assurances which we requested and as formulated by us could not be granted. In his opin-

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<sup>34</sup> See Executive Order No. 8832 of July 26, 1941, *Foreign Relations, Japan, 1931-1941*, vol. II, p. 267.

<sup>35</sup> Not printed.

ion the reply which he had given us on August 11 (Embassy's 1216, August 11, 11 p. m.) except for the limitation to American personnel of persons to embark here was in effect an affirmative reply to our request for assurance [with] respect to the ship, cargo and passengers. He could not entertain the formula with regard to the assurances suggested by us for the reason that strong resentment is felt here over the severe treatment accorded the *Tatuta* which he said was actually under seizure for a brief period, and her embarking passengers; and he felt that if the assurances as requested were given, a demand might arise in Japan for retaliatory action here against the *Coolidge* and her passengers. He felt very strongly that this was to be avoided at all cost.

3. He then said that the discussions had taken a turn entirely contrary to the hopes which he had entertained when he put forward his suggestion with regard to the *Coolidge*, which was made in the belief that if carried out it would tend to relax the political tension. He said that he would withdraw his suggestion and that he hoped that the "situation might be regarded as having reverted to that which prevailed" before the making of his suggestion.<sup>36</sup>

GREW

394.1115/38 : Telegram

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

WASHINGTON, August 13, 1941—6 p. m.

497. The Department has noted in your 1216, August 11, 11 p. m. the statement by Mr. Terasaki that persons embarking in the United States on the *Tatuta Maru* upon its most recent departure for Japan were subjected to extremely rigid treatment. It is suggested that the Embassy inform the Foreign Office that the examination of the passengers embarking upon the *Tatuta* and the *Heian* had as its sole purpose nothing more than the enforcement of new regulations with a view to preventing the removal of securities, currency or evidences of ownership in excess of the amounts allowed under the freezing orders. This purpose obviously could only be accomplished through such an examination. Incidentally, this Government had substantial and convincing evidence that an effort was being made by some person or group to remove from this country and on to the *Tatuta*

<sup>36</sup> The Department's telegram No. 507, August 16, 2 p. m., informed the Embassy in Japan that the *Coolidge* would not call at a Japanese port. For the Department's press release No. 402 of that date, see Department of State *Bulletin*, August 16, 1941, p. 135.

several million dollars worth of securities. In the case of the *Heian Maru*, at least, the passengers were interviewed prior to the date of sailing, which avoided many difficulties. The Embassy may also wish to point out that according to official reports from the port authorities at Seattle, officials of the NYK line and of the Japanese Consulate at Seattle expressed appreciation of the manner in which the Collector of Customs and the Supervising Customs Agent at Seattle handled the arrival, unloading, and departure of the *Heian Maru*. Although the Department has not been specifically informed in regard to the attitude of the Japanese consular and NYK officials in connection with the handling of the *Tatuta*, it has received not one complaint and it has neither evidence nor any reason to doubt that the passengers were treated with any lack of courtesy or consideration.

HULL

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840.51 Frozen Credits/3070b : Telegram

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

WASHINGTON, August 14, 1941—7 p. m.

503. The Department assumes that, on the basis of information which you have received from us in regard to the liberal treatment accorded Japanese nationals in this country in respect to withdrawal of funds from banks and freedom of movement, you have been endeavoring to persuade the Japanese Government to take steps to alleviate the situation of American citizens in Japan as described in section 3 of your 1171, August 5, 3 p. m.<sup>87</sup> and in other telegrams, especially as regards the question of various restrictions on travel including the number and variety of travel permits.

While this particular question is one of a number which form the subject of a separate communication to you, the Department feels it should be given special attention and we should appreciate being informed whether the efforts of the Embassy have been successful in causing any relaxation of travel restrictions. In this connection the Department has in mind the consideration that it should be possible over a reasonable period of time for a considerable number of American citizens to proceed to Shanghai with a view to obtaining therefrom passenger accommodations to the United States either direct or via Manila.

Sent to Tokyo via Shanghai.

HULL

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<sup>87</sup> Not printed.

394.1115/79a : Telegram

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

WASHINGTON, August 25, 1941—2 p. m.

533. 1. You are authorized in your discretion to use, in whole or in part, the following information in discussions with the Foreign Office regarding the treatment of American citizens in Japan.

2. Japanese nationals desiring to leave this country are not being prevented from leaving, and since July 1, approximately 700 Japanese nationals have departed. Providing they comply with existing regulations, no obstacles are being placed in the way of 17 Japanese subjects, including a Japanese Government official and employees of Japanese commercial firms who now desire to depart on Japanese vessels from San Francisco.

3. At this time and under existing circumstances it is the Department's practice not to refuse arbitrarily authorization for the issuance of visas to Japanese subjects. Each case is at present being considered on its individual merits and in the same manner as the applications of persons of other nationalities.

4. During the month of July the Department issued 11 diplomatic and 26 official visas to Japanese subjects. No applications for diplomatic visas were refused during the same period. From August 1 to 20 the following visas were issued to Japanese Government officials or members of their families: diplomatic, 1; official, 3; transit, 2.

5. The Department's records indicate that since July 1 only one visa to a non-official Japanese has been refused among those cases on which final action has thus far been taken. Action has, however, in some instances been delayed. There are pending some 15 non-official and 5 official visa cases which are receiving the Department's careful consideration. Three official visas during July and one during August were refused. Two transit certificates to officials were refused after August 1. These refusals were made not for the reason that the applicants are Japanese.

HULL

394.1115/74 : Telegram

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

SHANGHAI, September 1, 1941.

[Received September 1—2: 30 a. m.]

1194. Fifty-nine Americans reached Shanghai August 30th aboard *Tatuta Maru*, including 10 Foreign Service personnel, 9 Army officers, 4 Navy officers, 1 Navy wife and 1 Navy child.

Huffman and Smith sailed *Garfield* today for Bombay.

LOCKHART

394.1115/87b : Telegram

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

WASHINGTON, September 10, 1941—9 p. m.

582. For your information and for possible use in conversations which you may have with the Foreign Office looking to facilitating the departure from Japan of Americans desiring to leave, the following account of current and recent departures of Japanese from the United States and its possessions is given :

Among the passengers booked in New York (there may be more booked in San Francisco) on the *President Taylor* sailing from San Francisco September 9 are 10 Japanese bankers and businessmen and 13 Japanese officials who accompanied Mr. Matsuoka<sup>38</sup> to Europe returning from Berlin. No obstacle of any kind was placed in the way of releasing funds for payment of passage of these persons and upon departure they will be given every consideration compatible with freezing control requirements.

Between July 26 and August 31 864 Japanese sailed from Manila, chiefly on the steamships *Marechal Joffre*, *Khai Dhin* and *D'Artagnan*. In the case of the first two ships the examination of Japanese passengers was conducted on board ; in the case of the third ship on the pier. At such examinations no search, so far as known, of any person took place, wallets and some of the baggage only having been examined. In no instance was money impounded, but a few Japanese Government loan certificates and stock certificates in Japanese insurance companies were taken up. These certificates are now being held in the High Commissioner's office awaiting delivery to a local bank pursuant to a Treasury Department ruling. The Japanese passengers on the three ships were courteously treated and Domei representative's report of improper treatment is without truth. The Japanese Consul General at Manila states that he has received no report of ill treatment of departing Japanese. The three vessels suffered no difficulties or inconvenience as a result of the examination, except that the first two named were unavoidably delayed 5 or 6 hours because of the large number of persons to be examined.

Sent to Tokyo via Shanghai. Repeated to Chungking and Peiping.

HULL

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<sup>38</sup> Yosuke Matsuoka, Japanese Minister for Foreign Affairs until July 16, who visited Europe in March and April ; he was succeeded by Admiral Teijiro Toyoda.

393.1115/5017a : Telegram

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

WASHINGTON, September 20, 1941—3 p. m.

601. Dairen's 50, September 11, 11 a. m., and 51, September 12, 1 p. m.,<sup>39</sup> departure of Americans from Dairen. Supplementing the Department's 582, September 10, 9 p. m., the following information is given in regard to the treatment which was accorded Japanese passengers who left San Francisco on the *President Taylor*, September 9:

Diplomatic officials among these passengers were allowed to take with them without a permit up to \$1,000; others up to \$200. There were no restrictions on the personal effects, on the food-stuffs, or, where no question of violation of postal laws or of the Federal Espionage Act<sup>40</sup> was involved, on the papers and records which these passengers took with them. They were also allowed to take without restrictions merchandise up to \$25 in value, but a license was required to carry out any article of merchandise valued over \$25. A general "spot check" (perfunctory inspection) of baggage was made except where the Customs had reasons to be suspicious, when they went through the baggage thoroughly.

In this connection the High Commissioner at Manila has been asked to repeat to you his 401, September 12, 6 p. m.,<sup>41</sup> concerning the denial by Japanese sources of charges of harsh treatment of Japanese leaving the Philippines and concerning the unmolested call at Davao of the *Kashima Maru*.

The Department desires that you bring the case reported in Dairen's telegram under reference to the attention of the Foreign Office, contrasting the obstructive tactics and studied severity of the Dairen police (and other like cases on record in your recent files) with the expeditious, generous and courteous treatment accorded departing Japanese by American and Commonwealth authorities.

Sent to Tokyo via Shanghai. Repeated to Chungking and Peiping.  
HULL

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<sup>39</sup> Neither printed. The Consul reported drastic regulations and limitations on baggage and funds of American citizens seeking to leave Dairen (393.1115/5011, 5013).

<sup>40</sup> Approved June 15, 1917; 40 Stat. 217.

<sup>41</sup> Not printed.



800.8890/852½

*Memorandum by the Chief of the Division of Far Eastern Affairs  
(Hamilton)*

[WASHINGTON,] October 3, 1941.

There are only a few American passenger ships now operating to and from Far Eastern ports. One result is that passenger accommodations are extremely limited. At the present time, due to the political situation in China and in Japan and in the Far East in general, a certain number of Americans (from fifty to one hundred) are returning from Far Eastern ports to the United States for more or less permanent residence. It is highly desirable that these American citizens who wish to return to this country by normal means have normal facilities available for their return as long as feasible. The alternative would be that the Government would have to send a special evacuation ship to the Far East. The longer that can be deferred and American citizens be permitted to return in the normal way the better it is from the general viewpoint of our relations with Far Eastern countries.

Moreover, as long as American passenger vessels are engaged in a regular service from the United States to Far Eastern ports, the Government is in position, should a special emergency arise at any particular point in the Far East, to proceed with comparative rapidity toward making any special arrangement for diversion of a ship to a particular port to meet a particular emergency. Should the largest American vessel in the Far Eastern service be taken over by the War Department, the War Department might have to use the vessel to proceed to some point where it could not be made readily available for emergency Far Eastern purposes (evacuation of American nationals).

From a general political point of view it is important that passenger and shipping facilities between the United States and points in the Far East such as Manila and points from which travelers can proceed to free China and Malaya be maintained. There are only a few ships in such service now. The number of American ships in such service is very small. The American clipper service has but limited passenger accommodations. As indicated, there is definite need to maintain means of maintaining our contacts. Disruption or lessening of those means would be bound to have an adverse practical as well as psychological effect.

In view of the foregoing it seems highly desirable that, unless the War Department has urgent and compelling reasons to take over the *Coolidge* at this time, the *Coolidge* be permitted to remain under private operation and on its regular Far Eastern schedule.

On September 23 the Secretary of State addressed a letter to the Chairman of the Maritime Commission<sup>42</sup> pointing out the desirability of American ships with passenger accommodations continuing their service in the Far East and in such a way as to continue to take care of the needs of American citizens who might desire to return to the United States.

M[AXWELL] M. H[AMILTON]

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394.1115/129

*Memorandum of Conversation, by the Assistant Chief of the Division of Far Eastern Affairs (Adams)*<sup>43</sup>

[WASHINGTON,] October 7, 1941.

Mr. Matsudaira and Mr. Takagi<sup>44</sup> called upon their own initiative.

Mr. Matsudaira handed to Mr. Adams the attached copy of a statement entitled "Oral"<sup>45</sup> in regard to "the resumption of shipping between Japan and the United States." Mr. Matsudaira said that the Japanese Ambassador had spoken to the Secretary of State in regard to the matter of sending one or more ships from Japan to the United States for special reciprocal repatriation purposes.

Mr. Langdon<sup>46</sup> and Mr. Adams, after reading the oral statement, said that the purpose of the proposed visits was stated to be the resumption of shipping between Japan and the United States, whereas the conversations which had taken place in regard to the matter had dealt with the question of a specific voyage for a specific purpose. Mr. Matsudaira replied that the purpose was in substance the same, despite the wording of the statement.

Mr. Matsudaira said that today was the eighth in Japan and as the ship was scheduled to sail on the eleventh, he wondered whether a reply could be made today. Mr. Adams replied that he doubted whether a reply could be made today and that he could give no assurance as to when a reply would be made. Mr. Adams stated, however, that the matter would be placed promptly before the higher authorities for consideration.

Mr. Adams asked Mr. Matsudaira whether it was proposed that the three ships named in the oral statement, which are designated Government requisition ships, would be manned by Japanese naval crews. Mr. Matsudaira replied that these ships would be requisitioned by the Department of Communications of the Japanese Government and would be under its operation and would be manned by civilian crews. Mr. Matsudaira also said that no question of cargo was involved.

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<sup>42</sup> Rear Adm. Emory S. Land.

<sup>43</sup> Initialed by the Chief of the Division (Hamilton).

<sup>44</sup> First and Third Secretaries of the Japanese Embassy.

<sup>45</sup> Not printed.

<sup>46</sup> William R. Langdon, of the Division of Far Eastern Affairs.

394.1115/129

*The Department of State to the Japanese Embassy*<sup>47</sup>

## ORAL

Reference is made to the oral statement of October 7<sup>48</sup> which an officer of the Japanese Embassy left with an officer of the Department on that date in regard to the question of the sending by the Japanese Government to the United States of three ships requisitioned by the Japanese Government.

The Government of the United States has no objection to the visit of the three Japanese vessels in accordance with the schedule of dates set forth in the Japanese Embassy's communication.

With regard to the desire of the Japanese Government that this Government give a guarantee that the three Japanese ships will not be detained through claims on cargo or other causes, there is no legal way in which the Government of the United States could prevent private individuals in this country having claims against Japanese shipping companies from exercising their legal right to institute legal proceedings which might operate to affect the freedom of movement of the vessels. However, in case the Japanese Government formally notifies this Government that the three vessels in question have been requisitioned by that Government, and should legal proceedings be instituted by private parties against the vessels, this Government would be prepared with a view to freeing the vessels of any impediment arising from the institution of legal proceedings to bring to the attention of the appropriate judicial authorities such information as the Japanese Embassy might furnish this Department showing that the vessels in question were requisitioned. Any request of this sort from the Japanese Embassy should be accompanied by a copy of the order of requisition and should state that the vessel is on a mission for the Japanese Government.

The vessels will be permitted to take on board necessary supplies of fuel and stores sufficient to enable them to return to a Japanese port.

Trade between the United States and Japan is of course subject to this Government's freezing regulations. This Government understands, however, that the question of cargo is not involved in the proposed visit of the three Japanese vessels to the United States as presented in the Japanese Embassy's communication on October 7.

With regard to the desire of the Japanese Government that the fact that the three Japanese ships in question have been requisitioned by

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<sup>47</sup> Handed on October 8 by the Assistant Secretary of State (Acheson) to the Counselor of the Japanese Embassy (Iguchi).

<sup>48</sup> Not printed.

the Japanese Government be not made public, this Government believes that in order to discourage possible legal proceedings it would be both necessary and definitely advisable to make clear from the outset, at least in the United States, that the vessels in question are under requisition of the Japanese Government. There would be no way to avoid publicity should this Government be asked to acquaint a court with the fact that a vessel is under requisition. In these circumstances this Government would favor the giving of appropriate publicity to the matter at the outset.

Note has been made of the statement in the Japanese Embassy's communication to the effect that passage will be provided on the three Japanese vessels in question, according to indicated schedule, for those Americans wishing to sail from Japan for the United States.<sup>49</sup> The Department of State will expect, as suggested, to instruct the American Embassy in Tokyo to forward to the Japanese Foreign Office lists of the prospective American passengers.

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394.1115/126a : Telegram

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

WASHINGTON, October 15, 1941—9 p. m.

669. The Counselor of the Japanese Embassy was asked to call at the Department on October 14 and during the course of a conversation with an officer of the Department the latter referred to the fact that one of the announced purposes of the visit to the United States of the three Japanese Government requisitioned vessels now scheduled to come to this country was to bring from Japan to the United States American citizens who might desire to take the opportunity offered to return to their homeland. The officer said that we had received reports in regard to the multiplicity of permits required by the Japanese authorities of American citizens desiring to depart from Japan and suggested that it would seem desirable, especially as such short notice was being given to Americans to make necessary arrangements, that the departure of American citizens be facilitated in every possible way. He expressed this Government's hope that the Japanese Government would take steps to see that procedure enabling American citizens to depart from Japan would be expedited. He added that he felt sure that Mr. Iguchi would recognize the desirability of avoiding any situation arising over delays in procedure attending the departure of American citizens which would cause an unfavorable public reaction in this country.

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<sup>49</sup> See press release No. 489 issued by the Department on October 11, Department of State *Bulletin*, October 11, 1941, p. 276.

Mr. Iguchi said in reply that he fully appreciated the importance of this matter and would take it up with his Government.

HULL

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394.1115/133

*Memorandum of Conversation, by Mr. Frank A. Schuler of the  
Division of Far Eastern Affairs*<sup>50</sup>

[WASHINGTON,] October 20, 1941.

Mr. Takagi called this afternoon at his request. He began by saying that the Foreign Office was making every effort to facilitate the departure of Americans from Japan. As an indication of the efforts being made in this direction he presented the attached oral statement.<sup>51</sup> He added that the Foreign Office had prevailed upon other agencies of the Japanese Government to relax materially the enforcement of regulations governing the departure of Americans from Japan. Mr. Takagi stressed the word "Americans". He said that the Embassy here had cabled the Foreign Office about complaints in the American press of mistreatment of Americans departing from Japan. The Embassy had now been informed that the Foreign Office wished to correct the impression that difficulties were being placed in the path of Americans who desired to leave on the three ships requisitioned by the Japanese Government, the explanation being proffered that any delay in the departure of Americans was due simply to the speed with which arrangements were made for the three vessels.

Mr. Schuler commented that it was gratifying to learn that efforts were being made to relax these restrictions; that as Mr. Takagi undoubtedly knew the corresponding American regulations were neither as onerous nor were they applied as strictly. Mr. Takagi interrupted to say that the Embassy was fully aware that the American regulations were less cumbersome and less strictly applied, adding that the Japanese Embassy here felt assured that the treatment of Japanese leaving the United States on the three ships would be fair without any action on the part of the State Department and that in fact no action was desired.

Mr. Takagi said that the Embassy was interested, however, in obtaining urgent and favorable action upon its request for special treatment for some sixty Japanese whose re-entry permits had expired and who desired to sail on the remaining one of the three ships being sent to the United States. Mr. Schuler told Mr. Takagi that the question was receiving the active consideration of high officers in the Department and that every effort would be made to expedite a reply.

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<sup>50</sup> Initialed by the Chief of the Division (Hamilton).

<sup>51</sup> Not printed.

394.1115/123 : Telegram

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

Тоkyo, October 22, 1941—5 p. m.

[Received October 22—10 a. m.]

1672. A note, number 118, American I, dated October 20, has been received from the Foreign Office stating that since the enforcement of freezing of Japanese assets American officials have conducted strict examinations of the baggage and household effects of returning Japanese nationals, and that in not a few cases the persons of passengers have been searched; that as long as this situation continues the Japanese Government will be obliged to adopt similar tactics; but that in order to prevent the rise of undesirable sentiments between the two countries the Japanese Government will adopt the procedure outlined below on a reciprocal basis as soon as the American Government agrees thereto. A prompt reply is requested.

The proposals are translated as follows :

“(1) As a general rule, no search of persons of bearers of official passports will be made unless there is reason for suspicion.

(2) Although bearers of official passports are required to submit detailed lists of their baggage and household effects, when it is deemed necessary only a portion thereof shall be opened and examined, and as a general rule the whole of such baggage and household effects will not be opened or examined.

(3) As a general rule, and when there is no reason for suspicion, there will be no personal search of other passengers.

(4) Although when it is deemed necessary all the baggage and household effects of other passengers will be opened and examined, as a general rule normal examination procedure will be followed.

(5) As a general rule, the Imperial Japanese Government at present is permitting persons leaving the country to take with them, in the form of drafts, letters of credit, currency, et cetera, up to \$200, and an additional \$100 for a wife and \$50 for each child; bearers of diplomatic passports are permitted to take out up to five times the above amounts. If, however, the Government of the United States grants permits exceeding the above amounts, the Imperial Japanese Government will act accordingly.

(6) Permits will be granted for the baggage and personal effects of persons leaving the country after taking into consideration the personal status, rank, and assets of the individual concerned.

(7) With reference to the baggage and household effects of bearers of diplomatic passports, no permit to export without exchange will be necessary.”

GREW

394.1115/138

*The Secretary of State to the Japanese Ambassador (Nomura)*

The Secretary of State presents his compliments to His Excellency the Japanese Ambassador and has the honor to acknowledge the receipt of his communication no. 295 of October 16, 1941<sup>52</sup> regarding the proposed visits to United States ports of the steamships *Tatuta Maru*, *Hikawa Maru*, and *Taiyo Maru*, which have been requisitioned by the Japanese Government.

The Secretary of State has informed the Attorney General that he accepts as true the statements contained in the Ambassador's communication and recognizes and allows the claim of immunity made by the Japanese Government. The Secretary of State has requested the Attorney General to bring the matter to the attention of the appropriate courts having jurisdiction in the ports of this country and of the Territory of Hawaii to be visited by the vessels and to take such steps as may be necessary to the end that their immunity may be recognized by the courts.

WASHINGTON, October 23, 1941.

393.1115/5046 : Telegram

*The Vice Consul at Dairen (Richardson) to the Secretary of State*

DAIREN, October 25, 1941—9 a. m.  
[Received October 27—8:50 a. m.]

Reference the Embassy's telegram of October 23, 5 p. m. [to Dairen]. Police interference with the Consulate has entirely stopped. From the viewpoint of reciprocity, however, the treatment of Americans in the Kwantung leased territory leaves much to be desired. An American citizen who is returning to the United States applied for foreign exchange to the value of United States dollars \$250 but was allowed only \$100, although Japanese leaving the United States can take with them \$500 without formalities.<sup>53</sup> (This difference in treatment, in addition to causing more inconvenience to Americans than to Japanese, reduces Japanese frozen credits in the United States more rapidly than American credits in Japan are reduced.)

Another American citizen who is returning to the United States on a visit was refused permission to take with him a ring, his watch, cuff links and necktie pin until a local resident gave a written guarantee that the traveler would bring the articles back with him when he returned.

<sup>52</sup> Not printed.

<sup>53</sup> Marginal notation by the Assistant Secretary of State (Acheson): "\$250 is the correct figure. D. A."

Chase<sup>54</sup> and I are very anxious to ship to the United States our household effects which include a considerable proportion of Chase's total effects and all of mine. On August 18 the Consulate reported to the Embassy at Tokyo that the local authorities demanded a detailed list of the effects to be shipped to be submitted with the application for permission to ship. The Embassy took up the question with the Foreign Office at Tokyo and on September 17 informed the Consulate that the Foreign Office had stated that the Japanese Embassy at Hsinking had stated that while no special permit from the Japanese Ambassador to Manchukuo (who is concurrently the chief official of the Kwantung Government) was necessary for the shipment of our effects, it would be advisable to request through the Embassy at Hsinking "customs privileges."

This was done on September 20. No answer, nor even an acknowledgement of the request, has yet been received.<sup>55</sup> This was reported on October 13 to the Embassy at Tokyo, which immediately made further representations to the Foreign Office, which promised every assistance.

The Consulate has just been told informally and unofficially that it has been decided by the authorities of the Kwantung bureau in Hsinking that we must make application for permission to ship listing every individual article in each packing case and giving the value of each article.

This would involve unpacking, listing and repacking of all articles in use in two houses of medium size, which in addition to taking a long time would be very expensive.

The Consulate has been unable up to the present to obtain written confirmation of the above mentioned decision of the authorities in Hsinking or even any indication that our request is being considered.

From the constant delay and the new demands continually brought forward it appears obvious that Hsinking authorities, probably directed by the economic section of the Kwantung army, which has ultimate control in Manchuria over export and import permits are actuated not by a desire to enforce regulations but by the wish to obstruct and if possible and [*sic*] to prevent the shipment of our effects without giving direct refusal.

Sent to Peiping, repeated to Tokyo.

RICHARDSON

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<sup>54</sup> Augustus S. Chase, Consul at Dairen, who was ill.

<sup>55</sup> Marginal notation by the Adviser on Political Relations (Hornbeck): "I think it is time (high time) for retaliation—which would be easy. SKH." To this Mr. Acheson added: "I agree. DA." On November 18, however, Mr. Hamilton initialed a memorandum to Dr. Hornbeck which concluded that "there is no need for Departmental action on the telegram under reference, at least not until we hear that the Japanese in Dairen are not abiding by the procedure governing departing Americans to be established by the Japanese Government on a reciprocal basis."



393.1163 Am 31/98: Telegram

*The Counselor of Embassy in China (Butrick) to the Secretary of State*PEIPING, October 29, 1941—1 p. m.  
[Received November 2—2:23 p. m.]

329. General Secretary Ballou of the American Board Mission here has received the following telegram from the Board's China Secretary in Boston.

"Interpret developments to mean chances homeward travel next summer increasingly small, consider unwise further delay in following previous advice to those whom we deem should leave ultimately."

Ballou called on me this morning and asked if I had any information which I could convey to him regarding possibility of hostilities in the Far East. I replied I had none but that personally I felt that the advice of the China Secretary was excellent and that the shipping situation is becoming increasingly acute and that Americans who are hesitating between remaining and leaving should leave as soon as possible. He stated that while Americans here had on four occasions in the past year received a suggestion from the Embassy that those who were not essential to their respective organizations should return to the United States no similar suggestion had been made to those deemed essential. He asked if we were now ready to make such suggestion to those persons and I replied that so far as I was aware there had been no change in the Department's suggestions as previously conveyed to him.

BUTRICK

394.1115/118: Telegram

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

WASHINGTON, November 1, 1941—4 p. m.

198. Reference your recent confidential telegram.<sup>56</sup> The Department considers it questionable whether renewed suggestions to American citizens to leave occupied China would greatly expedite or increase the departure of Americans at this time. The Department assumes that you and other officers in occupied China are continuing to inform American inquirers that the Department's withdrawal policy remains in effect. Department does not, however, desire you to take a new initiative in the matter, and you should give no publicity to the

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<sup>56</sup> No. 303, October 13, noon, not printed.

present instruction. You and the other officers in occupied China should simply remind those persons who may inquire that there has been no change in this Government's policy in regard to the withdrawal of certain categories of American citizens, as set forth in previous instructions.

The Department, of course, desires to be kept informed of developments affecting the safety of Americans in occupied China so that it may be in a position to take such action as developments may make necessary or desirable.

Repeat to Chungking and to all offices in occupied China.

HULL

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394.1115/123 : Telegram

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

WASHINGTON, November 2, 1941—2 a. m.

711. Your 1672, October 22, 5 p. m., Customs procedure for departing nationals. The Commissioner of Customs reports that the procedure attending the examination of Japanese leaving this country is as follows:

(1) Japanese nationals having diplomatic status are exempted from the usual Customs examination and are not required to submit a detailed list or itemization of the contents of their baggage. Diplomatic and consular officials may also take with them without license up to \$1000 in cash, travelers checks or drafts;

(2) In principle Japanese officials not having diplomatic status are treated in the same way as ordinary passengers (see below), except of course that the courtesy due their rank is shown;

(3) Ordinary passengers of Japanese nationality may take with them up to \$200 in cash, travelers checks or drafts. A license is required for any larger sum or for any securities or for any other things of abnormal value exclusive of personal effects. In order to insure compliance with these rules, reasonable search of persons and effects shall be made, viz., an ordinary inspection of baggage is made on the spot, except where there is reason to be suspicious, when baggage is examined minutely, and if necessary, persons searched. For the convenience of passengers in facilitating the examination, a list of articles to be taken out may be submitted in advance.

(4) There are no restrictions on reasonable amounts of personal effects or on personal foodstuffs, or, where no question of violation of postal laws or of the Federal Espionage Act is involved, on papers or records taken out by Japanese passengers. Merchandise valued up to \$25 also may be taken out by these passengers without license.

As the procedure outlined above does not materially differ from that proposed to be adopted by the Japanese Government on a reciprocal basis subject to the agreement of the American Government, taking into consideration of course the requirements of the respective related laws of the two countries, and as this procedure is already in force in the United States, the American Government is of the opinion that there is little advantage to be gained in entering into a formal arrangement such as that proposed by the Japanese Government in its note No. 118 American 1, dated October 20. Accordingly, this Government hopes that in view of the actual procedure followed by the American Customs authorities, the Japanese Government will on its part without delay put into effect the procedure laid down in its note aforesaid. In this connection, you may in your discretion state to the Foreign Office that the information in this Government's possession suggests that the procedure attending the departure of Americans from Japan since July 26 has been far stricter than that attending the departure of Japanese from the United States and has involved real hardships for Americans. On the *Tatuta Maru* sailing from Kobe for Shanghai on August 28, for instance, such Americans were only allowed to take with them without license up to yen 50 and not more than five pieces of baggage containing only clothing and personal effects of nominal value. You may in your discretion mention similar restrictions enforced at the time of other sailings that may be known to you.

HULL

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894.1115/142: Telegram

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

Tokyo, November 10, 1941—3 p. m.  
[Received November 11—9:56 a. m.]

1777. Department's 711, November 2, 2 a. m., proposed reciprocal agreement for treatment of passengers. The substance of the Department's telegram was conveyed to the Foreign Office in third-person note number 1956 dated November 5, 1941. After consulting with the Department of Finance the Foreign Office says that it would like to know the attitude of the American authorities toward funds to be taken out by members of families of departing passengers. See Embassy's 1672, October 22, 5 p. m.

Sent to the Department via Shanghai.

GREW

894.85/657 : Telegram

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

TOKYO, November 18, 1941—6 p. m.  
[Received November 18—6:49 a. m.]

1820. The Foreign Office today handed to a member of my staff an "oral" statement as follows:

"1. The Japanese Government wishes to despatch the M. S. *Tatuta Maru* as a government-requisitioned ship to Los Angeles and Balboa via Honolulu, leaving Yokohama on or around the 25th instant.

2. With regard to the voyage of the *Tatuta Maru*, the Imperial Japanese Government wishes that the Government of the United States would guarantee, on the same conditions as the last voyage of the said ship, freedom of ingress and egress of the ports mentioned above and the necessary supplies such as fuel, water, and food, of which payment would be made from the Japanese frozen funds in the United States.

3. The Japanese Government is prepared to accord every possible facility to those American nationals who wish to return to the United States on the *Tatuta Maru*. Since it is desirable to notify the American nationals in Japan with enough time, it is hoped that the United States Embassy would advise its Government to reply favorably at the earliest possible opportunity [concerning the visit of the?] vessel to Balboa the Foreign Office stated that [because of the?] enforcement against Japanese nationals residing in Panama of the Panamanian occupation law the Japanese Government desires to provide its nationals with transportation for their return to Japan. The hope was expressed that the American Government would, if only from a humanitarian point of view, assent to the entry of the vessel into Balboa."

The Embassy recommends favorable consideration.

GREW

894.85/657 : Telegram

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

WASHINGTON, November 20, 1941—3 p. m.

762. Your 1820, November 18, 6 p. m., visit of *Tatuta Maru*. The Department desires that you reply to the oral statement of the Foreign Office along the following lines:

"1. The Government of the United States has no objection to the visit of the Japanese-Government-requisitioned ship *Tatuta Maru* at Honolulu, Los Angeles and Balboa as proposed in the oral statement handed to the Embassy by the Foreign Office on November 18.

2. With regard to the desire of the Japanese Government that this Government give a guarantee that the *Tatuta Maru* will have freedom of ingress to and egress from the ports mentioned above and will be

allowed to obtain necessary supplies of fuel, water and food and to pay for such supplies from Japanese frozen funds in the United States, the Government of the United States would be prepared (1) in case the Japanese Embassy in Washington formally notifies the Government of the United States that the *Tatuta Maru* has been requisitioned by the Japanese Government, to bring to the attention of the appropriate judicial authorities, with a view to freeing the vessel of any impediments arising from the institution of legal proceedings, such information as the Japanese Government might furnish showing that the ship was requisitioned; (2) to permit the vessel to take on board necessary supplies of fuel and stores sufficient to enable it to return to a Japanese port and to extend facilities for the payment of such supplies out of blocked funds arising from passenger fares collected in the United States. (Note: the above-mentioned formal notification by the Japanese Embassy of the requisitioning of the *Tatuta Maru* by the Japanese Government should state that the vessel is on a mission for the Japanese Government and should be accompanied by a copy of the order of requisition.)

3. Trade between the United States and Japan is of course subject to this Government's freezing regulations. This Government understands, however, that the question of cargo is not involved in the proposed visit of the *Tatuta Maru*.

4. In order to avoid misunderstanding, this Government wishes to make clear to the Japanese Government that, as the United States postal authorities are in process of formulating new general procedures for handling of transoceanic mails, this Government cannot make any commitment in regard to the carrying of American mail on the *Tatuta Maru*.

5. Note has been made of the Japanese Government's readiness to accord every possible facility to American nationals wishing to return to the United States on the *Tatuta Maru*. This Government assumes that the Japanese Government will give full publicity to the sailing so that knowledge of it will reach all Americans in Japan in due time to avail themselves of the sailing if desired."<sup>57</sup>

Sent to Tokyo via Peiping. Repeated to Chungking.

HULL

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390.1115A/587: Telegram

*The Minister in Thailand (Peck) to the Secretary of State*

BANGKOK, November 22, 1941—9 a. m.

[Received 9:04 a. m.]

528. Department's 29, February 20, 4 p. m. American citizens now in Thailand number 128 of whom 36 men and 36 women and children are in Bangkok. Of 30 Filipinos 17 are in the capital. I am of the

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<sup>57</sup> In his despatch No. 6002, December 4, Ambassador Grew transmitted a note from the Japanese Foreign Office dated December 1, together with a schedule for the sailing of the vessel on December 2, from Yokohama (894.85/681). See also note from the Secretary of State to the Japanese Ambassador, December 5, 1941, *Foreign Relations, Japan, 1931-1941*, vol. II, p. 273.

opinion that the situation renders it desirable to reduce this number. I have discussed the matter with the British Minister. He shares my view of the gravity of the outlook but is very apprehensive lest news of a "warning" may produce undesirable reactions. We agreed nevertheless to recommend to our respective governments that our nationals be reminded of the statements issued to them last February. I have reasons for thinking that many American citizens are currently expecting some such notification from the Legation. The difficulties which I anticipate will confront American citizens, especially those outside the capital, may be expected to arise from a Japanese invasion of this country and/or interruption of communications because of hostilities between the United States and Japan. It is possible the Department may possess reassuring information in regard to one or both of these points. In a sudden emergency American citizens could take refuge in adjacent British possessions but it is doubtful whether long residence there would be welcome either to themselves or the British authorities. Unless the Department directs otherwise, I will unobtrusively communicate with American citizens reminding them of the considerations set forth in the circular of February 22 (see enclosure 12, Legation's despatch 131, March 12<sup>58</sup>).

PECK

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390.1115A/587a : Telegram

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

WASHINGTON, November 22, 1941—3 p. m.

765. Reference Department's 100, February 11, 7 p. m. and previous telegrams in regard to withdrawal of American citizens. The Department desires that the American diplomatic and consular officers concerned call to the attention of American citizens in the Japanese Empire, Japanese-occupied areas of China, Hong Kong, Macao, and French Indochina the advice previously given in regard to withdrawal and in so doing emphasize that the shipping problem in the Pacific is very difficult and that because of urgent demands elsewhere there is no assurance that it will be possible to retain in the Pacific even the present facilities.

Sent to Tokyo via Shanghai. Repeated to Chungking, Peiping and Hong Kong. Tokyo please repeat to all consular offices in the Japanese Empire and to Dairen. Peiping please repeat to all consular offices in Japanese-occupied areas of China, and in Manchuria. Hong Kong please repeat to Saigon and Hanoi.

HULL

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<sup>58</sup> Not printed.

394.1115/147a : Telegram

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

WASHINGTON, November 24, 1941—5 p. m.

772. Your 1777, November 10, 3 p. m., Customs treatment of departing nationals. Passengers of Japanese nationality not having diplomatic status may take with them without license up to \$200 in cash, travelers checks or drafts. By passengers is meant individuals regardless of age or relationship in a departing family. Thus a family for instance consisting of husband, husband's mother, wife and three minor children would be allowed to take without license up to \$1200. Departing Japanese diplomatic and consular officers may take with them without license up to \$1000 for themselves and \$200 for each member of their immediate family.

HULL

390.1115A/589 : Telegram

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

SHANGHAI, November 26, 1941—4 p. m.

[Received November 26—8:28 a. m.]

1779. Department's 765, November 22, 3 p. m. to Tokyo regarding evacuation of American citizens. Following receipt of instructions that the American Marine detachment at Shanghai would be withdrawn <sup>59</sup> this office on November 17 issued a notice to the local press which was also broadcast for the benefit of American citizens residing in the interior to the effect that approximately 200 berths would be available to American citizens desiring to evacuate on two American President Line vessels sailing the end of November. It was further stated that advices already issued to American citizens regarding evacuation remain unchanged. Since issuance of this notice approximately 75 Americans have booked to evacuate on the two vessels mentioned. There is still considerable space available on these vessels but the remaining Americans show little inclination to evacuate either now or in the near future. Does the Department desire this office to issue further and stronger advices?

Sent to the Department, repeated to Chungking and airmail to Tokyo.

STANTON

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<sup>59</sup> See telegram No. 985, November 14, 2 p. m., p. 583.

390.1115A/591 : Telegram

*The Minister in Thailand (Peck) to the Secretary of State*

BANGKOK, November 27, 1941—4 p. m.

[Received 6 : 40 p. m.]

538. Legation's telegram No. 528, November 22, 9 a. m. Under date of November 27, I have addressed a confidential circular to Americans and Philippine citizens referring to the circular of February 22 (see Legation's despatch No. 131, March 12, enclosure 12)<sup>60</sup> and stating that from such information as is available to the Legation the situation is no better now than then. The circular stated that the Legation therefore again suggested to American citizens that it would be advisable to make plans either for temporary sojourn in a nearby country if a sudden emergency arose or for return to the United States. Last paragraph of earlier circular was quoted textually with omission of the words "or a warning".

It has been intimated to me several times recently that the American community is awaiting advice from the Legation on the subject of withdrawal and in view of the information concerning Japanese activities received lately from Indochina I have deemed it unwise longer to defer the issuing of a circular.

PECK

390.1115A/587 : Telegram

*The Secretary of State to the Minister in Thailand (Peck)*

WASHINGTON, November 27, 1941—11 p. m.

156. Your 528, November 22, 9 a. m.

1. The Department under date of November 22 telegraphically instructed our officers in the areas mentioned as follows :

"The Department desires that the American diplomatic and consular officers concerned call to the attention of American citizens in the Japanese Empire, Japanese-occupied areas of China, Hong Kong, Macao, and French Indochina the advice previously given in regard to withdrawal and in so doing emphasize that the shipping problem in the Pacific is very difficult and that because of urgent demands elsewhere there is no assurance that it will be possible to retain in the Pacific even the present facilities."

2. The Department believes that it would be appropriate at this time for you to acquaint American citizens of the categories mentioned now in Thailand with the nature of the renewed suggestions in regard to withdrawal as contained in the above quoted instruction.

HULL

<sup>60</sup> Not printed.



394.1115/150 : Telegram

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

Тоkyo, November 28, 1941—4 p. m.  
[Received November 28—6:09 a. m.]

1862. A note dated November 26 has been received from the Foreign Office in which it is stated that the Japanese Government has decided to accord treatment to American nationals leaving Japan on the basis of the Japanese proposals reported in my 1672, October 22, 5 p. m., and the American reply based on the Department's 711, November 2, 2 a. m., and to waive export permits for the baggage and household effects of bearers of American diplomatic passports. The expression "Japanese nationals having diplomatic status" is interpreted by the Japanese Government to mean "Japanese nationals carrying diplomatic passports."

GREW

394.1115/152 : Telegram

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

Тоkyo, November 28, 1941—5 p. m.  
[Received November 28—11:44 a. m.]

1863. Department's 711, November 2, 2 a. m. A note dated November 26 has been received from the Foreign Office in part as follows:

"The report attached hereto has been received from the Japanese Consul General at Honolulu and from the official of the Foreign Office in charge aboard the same ship. In inviting the attention of the American Government to such unnecessarily severe and improper treatment on the part of the American customs authorities, the Japanese Government has the honor to request that appropriate measures be taken to prevent the recurrence of such incidents."

The report is as follows:

1. The customs at Honolulu began examination of the hand baggage of the passengers of the *Taiyo Maru* on November 3. The examination was extremely severe; so much so that in certain cases on that day it occupied 5 hours per person and about 1 hour per suitcase.

2. Under the freezing order and other regulations the passengers of the *Taiyo Maru* were allowed to take out up to \$200 in cash but the taking out of negotiable instruments was prohibited; furniture was limited to that used for 4 months or more; and the taking out of cloth and foodstuffs was also restricted. Furthermore a strict search was made of the persons of the passengers.

3. Not only was the baggage examination of the passengers of the *Taiyo Maru* by the customs at Honolulu extremely severe but during the search of persons conducted on the day of the departure the majority of the second and third class passengers were made almost naked.

Among women passengers particularly, some were subjected to insulting treatment by woman inspectors. [7]

GREW

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390.1115A/589 : Telegram

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

WASHINGTON, December 1, 1941—5 p. m.

1068. Reference your 1779, November 26, 4 p. m. With respect to the query in the last sentence of your telegram under reference you should be governed by the sense of the Department's 765, November 22, 3 p. m. to Tokyo with emphasis on the shipping situation, in again calling to the attention of American citizens the advice previously given in regard to withdrawal.

HULL

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740.0011 Pacific War/663

*Memorandum by the Chief of the Division of Near Eastern Affairs (Murray)*

[WASHINGTON,] December 2, 1941.

Reference is made to Rangoon's telegram No. 57, December 1, 5 p. m.,<sup>61</sup> relating to emergency measures adopted in Burma in view of the crisis in the Far East. The information contained in this telegram raises the question whether further consideration should not be given to the desirability of urging the departure from Burma of American women and children and other Americans whose presence in the country is not a matter of urgent necessity. It would be appreciated if NE<sup>62</sup> might be informed whether the present situation in the Far East is such as to make it desirable that such Americans be advised to leave Burma.

WALLACE MURRAY

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740.0011 Pacific War/663

*Memorandum by the Assistant Chief of the Division of Far Eastern Affairs (Atcheson)*<sup>63</sup>

[WASHINGTON,] December 4, 1941.

Reference NE's underlying memorandum December 2, 1941.<sup>64</sup> As Burma is geographically removed from the area which might first be attacked in any Japanese aggressive action and as American citizens

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<sup>61</sup> Not printed.

<sup>62</sup> Division of Near Eastern Affairs.

<sup>63</sup> Initialed by the Chief of the Division (Hamilton).

<sup>64</sup> *Supra*.

in Burma could in case of danger assumably move into comparatively safe areas of free China, it seems to us that this question is one largely for determination by NE in the light of the question whether the giving of advice to Americans that they withdraw from Burma would have adverse effect upon the Burmese and upon the internal political situation in Burma.

It will be recalled that when the question was raised earlier this year whether withdrawal suggestions should be made to certain categories of American citizens in Burma, British Malaya and the Netherlands East Indies, the Consul at Rangoon expressed the opinion that, as regards Burma, the making of such suggestion would tend to cause panic among the Burmese and the Consul accordingly advised against the taking of such action.<sup>65</sup>

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393.1115/5089 : Telegram

*The Consul General at Canton (Myers) to the Secretary of State*

CANTON, December 4, 1941—6 p. m.  
[Received December 4—4:43 p. m.]

93. Reference my 86, November 14, 5 p. m.,<sup>66</sup> concerning Hainan missionaries. The ship referred to in my telegram arrived here on December 2 without any Americans on board.

This afternoon I called on the Japanese Consul General in regard to this matter and was informed that some days ago the Hainan military had withdrawn the permission previously given to certain Americans to depart by the next sailing on the grounds of military necessity and that the ship carried but one Japanese passenger. I protested against this apparent detention of Americans desiring to leave and requested that steps be taken to effect their departure at an early date. The Consul General promised to refer the matter to Tokyo immediately.

One member of the mission has been trying to leave for at least 2 months and in addition to the Melroses it is probable that [apparent omission] missionaries, particularly women (the Presbyterian China Council at Shanghai has advised all American women to evacuate Hainan), may wish also to leave.

In view of the attitude that the Hainan military authorities have thus far exhibited it is believed that strict instructions from Tokyo will be needed to insure the departure of the missionaries desiring to leave. It is possible that my Japanese colleague shares this view as

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<sup>65</sup> Notation by the Adviser on Political Relations (Hornbeck): "I vote 'no,' S. K. H."

<sup>66</sup> Not printed.

he decided to refer the case to his Foreign Office rather than take it up through the Japanese Consul at Hoihow as was previously done.

This office will continue to do what it can and keep the Department informed of developments.

Sent to the Department, repeated to Chungking, Peiping. Peiping please repeat to Tokyo.<sup>67</sup>

MYERS

740.0011 Pacific War/663

*Memorandum by the Chief of the Special Division (Green)*

[WASHINGTON,] December 6, 1941.

Unless there are overwhelming political considerations of which SD<sup>68</sup> is not aware, SD is of the opinion that an unequivocal warning should be issued to American citizens residing in the Far East including, in addition to Japan and China, the Netherlands Indies, British Malaya, and Burma. Otherwise, in the event of a sudden emergency the Department might be criticized by Americans who had received no warning whatsoever or a warning couched in such guarded terms as that given in the Department's 765, November 22, 1941, to Tokyo, as to be considered by some insufficient to apprise them of the danger of continued residence in the Far East.<sup>69</sup>

JOSEPH C. GREEN

390.1115A/622a: Telegram

*The Secretary of State to the Consul at Rangoon (Brady)*

WASHINGTON, December 11, 1941—7 p. m.

43. Your 63, December 8, 4 p. m.<sup>70</sup> The Department has noted that the evacuation of priority classes from Rangoon has commenced and it assumes from your unnumbered telegram of February 13, 1941,<sup>70</sup> that American citizens may be able if they desire to avail themselves of the facilities so offered.

If you feel that the position of American citizens in Burma is precarious and that they would be in greater danger by continued resi-

<sup>67</sup> Ambassador Grew reported on November 25 that representations had been made in a third-person note dated November 22 (393.1115/5075).

<sup>68</sup> Special Division.

<sup>69</sup> In a memorandum dated December 10, the Assistant Chief of the Division of Far Eastern Affairs (Adams) wrote that his Division assumed that "in view of the outbreak of war since the date of the memorandum under reference, the question of issuance of a warning need not now be considered. Among other problems there remain of course the problems of repatriation, transportation and welfare of American citizens in exposed localities in the Far East."

<sup>70</sup> Not printed.

dence in that territory than by evacuating elsewhere you should not hesitate to advise them to avail themselves of any facilities which may be available for their transportation to places of safety.

Please advise Department of action taken.

HULL

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390.1115A/604a : Telegram

*The Secretary of State to the Consul General at Batavia (Foote)*<sup>71</sup>

WASHINGTON, December 18, 1941—9 p. m.

197. Maritime Commission is notifying all owners and operators of American ships operating in Netherlands Indian waters to make available to American citizens any emergency accommodations which may be utilized for their transportation to the United States or to places of greater safety. If, at any time, you feel that the position of American citizens in the Netherlands Indies is precarious and that they would be in greater danger by continued residence in that territory than by evacuating elsewhere, you should not hesitate to advise them to avail themselves of any facilities which may be available for their transportation to places of safety, and you should ask the masters of American vessels to accommodate as many American citizens as they consider may be carried within the limits of safety.

If more than 12 passengers can be accommodated on any freight vessel, or if emergency accommodations can be made available on any passenger vessels for more than their normal complement of passengers, and provided circumstances make it necessary and desirable for any vessel to accommodate an increased number of passengers beyond the limit permitted by the vessel's inspection certificate, you may further cooperate by issuing, at the request of the master, an emergency consular certificate in accordance with the provisions of diplomatic serial 3047, March 28, 1939,<sup>72</sup> and you are hereby granted blanket authority to issue such certificates whenever time will not permit prior communication with Department. Report fully to Department all particulars in each case of discretionary issuance of consular certificates. Such certificates should cover only accommodations for American citizens and their accompanying alien spouses and unmarried minor alien children.

Emergency consular certificates are not required for cargo vessels carrying less than 12 passengers and the availability of accommodations on such vessels not in excess of 12 passengers should be left entirely to the discretion of the masters.

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<sup>71</sup> Sent as No. 51, December 20, 5 p. m., to the Consul at Rangoon (Brady) with respect to Burmese waters.

<sup>72</sup> *Foreign Relations*, 1939, vol. I, p. 585.

Whenever you consider the need to be great, the Department is prepared to make an allotment of funds to your office for use during the current emergency for advances as loans to deserving cases of destitute Americans and for those Americans temporarily without funds for transportation expenses to the United States or for transportation to places of greater safety, against promissory notes in strict accordance with provisions of circular of March 21, 1939,<sup>73</sup> as amended by Diplomatic Serial No. 3382 of August 12, 1941.<sup>74</sup>

Please telegraph estimate of funds needed, if any, number of persons probably affected, and purpose, i. e., whether for repatriation or temporary evacuation to a place of greater safety, bearing in mind that every reasonable effort must first be made by such persons to obtain funds from other sources, including relatives, friends and employers in the United States, that loans are to be granted only in deserving cases as defined by the provisions of the above-mentioned instructions, that lowest price steamship accommodations available must be used, and that the Department will not make public funds available for maintenance of Americans abroad except very temporarily while awaiting sailing at an intermediate port en route to the United States.

Repeat to Medan and Surabaya which are likewise authorized to issue emergency consular certificates in accordance with the foregoing instructions.

HULL

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390.1115A/608 : Telegram

*The Consul General at Singapore (Patton) to the Secretary of State*

SINGAPORE, December 20, 1941—1 p. m.

[Received December 21—3:10 p. m.]

376. My 375.<sup>75</sup> Japanese treachery of December 8 and the rapid series of unexpected events which followed in the Pacific area have upset our evacuation plans in the same way as other plans have been upset. Evacuation is now obviously a question of ships but it should be frankly stated that even official opinion is divided, whether it is wiser at this moment to take the sea risk or the risk of remaining here.

We are in close touch with our entire community and with the shipping situation as it develops from hour to hour. We will keep Americans advised of ship departures but, it is our considered opinion, that as things stand each individual must weigh family and personal factors and make his own decision.

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<sup>73</sup> *Foreign Relations*, 1939, vol. 1, p. 574.

<sup>74</sup> Printed in vol. 1, section entitled "Emergency Measures for the Repatriation of American Citizens Abroad With the Spread of War in Europe."

<sup>75</sup> Dated December 20, noon; not printed.

It is believed that before end of December transportation will be available for all American women and children who wish to leave. It is possible that men whose services can be used will be held here.

We will endeavor to keep Department advised of names and whereabouts of all who leave, but for reasons of safety specific details may [be] deleted or delayed owing [to] possibility [that] inter-office cipher may have been compromised.

Community remains calm.

PATTON

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390.1115A/633: Telegram

*The Consul at Foochow (Rice) to the Secretary of State*

FOOCHOW, December 27, 1941—6 p. m.  
[Received December 28—12:14 a. m.]

In my opinion once such [*military?*] operations were in progress, evacuation of local Americans might be impossible and would expose such Americans to very grave risks. As all roads leading to the interior have been made impassable to vehicles any organized evacuation would have to be carried out by launch. There are at Foochow no American-owned craft which could be used for this purpose. The British Consul is arranging in case of emergency to make space on British-owned launches available to local Americans and I would, of course, attempt to give them full information and render all practicable aid in the premises. However, past experience has shown that launches furnish conspicuous targets for aerial attack and I therefore feel that I could not recommend movement by such mode of travel while military operations were in progress except possibly under cover of darkness.

The Chairman of the Fukien Provincial Government, my British colleague and I consider that all American and British women and children and unessential males ought now to remove from Foochow and nearby coastal areas to less exposed points further inland. (If only a few able-bodied men remained in Foochow, they could, in case of necessity, probably make their way inland on foot over paths which would not be practicable for women with children, the aged and the unwell.) I propose therefore, unless instructed to the contrary, within a few days to send a circular embodying this advice to Americans at Foochow and in the coastal districts of Futsing and Hankong.

From preliminary conversations, it appears that very few Americans would, however, be willing to leave Foochow before actual invasion had commenced unless ordered to do so by their mission boards. The Department may wish to consider whether it is advisable to take this matter up with the boards concerned. (The American Board of

Commissioners for Foreign Missions, 14 Beacon Street, Boston, and the Board of Missions and Church Extension of the Methodist Church, 150 Fifth Avenue, N. Y. C., are responsible for almost all the missionaries concerned.)

Sent to the Department. Repeated to Chungking.

RICE

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390.1115A/633 : Telegram

*The Secretary of State to the Consul at Foochow (Rice)*

WASHINGTON, December 30, 1941—11 p. m.

17. Your December 27, 6 p. m. Department approves the action you contemplate in informing American citizens residing in your district of the potential danger of continued residence therein. If in your considered opinion the danger of continued residence at Foochow and certain coastal sections of your district is greater than the present risks of travel to places of greater safety elsewhere, you should not hesitate to advise American citizens to avail themselves of the present opportunities to withdraw from potential danger zones.

Department has communicated the sense of your telegram under reference to the mission boards mentioned therein and is now awaiting their decision respecting the instructions to be given to their missionaries in the Foochow district. These instructions will be communicated to you as soon as they are received.

HULL



## UNDECLARED WAR BETWEEN JAPAN AND CHINA

### POLITICAL AND MILITARY DEVELOPMENTS<sup>1</sup>

711.94/1898 : Telegram

*The First Secretary of Embassy in China (Smyth) to the Secretary of State*

PEIPING, January 1, 1941—noon.

[Received 5:35 p. m.]

1. There follows the substance of a report made this morning by Colonel Turnage,<sup>2</sup> commanding the Embassy guard, to the Commander in Chief of the Asiatic Fleet<sup>3</sup> in regard to an incident between the members of his command here and Japanese.

(Beginning of summary.) On December 30 about 11 p. m. at the International Cafe on the Hatamen Street in Peiping an intoxicated Japanese civilian, without any provocation whatsoever, struck, shoved and trained a pistol on an American marine entering the cafe. Three other marines came to his rescue and disarmed the Japanese, then after locking it handed the gun back. Quiet was restored, but 10 minutes later about 12 Japanese gendarmes entered the cafe and with drawn pistols proceeded to clear out the place, firing several shots into the air, sticking their revolvers into the stomachs or backs of the 9 marines present in the cafe, 3 of whom were members of the shore patrol. Five marines were arrested and carried off to *gendarmerie* headquarters. As a result of this brutal, illegal and unwarranted arrest 4 of the arrested marines suffered bruises and cuts about the head and face although fortunately not seriously. None of the marines in the cafe was disputing or disorderly.

Upon learning of the arrest, a marine officer was sent to the *gendarmerie* office and at 1:30 a. m. December 31st requested their release, which was refused. At 6 a. m. I called the *gendarmerie* office and again requested their release which was refused on the ground that "the investigation had not been completed". At 12 noon I made a formal demand for their release which was refused on the ground that the matter was being transferred to another office which turned out to be the headquarters of the Japanese Army in North China. Finally at 5 p. m. the five men were released. One marine reported

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<sup>1</sup> Continued from *Foreign Relations*, 1940, vol. IV, pp. 251-483.

<sup>2</sup> Col. Allen Hal Turnage, U. S. M. C.

<sup>3</sup> Adm. Thomas C. Hart, U. S. N.

that during the investigation at the *gendarmerie* office he was man-handled and kicked by the gendarmes and forced to sign a statement that the affair started when he knocked the pipe from the mouth of a Japanese.

The affair was evidently premeditated by the Japanese. The marine officers were allowed to be present during the Japanese "investigation". A Japanese spokesman from army headquarters called late yesterday afternoon and expressed a desire to close the case, but I propose to enter a strong protest to the Japanese and request an apology from the *gendarmerie*. (End of summary.)

The Embassy is of the opinion that only the excellent discipline and self-control of all the American marines concerned averted what might have led to fatal results.

The Japanese-controlled telegraph office here declined to accept a message on the matter from the local American correspondent of the Associated Press.

Further developments will be promptly reported.

Sent to the Department. Repeated to Chungking, Tokyo, Shanghai.

SMYTH

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711.93/461 : Telegram

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

CHUNGKING, January 2, 1941—noon.

[Received January 2—9:22 a. m.]

2. Following are extracts from a New Year's address broadcast to the United States by the Chinese Foreign Minister: <sup>4</sup>

" . . . <sup>5</sup> From the very beginning of the present hostilities, you and your Government have both in words and actions shown where your sympathies lie. Hence, I believe, you will be glad to hear me say that China's position today is stronger than it ever has been, and that her power of resistance has become greater and greater with the passage of time. The enemy has been held at bay and dealt many a heavy blow by our army as we continue to struggle for final victory.

The Far Eastern policy of the United States is closely identified with two fundamental principles: first, respect for the sovereignty, independence, and territorial and administrative integrity of China; and second, equality of opportunity for the commerce and industry of all nations in China, commonly known as the open door policy. Thanks largely to American initiative, these principles were embodied in the Nine Power Treaty of Washington.<sup>6</sup> It gave the Far East nearly 10 years of uninterrupted peace. And peace we would still have, had it not been violated by Japan, one of the original signatories of the treaty.

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<sup>4</sup> Wang Chung-hui.

<sup>5</sup> Omissions indicated in the original.

<sup>6</sup> Signed February 6, 1922, *Foreign Relations, 1922*, vol. I, p. 276.

The foreign policy of China is motivated by substantially the same principles. They may be stated to be: first, nondiscrimination against any foreign power; second, opposition to external force or aggression; and third, equality for China in the family of nations. Far from being based, therefore, on racial hatred of anti-foreignism, China's foreign policy aims at genuine cooperation with the powers on terms of equality and reciprocity.

Thus, China and the United States are in complete accord with regard to the stand they have taken in the Far East. They have the same ideals and objectives, namely, peace and order in this part of the world. The fact that Sino-American relations have steadily grown in cordiality is eloquent testimony of the soundness of the principles maintained by our two countries . . .

Japan, under the control of her militarists, showed her determination to disregard her pledged word by her attack upon Manchuria in 1931. Since then the extent of her aggressive designs to dominate Asia and the South Sea regions and to infringe upon the rights and interests of other powers has been made evident not only by the actions of her militarists, but also by the public utterances of her politicians and diplomats. In a word, the *status quo* in the Pacific which the Washington Conference sought to stabilize is in danger of being upset.

It is gratifying to note, however, that the American Government, failing in diplomatic language to bring Japan to her senses, is at last compelled to take action. The measures which your Government has taken both before and after the conclusion of the Three Power Pact between Germany, Italy and Japan,<sup>8</sup> such as the credit loans to China, the placing of restrictions on the export of war materials, the construction of a two ocean navy, the strengthening of your defenses in the Far East, the advice to American nationals to evacuate from certain areas in the Orient,—all the measures cannot but serve as a warning to Japan against her self-appointed mission to create the so-called 'new order in greater East Asia'.

The Chinese Government and people are deeply grateful to the American people for the just and righteous stand they have taken in the Sino-Japanese conflict. They cherish the hope that the United States, as a power vitally interested in the Pacific, can see its way clear to coordinate American-Japanese commercial relations with its foreign policy toward the Far East. The Japanese depend upon their trade with the United States to replenish their rapidly exhausting sinews of war. Once this source of strength is cut off, their whole war machine will collapse like a house of cards. And I am happy to say that this appears to be the trend in which events are moving.

A friend in need is a friend indeed. China looks to America as one of her true friends in this hour of distress. Whether you want it or not, the role of leadership is being forced upon the United States. As far as China is concerned she still possesses man power and source to continue her resistance against Japanese aggression, formidable though it be. Nevertheless, we need the assistance of our friends. For the more help we get, the shorter will be the period of woe and suffering forced upon the Chinese people through no fault of their own, and

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<sup>8</sup> Signed at Berlin, September 27, 1940, *Foreign Relations, Japan, 1931-1941*, vol. II, p. 165.

the sooner will peace be restored in the Far East for the benefit of all concerned . . .”

Sent to the Department. Repeated to Peiping. Please mail to Tokyo.

JOHNSON

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711.94/1894 : Telegram

*The First Secretary of Embassy in China (Smyth) to the Secretary of State*

PEIPING, January 2, 1941—4 p. m.

[Received January 2—9:35 a. m.]

2. Peiping's 1, January 1, noon. Colonel Turnage states that this morning he requested Major Miyamoto, a staff officer on the headquarters of the Japanese North China army and concurrently commandant of the Japanese Embassy guard, to call. The Major called and Colonel Turnage recited in detail his findings in the case, as taken from the testimony of 20 of his men who in one way or another were connected with the incident; Colonel Turnage also produced the service record books of the 5 arrested men and showed the Major that none of them had ever been punished for any offense whatsoever. Colonel Turnage informed Major Miyamoto that he considered the incident a most serious matter and an insult to the American Embassy guard. Colonel Turnage then informed Major Miyamoto orally as follows:

“On December 30 you expressed a desire to close the case locally. I will agree to close the case and carry no further provided (1) the chief of the Japanese *gendarmerie* in Peiping apologizes to me for having arrested five marines and for unwarranted use of force in so doing, (2) a promise is given that steps will be taken to ensure that there will be no repetition of such incidents, and (3) that the persons responsible for the unlawful arrest and use of force be punished. Unless these demands are complied with, I cannot consider the incident closed and will refer the matter to the higher American authorities.”

Major Miyamoto refrained from comment, except to state that the Colonel's version and the Japanese version did not agree; he said that he would convey the Colonel's statement to the proper Japanese authorities and would make a further call on the Colonel as soon as possible.

The four injured marines are rapidly improving. As a precautionary measure Colonel Turnage has for the time being restricted marine liberty to their own clubs and private houses.

It should be mentioned that upon the refusal of the local Japanese controlled telegraph office to accept an Associated Press message on the incident (see Peiping's telegram under reference), the Associated Press

correspondent asked Colonel Turnage to request permission from Admiral Hart to send messages on the case over naval radio to Shanghai where they can be relayed commercially to the United States. Admiral Hart approved the request and press messages were sent yesterday by naval radio to Shanghai for the Associated Press and also the International News Service; both of these news services are represented in Peiping by American correspondents.

No publicity on this incident has so far appeared in the local Japanese or China press.

Further developments will be promptly reported.

Sent to the Department, repeated to Chungking, Tokyo, Shanghai.

SMYTH

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711.94/1897 : Telegram

*The First Secretary of Embassy in China (Smyth) to the Secretary of State*

PEIPING, January 3, 1941—4 p. m.  
[Received January 3—10:45 a. m.]

3. Peiping's 1, January 1, noon and 2, January 2, 4 p. m., marine-gendarme incident. There is increasing evidence that this brutal and unwarranted assault on and illegal arrest and detention of unarmed and well behaved American marines by armed Japanese gendarmes was deliberately engineered by the Japanese military and/or gendarmes. Captain Munson,<sup>10</sup> Assistant Military Attaché, who speaks Japanese and has a wide acquaintance among Japanese in Peiping, is convinced that the whole affair was deliberately arranged by the Japanese.

It appears that the armed Japanese civilian who provoked the incident had gone around inside the International Cafe some minutes prior to his shoving of the marine and generally conducted himself in a deliberately insulting manner toward the American marines who were seated at the Cafe tables. It further appears that this Japanese civilian may not have been intoxicated but merely acted as if drunk.

It is significant that this man after failing in his first attempts to provoke the marines inside the Cafe continued his efforts until he had drawn a gun and been disarmed by marines. It is even more significant that a large force of Japanese gendarmes arrived only a few minutes after the incident occurred; the immediate and brutal measures upon their arrival was a further indication that their course of action had probably been carefully planned before their arrival on the scene.

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<sup>10</sup> Capt. Frederick P. Munson, U. S. A.

Further evidence that the affair was deliberately premeditated by the Japanese was received this morning from Doctor Leighton Stuart<sup>11</sup> who is in close touch with the local Japanese-controlled régime. He states that the Japanese have been spreading word among the Chinese members of the Hsin Min Hui that this incident was staged by the Japanese to demonstrate to the local Chinese population that the Japanese military have complete control over the American marines. Doctor Stuart states that the Japanese have pointed out to the Chinese that they arrested five marines and detained them for 17 hours despite all protests and demands for their release by the American Commandant; the Japanese added that this shows that they could drive the American marines out of Peiping whenever they so desired.

There appears to be no question that the whole affair was deliberately planned by the Japanese, but it is not easy to determine the motives behind the Japanese action. Any one, a combination of several, or all of the following reasons might have been the cause:

(1) A desire to stir up trouble with American marines which might inspire isolationists in the United States to demand the recall of the marines from China,

(2) Japanese resentment against Americans in general due to a feeling that the United States is blocking Japanese aims and ambitions in the Orient,

(3) Japanese resentment against American marines in particular because of the arrest of Japanese gendarmes by American marines in Shanghai last July,<sup>12</sup>

(4) A desire to impress the local Chinese population with the might of the Japanese Army and cast disrepute on American prestige,

(5) A general feeling of truculence,

(6) A desire to show Admiral Nomura, new Japanese Ambassador to the United States who was visiting Peiping at the time, that the Japanese military in North China would brook no interference with their plans or policies in this area and perhaps other reasons as well.

No reply has yet been received by Colonel Turnage to the three demands presented by him to the Japanese yesterday and it may be several days before a reply is forthcoming. It is believed, however, that the Japanese military are now endeavoring to manufacture evidence to bolster up what is clearly an untenable position on their part. It is probable that they will bring pressure to bear on the Russian proprietor and employees of the International Cafe to make false reports. As for the probable testimony of the Japanese civilians and gendarmes concerned it is pertinent to recall that it has been demonstrated on numerous occasions in the past that Japanese have scant respect for the truth when it conflicts with their peculiar conceptions of loyalty to the Army or the Emperor.

<sup>11</sup> American President of Yenching University, Peiping.

<sup>12</sup> See *Foreign Relations, Japan, 1931-1941*, vol. II, pp. 101-104, 106-108.

The case of the American marines is thoroughly sound and unassailable. The marines were well behaved, offered not the slightest provocation and maintained their discipline and self control under extremely trying circumstances. Colonel Turnage is determined to stand firm on his three demands and in this he has the complete and unqualified support of this Embassy. It is likely that the actions and attitude of the American authorities in this case are being carefully watched not only by the Japanese but also by the Chinese here and any weakening of the American attitude would unquestionably have a most unfortunate effect on American prestige in the Far East. The Embassy is of the opinion that this opportunity should be taken to demonstrate clearly to the Japanese military and the Japanese Government that the United States will not tolerate such flagrant and outrageous action by the Japanese military. It is, therefore, respectfully suggested that even if the Japanese military comply with Colonel Turnage's demands the Department may wish to consider the desirability of some gesture or action on the part of the United States Government which would manifest the determination of the United States to uphold its rights, interests, and prestige in the Far East.

Sent to the Department. Repeated to Chungking, Tokyo, Shanghai and to Manila for the information of the Commander-in-Chief Asiatic Fleet.

SMYTH

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711.94/1899 : Telegram

*The First Secretary of Embassy in China (Smyth) to the Secretary of State*

PEIPING, January 4, 1941—2 p. m.

[Received 2:45 p. m.]

7. Peiping's 2, January 2, 4 p. m. Major Miyamoto called on Colonel Turnage late yesterday afternoon with an interpreter. Secretary Benninghoff, Japanese speaking officer of this Embassy, was present at the request of Colonel Turnage, and there follows a memorandum of the interview prepared by Mr. Benninghoff:

“Major Miyamoto said that after his former interview with Colonel Turnage, the appropriate Japanese authorities had caused another investigation of the incident to be made by persons who previously had no connection with the case. These investigations resulted in the same Japanese account of the incident previously communicated to Colonel Turnage. Accordingly the Japanese found it impossible to agree to the Colonel's three conditions and on the other hand felt that if he persisted in his stand the Japanese might feel compelled to

ask him to apologize, et cetera, et cetera, as the Americans were in the wrong.

Colonel Turnage replied to the effect that he was satisfied with the facts as they were brought to light in the testimony of his men and that he was convinced that the incident was deliberately provoked by a Japanese who had gone from table to table and glared at the marines and then had jostled another in the cloakroom and drawn a gun. Other marines intervened and disarmed him; quiet was restored and the pistol was returned. Ten minutes or so later the place was raided by 12 or 15 gendarmes with drawn pistols and swords. Five marines were rounded up and taken away during the course of which four were brutally [beaten] up and they were not released until 5 p. m. the next day. Under these circumstances, said Colonel Turnage, he could not for a moment consider apologizing for the conduct of his men.

Major Miyamoto tried to counter this argument by stating that the Japanese had his pipe knocked out of his mouth without provocation by a marine and that this was the cause of the incident. Colonel Turnage refused to entertain this version on the basis of his investigations. He continued by stating that although the original incident was important he attached even greater importance to the manner in which his men were treated during and after their arrest, that he considered their treatment an insult to his men and to the American people and that if the Japanese were not disposed to agree to his conditions for a settlement of the case he would have to refer the matter to higher authority. Major Miyamoto made no attempt to defend the arrest of the marines beyond saying that the Japanese who telephoned headquarters regarding the incident was a timid and excitable person and that the gendarmes who went into the cafe were under the impression that a Japanese was being killed.

Major Miyamoto then said that as the attitudes of the two sides were seemingly unalterable, there was nothing to do except to discontinue negotiations and to consider the incident as 'pending'. Colonel Turnage remarked that 'We don't seem to be getting very far'. Major Miyamoto remarked that if the Americans could in some manner moderate their conditions, the Japanese might do that likewise. The Colonel paid no attention to this. Colonel Turnage then asked explicitly, 'Is this final?'. Major Miyamoto answered in the affirmative.

I am convinced that on his departure Major Miyamoto clearly realized that Colonel Turnage had no intention of moderating his attitude."

The above memorandum has been shown to Colonel Turnage who concurs therein.

Further developments will be reported.

Sent to the Department. Repeated to Chungking, Tokyo, Shanghai and to Manila for the information of the Commander-in-Chief Asiatic fleet.

SMYTH



711.94/1905 : Telegram

*The First Secretary of Embassy in China (Smyth) to the Secretary of State*

PEIPING, January 7, 1941—4 p. m.

[Received 9:55 p. m.]

14. Reference first paragraph of Peiping's 10, January 5, 5 p. m.,<sup>13</sup> marine-gendarme incident. Colonel Turnage has received a message from Admiral Hart expressing thorough approval of the position adopted by him as well as his handling of the matter; the Admiral added that in view of the unreasonable and difficult attitude adopted by the Japanese he desired that Colonel Turnage should confine further negotiations to receiving Japanese amends.

Colonel Turnage states that Admiral Hart has reported to the Navy Department that the matter has reached an impasse and that he (Admiral Hart) considers the conduct of the Japanese so flagrant that the United States Government should take strong measures to obtain redress.

Sent to the Department. Repeated to Chungking, Tokyo, Shanghai.

SMYTH

893.00/14629 : Telegram

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

CHUNGKING, January 16, 1941—11 a. m.

[Received January 16—10:45 a. m.]

23. 1. According to the Chinese Communist chief of staff officer stationed in Chungking, the remaining units of the New Fourth Army numbering about 10,000 men were surrounded and attacked on January 6 by Central Government military units numbering 80,000 men as they were moving northward to cross the Yangtze River; the attack is alleged to have taken place in the vicinity of Maolintsun near Tai-ping in southern Anhwei. Information regarding the attack was reportedly received in Chungking on January 12 and brought to the attention of General Chiang Kai-shek,<sup>14</sup> who is said to have immediately despatched telegrams to the government forces to cease attacking and permit the New Fourth Army units to continue moving northward. Notwithstanding these instructions the informant asserted that the local Communist headquarters had received a message despatched by the beleaguered Communist forces on January 14 to the effect that the main group was still encircled and fighting continuing. He asserted that the Communists regard the situation as extremely critical,

<sup>13</sup> Not printed.<sup>14</sup> President of the Chinese Executive Yuan (Premier).

that the Communist forces are preparing to defend themselves, and that if internal strife breaks out the Chinese Communists cannot be held responsible therefor.

2. The Embassy will endeavor to obtain and report by telegraph the National Government's version of the incident, as well as pertinent future developments. A full report will follow by mail.<sup>15</sup>

JOHNSON

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893.00/14630 : Telegram

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

CHUNGKING, January 17, 1941—noon.

[Received January 18—5:10 a. m.]

25. My 23, January 16, 11 a. m.

1. Drumright<sup>16</sup> went to see Hollington K. Tong<sup>17</sup> this morning and inquired whether the latter could shed any light on the clash reported in my telegram under reference. Tong confirmed the occurrence of the clash, adding that on January 12, 7,000 Communist troops had been disarmed and the commander of the New Fourth Army, Yeh Ting, and other high ranking officers captured. He explained that the clash occurred as a result of the failure of the Communist unit in question to follow the prescribed route in crossing the Yangtze; the Chief of Staff of the Communist unit had admitted that this rear unit was attempting to move into Kiangsu south of the Yangtze rather than cross the river as the preceding units had done; and that having failed to comply with the prearranged plan of march this unit of the New Fourth Army was attacked by Government troops which had received no instructions to permit it to proceed by the route it was following.

2. Tong went on to explain that relations between the Government and the Communists had now reached a "showdown". During the first period of the war, he said, the Communists had cooperated very well; during the second period they had cooperated to a slight extent; and during the third period scarcely at all. The Government, he said, viewed this development with increasing disquietude: The Government could no longer look on while Communist commanders violated orders and sabotaged the efforts of a unified command; the Government could no longer tolerate the Communists' inactivity against the Japanese while increasing their army to a self-admitted total of 500,000 men and expanding their areas of control even to the point

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<sup>15</sup> Despatch No. 751 dated January 18, not printed.

<sup>16</sup> Everett F. Drumright, Second Secretary of Embassy in China, at Chungking.

<sup>17</sup> Chinese Vice Minister of Information.

where they were threatening to sever the National Government's communications with the sea through the Yangtze area so long as the situation remained as at present. He went on to say the Government could not proceed with plans for the counterattack against the Japanese; the Communists had a powerful army, their actions gave rise to great anxiety and they could not be depended upon as repeatedly shown to obey military orders: In recent months an opportunity to annihilate 4 Japanese divisions in Shansi had miscarried because of Communist failure to heed commands and 25 of Chungking's best divisions are now and have been watching the Communists rather than engaging in the struggle against Japan. Tong went on to recount that the Central authorities headed by General Chiang had now come to the conclusion that they must abandon the past policy of compromise—which merely enabled the Communists to grow more powerful and to pay increasing disregard to the commands of Chungking—and that they must demonstrate to the Communist commanders once for all that the latter must come to realize the necessity of following the instructions of the Central High Command. The Government while willing to tolerate opposition political parties could not tolerate the existence of such a party with an independent army; the Chinese Army must be unified. Therefore, Tong continued, when the Government ordered the Communist forces from Central to North China they expected the instructions to meet with its compliance; when the Central authorities stipulated that the Communist forces should comprise a certain strength they expected them to act accordingly.

Unfortunately the Communists had not indicated a disposition to comply; on the contrary they were gradually adopting a more independent attitude. The Government have always found it necessary to adopt a policy of firmness for want of a suitable substitute, a policy which would reveal the determination of the High Command to require the implicit obedience of all subordinate armies, including the Communists. The foregoing, Tong declared, constituted a résumé of circumstances leading to the present impasse.

3. When asked whether the recent action in Anhwei might not lead to a further opening of the schism and possibly to general strife and a collapse of resistance against Japan, Tong replied that he did not think so. He expounded the view that the Generalissimo is fully competent to handle an admittedly grave situation; that the firm and judicious use of pressure will amply reveal to the Communists the determination of the authorities in Chungking to require their obedience and compliance with instructions. He thought that following a show of firmness and force the Communists would see the desirability of moving all their forces north of the Yellow River where they would be given a relatively free opportunity of exercising their talents

against the Japanese. As regards the attitude of Soviet Russia, he said that the Russians had at no time indicated a desire to intervene on behalf of the Chinese Communists; it was his opinion that the Soviets are at this time more interested in our Chinese resistance to Japan than in aiding the Chinese Communists.

4. Yesterday when the Soviet Ambassador<sup>18</sup> brought his new Military Attaché (a Lieutenant General who is reported to have commanded 12 divisions in the Finnish campaign) to call, he seized the opportunity to sound me out on the Chinese Communist question. I gathered from the tone of his remarks that he is concerned over and deplors the continuing friction between Chungking and the Chinese Communists, that he does not, however, regard internal strife as an immediate outcome, and that the Soviet Union is not prepared to intervene in any way.

JOHNSON

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793.94/16653

*The Chinese Ministry for Foreign Affairs to the Chinese Embassy*<sup>19</sup>

CHUNGKING, January 19, 1941.

“For defiance of military orders and plot to stage a revolt the New Fourth Army has been disarmed and Commander Yeh Ting has been placed under arrest to face court martial,” announced a spokesman of the Military Council. This was entirely a question of military discipline, it was emphasized. The High Command was compelled to take action, because of the refusal of the New Fourth Army to move into the designated areas as ordered.

Early last December the High Command ordered the New Fourth Army south of the Yangtse River to move northward until it crossed the Yellow River by January 31st for operations against the Japanese. The region between Fan-chang and Tung-ling south of Wuhu, Anhwei, was designated as the route for the Army to cross the Yangtse. To the contrary, the New Fourth Army at King-hsien, sixty kilometers south of Wuhu, started moving in a southerly direction toward Taping, the objective being to press an attack on General Shangkwang Yun-hsiang's headquarters.

It happened that the Fortieth Division transferred from southern Kiang-su was on its way northward for reorganization. Having learned the route taken by the Fortieth Division and its arrival at San-chi, fifty kilometers south of King-hsien, on New Year's day, the entire New Fourth Army slipped through to Mao-lin, forty kilometers

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<sup>18</sup> Alexander S. Panyushkin.

<sup>19</sup> Copy of telegram transmitted to the Department by the Chinese Embassy, January 21, 1941.

south of King-hsien on the night of January fourth. It spread out in three forces to waylay the Fortieth Division. Taken completely unawares, the Fortieth Division fought in self-defense whereupon General Ku Chu-tung, Commander-in-Chief of the Third War Area, ordered disciplinary measures to be taken.

By January twelfth, the entire New Fourth Army was disbanded and Yeh Ting arrested. Furthermore, by order of the Military Council, the said Army as a unit has been abolished. The Chief of Staff of the New Fourth Army, Chao Ling-po, was among those arrested. According to his statement, as soon as order for the New Fourth Army's removal was received, Yeh Ting decided to ignore it. While demanding a million dollars from the Government, the New Fourth Army collected its main force at King-hsien and Fan-Chang. Then on pretext of the Japanese blockade, they decided not to cross the Yangtse as ordered, but to penetrate into south Kiang-su.

The plan was to move into Kin-tan, Tan-yang, Ku-yung, Lang-chi and Li-yang to create a special area there with the ultimate objective of setting up a base at Nanking, Shanghai, and Hangchow, thus forming a triangular area to defy the Government. On January 3rd they decided to attack the Fortieth Division, and planned to destroy it first and then attack points in the vicinity of Ning-kuo in southern Anhwei, raid the military store there and assault General Shangkwun Yun-hsiang's headquarters. Later the left wing would advance to Lang-chi towards Li-yang and attack other Chinese units. When such a situation was created, the New Fourth Army hoped to coerce the Government into accepting their demands.

The speedy liquidation of the crisis, according to the spokesman was largely due to the fact that officers of the New Fourth Army decided not to side with the rebels but to join the loyal Government troops.

WAICHIAOPU

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711.94/1924 : Telegram

*The First Secretary of Embassy in China (Smyth) to the Secretary of State*

PEIPING, January 21, 1941—3 p. m.

[Received 9:16 p. m.]

33. Peiping's 513, December 11, noon.<sup>20</sup> The following notes on American-Japanese relations given the Embassy by the American informant,<sup>21</sup> mentioned in the telegram under reference, are reported

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<sup>20</sup> *Foreign Relations*, 1940, vol. iv, p. 466.

<sup>21</sup> Dr. J. Leighton Stuart, President of Yenching University, Peiping.

as of possible interest because they are largely based on the comments of Chinese in close touch with Japanese:

The Chinese in question are generally of the opinion that Japan will avoid any action that might provoke war with the United States at least until after: (1) peace can be concluded with China; (2) a successful German invasion of England in the early spring; (3) a nonaggression understanding can be reached with Russia; the Japanese will also observe the results of Admiral Nomura's<sup>22</sup> efforts to alter American policy. As against this more rational course of events there are the possibilities of: (1) any reckless Japanese military leader or group forcing the issue; (2) an undue intended incident causing an outbreak; or (3) irresistible German pressure to commence contemplated Japanese southward drive and thus come into conflict with the United States.

The informant states that General Itagaki<sup>23</sup> is still trying desperately to find an approach to General Chiang Kai Shek and has indicated his readiness to meet General Chiang Kai Shek or his representative in person at any designated place, even in free China. He is also at least ready to consider seriously the abandonment of the "new order". This is all because he persuaded the Tokyo Government to start the war with China in the summer of 1937 and feels responsible for effecting its conclusion. Failing in all such efforts, he may advocate withdrawal from South and Central China and maintaining control of the north.

The informant adds that a few days ago two Chinese who are working with General Itagaki came to Peiping bearing an invitation to him from the general for a discussion at Nanking in regard to the possibility [of] peace with General Chiang Kai Shek. The informant told the emissaries that he would not go to Nanking but might be going to Shanghai in the near future where General Itagaki could see him if he desired. The emissaries requested him to do so but he has not yet decided whether or not to go. He expressed the opinion that nothing would come of such a discussion in any case in view of General Chiang Kai Shek's views which were reported in the telegram under reference.

Sent to Department. Repeated to Chungking, Tokyo, Shanghai.

SMYTH

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<sup>22</sup> Adm. Kichisaburo Nomura, appointed Japanese Ambassador to the United States.

<sup>23</sup> Gen. Seishiro Itagaki, Chief of Staff of Japanese Army in China.

893.00/14663

*The Consul General at Shanghai (Lockhart) to the Secretary of State*<sup>24</sup>

[Extract]

No. 208

SHANGHAI, January 22, 1941.

[Received March 4.]

SIR: [Here follows report on "the outbreak of a conflict between the (Communist) 'New Fourth Army' and the Kuomintang forces in the Lower-Yangtze region".]

Admittedly the present conflict between the Right and Left wings of the united front is indicative of the basic ideological cleavage which continued to exist between the Kuomintang and Communist groups even after the Sian agreement of December 1936 brought about a truce between their respective armed forces. It will be noted in the second news item that Mr. Chou En-lai, the Chinese Communist Party representative in Chungking, is quoted as deploring the clash and as indicating that the Communists are still desirous of resisting the Japanese jointly with the National Government. The problem of mutual adjustment does not appear as serious as it was, for instance, at Canton in 1925, when the intervention of General Chiang Kai-shek and the Russian representative, Mr. Borodin, sufficed to compose the difficulties between the same two ambitious political groups, with the result that the national movement was subsequently able to make its drive to the north against the warlords and to achieve victory. On the face of things, and especially in view of the continuation of the Sino-Japanese hostilities, there would seem to be no obvious reason why the present conflict should not be resolved by compromise and the united front maintained against the common enemy as has been the case when similar disagreements have occurred in the past.

The failure of the Kuomintang authorities fully to act upon the original Communist suggestion that the Chinese people be organized in popular bodies for the "national war of resistance" is a matter of common knowledge. It is also well known that the Chinese Communist Party, in the areas allotted to it as bases for action against the Japanese Army, has been active in propaganda and organizational work of the sort which the more conservative elements of the Kuomintang view as a danger to their power. As regards the activities of the Fourth Army, in particular, it is asserted that the establishment of popular organizations of the poorer classes in the area occupied by those forces was considered to constitute a growing menace to the Kuomintang authority. The increasing gravity of the question of food supply in non-occupied China, and the increasing financial diffi-

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<sup>24</sup> Drafted by the Consul at Shanghai (Clubb).

culties of the National Government, are such that the processes of social revolution would be naturally fostered. Banditry is reported to be increasing in the interior, and there seems as well to have been both corruption and disorder in some of the areas controlled by the New Fourth Army. Presumably, with the experience of 1924-7 in their mind's eye, the Kuomintang strategists are desirous of early nipping in the bud any growth of radicalism among the masses of China. It is just that circumstance, however, which makes the present conflict more significant than previous disagreements—especially in view of the current trend in international developments.<sup>25</sup>

Respectfully yours,

FRANK P. LOCKHART

893.00/14650

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

No. 758

CHUNGKING, January 23, 1941.

[Received February 10.]

SIR: 1. I have the honor to relate below as of possible interest to the Department certain developments which have come to the attention of the Embassy in regard to publicity and its bearing on the relationship of the Kuomintang (and National Government) to the Chinese communists.

Summary. The Chinese communists have displayed skill and ingenuity in the field of publicity. They have a good press abroad. The Government's policy has been to "play down" publicity concerning relations with the communists. Recently, however, the Government appears to have taken cognizance of the situation; this policy has for the time being at any rate been succeeded by one involving the issuance of communiques and permitting the publication of comment in the vernacular press.

2. The Department will, of course, be aware that the Chinese communists have hitherto had and still appear to have a good press abroad. They have exercised much subtlety and skill in their relations with foreign press correspondents, especially Americans. Perhaps the one American who has done more than any other to portray and to explain the Chinese communists and their principles and objectives in a favorable light has been Edgar Snow, author of *Red Star Over China*. Through the agency of that book alone the Chinese communists were colorfully dramatized and made known to millions of Americans and Europeans. Other American journalists and writers

<sup>25</sup> In a further despatch on the same subject (No. 229, February 6; received March 4), Mr. Clubb concluded that the result of the conflict "has hardly been either a strengthening of the home front or an improvement of China's international bargaining position." (893.00/14664)



such as Randall Gould, Anna Louise Strong, Agnes Smedley and Major E. F. Carlson have perseveringly and sympathetically explained the role that the communists have played and continue to play in China. Often their reports are objective, other times somewhat colored. In general, their reports paint a glowing picture of the Chinese communists and their activities; rarely are they couched in critical terms. Even foreign correspondents of an acknowledged neutral attitude are often wont to publish articles laudatory of the communists and critical of the Kuomintang and its leaders. Is this because they are genuinely impressed with the program and objectives of the Chinese communists or is it attributable to other reasons? It seems not unlikely that the favorable foreign press which the Chinese communists enjoy is ascribable to a variety of reasons: the communists encourage contact; they freely supply correspondents with information; they utilize propaganda skilfully; they are adept in seeing that their versions of incidents and problems are promptly placed before correspondents and other third-power nationals of consequence. Moreover, they are in a sense the "underdog"; as the chief opposition party they are often the recipients of sympathy. They are poor, young, enthusiastic. More important, they have a definite program and they are adroit in describing it. They sound very impressive when they talk of "mass mobilization of the people", "unity", "resistance to the last", "down with imperialism (including the United States and Great Britain but not Soviet Russia in this category)". And it is generally acknowledged, even among Kuomintang leaders, that the Chinese communists have a praiseworthy political and military organization, that they are animated by an admirable "esprit de corps", and that they possess a deep spirit of discipline and loyalty in relation to the ideals and principles of their political party. Is it to be wondered, then, that they create a favorable impression among foreign correspondents and that they have a good press abroad? In a sense it is they and not the Kuomintang who today comprise the "revolutionary" party of China!

3. By contrast, the Kuomintang and the National Government appear to have been on the defensive, to have taken a negative attitude. Until very recently when the crisis between the National Government grew acute and when the Chinese communists were felt to be exploiting the situation by the dissemination of reports and propaganda favorable to their cause and inimical to the National Government, it appeared to be the settled policy of the Government and its leaders and spokesmen to refrain from the discussion and ventilation of relations with the Chinese communists. Rarely was it possible for a correspondent or even a diplomatic officer to obtain satisfactory or full information from such sources; almost never were articles relating to

the Chinese communists to be found in the press and periodicals. The reason for this reluctance to discuss the relationship with the communists is not clear. It may be that it is attributable to a desire to "play down" the communist question to neutral observers, to refuse to admit a fundamental internal schism in the face of large-scale foreign aggression. But whatever the motive, it seems clear that the communists have capitalized upon the reticence of the nationalist authorities.

4. On January 6, 1941, the Vice Minister of Publicity, Dr. Hollington K. Tong, referred to this question during the course of an informal conversation with an officer of this Embassy. Dr. Tong said that he had just refused to permit the transmission of a press message prepared by Mr. Jack Belden, International News Correspondent, which set forth the communist point of view in relation to the transfer of the New Fourth Army. He went on to say that he knew Belden was on good terms with the communists and that there was no objection to that. However, there was objection, he said, to the dissemination of information giving a one-sided point of view. It was agreed that this was a rational point of view, but the suggestion was offered that the Government's attitude and policy in relation to the communist question might be better understood and portrayed to the public if constructive steps were taken by the Government to set forth its point of view.

5. Again, on January 17, 1941, Dr. Tong referred to this question in conversation with an officer of the Embassy. In this instance he produced a telegram which had recently been received from New York, the gist of which was to the effect that the *New York Herald Tribune* had published an article despatched from Hong Kong by Edgar Snow stating that the situation in China had reached a critical stage owing to the growing disruption of Kuomintang-communist relations and the deterioration of the economic situation. The strained relations existing between the Kuomintang and the communists were ascribed to the machinations of a group of Chinese headed by General Ho Ying-chin which had endeavored to seize control of China during the Sian Incident. According to the telegram, the article by Snow had contained a statement to the effect that my British and Soviet colleagues and I had made representations to General Chiang Kai-shek urging the maintenance of national unity at all costs.\* Dr. Tong observed that the article by Snow was distorted, misleading and obviously false in regard to the assertions concerning General Ho Ying-chin and the alleged representations made by my colleagues and me to General Chiang.

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\* Embassy's telegram No. 632, December 23, 12 noon. [Footnote in the original; for telegram, see *Foreign Relations*, 1940, vol. iv, p. 472.]

6. Since the occurrence of the conversation reported in the immediately preceding paragraph the Embassy has learned from reliable sources that following the receipt of the telegram outlining Snow's despatch to the *New York Herald Tribune*, General Chiang Kai-shek summoned Chou En-lai, communist liaison agent at Chungking, informed him of the contents of Snow's despatch, and observed that he (Chou) knew very well that the despatch was inaccurate and misleading. Chou is reported to have replied that the despatch was, of course, inaccurate but to have denied that the despatch was communist-inspired or based on information received from communist sources. General Chiang Kai-shek is then said to have demanded that Chou send a telegram (presumably to the *New York Herald Tribune*) refuting the allegations contained in Snow's despatch. Chou is represented as having reluctantly agreed to do so but as having not sent the message after all because knowledge had meanwhile reached him of the occurrence of the incident in south Anhwei which involved the liquidation of a unit of the New Fourth Army.†

7. Following the incident in south Anhwei, it would appear that the National Government has abandoned the policy of reticence and uncommunicativeness. On the evening of January 17 the semi-official Central News Agency published a long report gleaned from the statements of the military spokesman in regard to the incident.‡ On January 18 the *Central Daily News*, official Kuomintang organ, published an editorial emphasizing the necessity of a unified military command and criticizing the actions of the New Fourth Army. And on January 21 the *Ta Kung Pao* published a long leading article which, while pointing out the absolute need of a national army under unified leadership, nevertheless asked for generous treatment of the New Fourth Army and urged leniency for its commander.§

8. It would seem logical to conclude from the actions noted above that the National Government has now found it expedient to revise its publicity policy toward the communists; at any rate where there was no publicity heretofore communiques are now being issued, where there was utterly no comment before long leading articles are now being permitted to appear in print. The favorable manner in which the communist position has been portrayed abroad has been brought home to the Chinese Government. It seems not unlikely that in the future the Government will take steps to present its case more fully and clearly than in the past. It may well be that a freer discussion of

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† Embassy's telegrams Nos. 23, January 16, 11 a. m.; 25, January 17, 12 noon; and Embassy's despatch No. 751, January 18, 1941. [Footnote in the original; despatch No. 751 not printed.]

‡ Embassy's telegram No. 27, January 18, 4 p. m. [Footnote in the original; telegram not printed.]

§ Embassy's telegram No. 38, January 21, 5 p. m. [Footnote in the original; telegram not printed.]

the subject may tend to dispel some of the misunderstanding, distrust and suspicion now prevailing.<sup>26</sup>

Respectfully,

NELSON TRUSLER JOHNSON

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793.94/16466 : Telegram

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

[Extract]

CHUNGKING, January 24, 1941—noon.

[Received January 31—10:33 a. m.]

41. [Here follows a survey on "China in 1940."]

9. The year 1941 was ushered in at Chungking on a wave of unprecedented optimism notwithstanding the uncertainties of the future and a realization of the many difficulties yet to be overcome. This optimism was predicated on the conviction that China had come to be inseparably linked with the so-called democratic powers in a world-wide struggle against aggression and that China would receive increasingly effective support from those powers. China was cheered also by Japan's increasing difficulties—internal troubles, growing estrangement of relations with the United States and Great Britain and inability to woo Soviet Russia and failure to liquidate the "China incident" or even make progress in pacifying the occupied areas of China. The feeling was general that the future destiny of the Far East would be largely contingent on the outcome of the struggle in Europe.

With the consistent foreign policy of cooperation with the United States and Great Britain apparently approaching concrete realization, China may be expected to continue to resist Japanese aggression with all the forces at its command. Apparently lacking the requisite resources or power to counterattack and drive the entrenched Japanese Army from China at this time, Chinese intentions may be expected to continue along the lines of the past 2 years, that is, a policy of attrition. China would seem capable of prolonging the struggle pending the outcome of perhaps more momentous developments elsewhere which may exercise a decisive influence on the Sino-Japanese conflict. By and large China's capacity to conduct prolonged hostilities appears to be affected by two principal internal considerations: (1) the financial and economic problem and (2) the question of internal unity. China

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<sup>26</sup> In an attached memorandum dated February 19, John P. Davies, Jr., of the Division of Far Eastern Affairs, dissented from the "interpretation in this despatch", holding that "the Central Government does not have the foreign partisan advocates that the Communists have . . . because of such larger factors as the obvious failings of and corruption within the Central Government and the crusading appeal of the Communist movement."

is, of course, confronted with economic difficulties of a very serious character and these may worsen in the course of time but if China can be assured of timely external financial assistance and cooperation and if suitable domestic measures can be devised and enforced to stem the forces of inflation it would appear that the collapse and disintegration of China's economic structure is neither necessarily imminent nor inevitable. While far from satisfactory, relations between the Central authorities and the Chinese Communists can scarcely be regarded as incapable of adjustment. A vital common aim and the knowledge that internal strife would perhaps prove fatal to the accomplishment of that aim suggest that the "united front" can and will be preserved in the face of Japanese aggression.

Sent to the Department. Repeated to Peiping. Peiping please mail code text to Tokyo.

JOHNSON

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893.00/14636 : Telegram

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

CHUNGKING, January 25, 1941—11 a. m.

[Received 1:10 p. m.]

42. My 25, January 17, noon and 27, January 18, 4 p. m.<sup>27</sup> According to information available to the Embassy, there have been no marked repercussions to the public announcement of the disarming of the unit of the New Fourth Army which had organized south of the Yangtze River. The Communist leaders Chou and Yeh remain in Chungking and are reported to be maintaining their usual contacts with the Government. The *Communist Daily* continues publication, has made no reference to the Anhwei incident apart from the publication of a brief poem of lament by Chou En Lai. The attitude of Mao Tse Tung and the other Communist leaders in North China is not yet known. According to sources close to the Communists, Chou En Lai is represented as adopting the point of view that the Communists have the pleasure of resorting to military measures against the Government and that no matter what happens China can not be plunged into civil war at this time. Informed observers are of the opinion that this incident is not likely to result in a critical or irretrievable deterioration of Kuomintang-Communist relations.

JOHNSON

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<sup>27</sup> Latter not printed.

711.94/1934 : Telegram

*The First Secretary of Embassy in China (Smyth) to the Secretary of State*PEIPING, January 27, 1941—3 p. m.  
[Received January 27—7: 18 a. m.]

42. Department's 33 [43], January 17, 8 p. m., to Tokyo.<sup>28</sup> Marine-gendarme incident. Ambassador Grew having informed this Embassy that he had an appointment with Foreign Minister Matsuoka today, I called this morning on Counselor Tsuchida, in charge of the Japanese Embassy here, and carried out the Department's instructions. He made no comments. Later, at lunch, I met Secretary Terasaki, who had been with Mr. Tsuchida when I called. Mr. Terasaki said that he wished to assure me that the official inquiry would be given the most serious consideration by the Japanese Embassy.

Sent to the Department. Repeated to Chungking, Tokyo, Shanghai.  
SMYTH

893.00/14640 : Telegram

*The Ambassador in China (Johnson) to the Secretary of State*CHUNGKING, January 29, 1941—11 a. m.  
[Received 9: 50 p. m.]

46. My 27, January 18, 4 p. m.<sup>29</sup> Yesterday evening there was released for publication the gist of a report made by General Chiang Kai Shek at the memorial service on January 27. The report dealt chiefly with the recent action taken by the Government against the New Fourth Army and with the importance of maintaining sound military discipline. General Chiang refuted what he termed Japanese rumors and false reports that the incident would result in internal disruption and civil war and a lessening of support from hitherto friendly nations, asserting that apart from the traitors and puppets there is "absolute unanimity of purpose among both people and armed forces." With regard to the attitude of the foreign powers General Chiang said, "The records of 4 years sympathy and assistance from friendly nations has shown them uniformly desirous of seeing strict discipline enforced in our armies as a means of enhancing their efficiency in resistance; there has never been an instance of their being discouraged by our taking action required by the very object they approve. They will recognize the propriety of any action aimed at keeping high the standards of sound discipline prevailing in the Chinese armed forces. So far from the effect being as the Japanese foolishly attempt to con-

<sup>28</sup> Not printed, but see Ambassador Grew's memorandum and oral statement of January 27, *Foreign Relations, Japan, 1931-1941*, vol. I, p. 707.

<sup>29</sup> Not printed.

vey, foreign countries will be inspired with respect for us by observing our ability to put down insubordination without hesitation or trepidation despite the difficulties attendant on such action under the conditions imported [*imparted?*] by active prosecution of warfare."

Emphasizing the necessity of military discipline, General Chiang declared "only troops obedient to their orders and demonstrating a good standard of discipline can represent an effective part of the forces resisting the enemy and only such troops can win the whole-hearted support of their government and people. Troops contemptuous of discipline, on the other hand, forsaking their fighting duties and even attacking other sections of the forces of resistance, diminish the efficiency of the whole war effort; to permit such troops to go on their way would be to invite national ruin, not to speak of defeat for resistance." Asserting that the measures taken against the New Fourth Army "were in no way peculiar," he went on to recount disciplinary measures taken against Han Fu Chu, Li Fu Yeng and others which were on an individual nature "whereas the New Fourth Army as a unit was guilty of attacking a body of comrades in arms, of disobedience to orders and rebellious gestures. Punishment in its case had therefore to extend to the abolition of its status as a section of the national armies and its disbandment. Such are the simple and clear facts of the matter; any enlargement on them can only proceed from the Japanese sources of falsification." General Chiang continued, "The incident under discussion was an exceedingly distressing case of military necessity . . .<sup>31</sup> I exercised the Christian precept of forgiveness unto seventy times seven in bearing with the recalcitrant New Fourth Army, but it, so far from repenting of its evil courses, continued to give out false reports villifying commanding officers and the Government and to take all manner of arbitrary action until it became apparent to me that if it were not checked China would cease to be worthy of the name of a nation, that she would be powerless to make success of resistance or the revolution; while it [*I?*] should become guilty of criminal neglect of my duties. The time had come when the matter could no longer be overlooked or kept in the dark."

Declaring that "the incident is now entirely closed" and that "absolutely no political and party issue is involved", General Chiang concluded, "I have only to say that my action was dictated solely by the desire to strengthen the nation's capacity for resistance . . .<sup>31</sup> it was a blow at the enemy . . .<sup>31</sup> it was designed to save [*have?*] a deterrent effect and to be a stimulus in promoting good discipline and solidarity throughout our armies".

Sent to the Department, repeated to Peiping.

JOHNSON

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<sup>31</sup> Omission indicated in the original.

893.00/14656

*Memorandum of Conversation, by Mr. John P. Davies, Jr., of the  
Division of Far Eastern Affairs* <sup>32</sup>

[WASHINGTON,] January 29, 1941.

Miss Anna Louise Strong, the well-known American author and formerly editor of the *Moscow Daily News*, called at the Department today where she was received by and held a conversation with Messrs. Atcheson,<sup>33</sup> Jones<sup>34</sup> and Davies. She subsequently met Mr. Hornbeck<sup>35</sup> and Mr. Hamilton to whom she gave substantially the same information.<sup>36</sup> Miss Strong described her impressions of the situation in China gained during a three week stay in Chungking during December and visits to Hong Kong and Shanghai. In Chungking she interviewed General Chiang Kai-shek and held long conversations with H. H. Kung,<sup>37</sup> General Pai Chung-hsi,<sup>38</sup> Sun Fo,<sup>39</sup> Chou En-lai, the American, British and Soviet Ambassadors and other important personages. She had entered China from Russian Turkestan, flying as the first American to make the trip from Alma Ata to Hami, Tihwa, Lanchow and Chungking.

Miss Strong's greatest concern during the course of her conversation today was apparently to give emphasis to the grave deterioration of relations between the Central Government and the Communists. It may be noted here that in her comments Miss Strong was, in view of her known leftist sympathies, notably moderate and objective.

Chu Chia-hua, the Secretary General of the Kuomintang, told her: "We have surrounded the Communists and we are going to wipe them out". Pai Chung-hsi spoke of punitive campaigns against the Communists. Instigating this anti-Communist offensive, she declared, is Ho Ying-chin<sup>40</sup> and a group of reactionary Kuomintang officials surrounding him. General Chiang Kai-shek maintains his role of being above factional strife and an impartial arbiter between his immediate subordinates and the Communists.

Miss Strong believes that the Central Government is genuinely alarmed by the growth of Communist strength. She referred to the numerical expansion of the Communist forces and the extension of

<sup>32</sup> Initialed by the Chief of the Division (Hamilton).

<sup>33</sup> George Atcheson, Jr., of the same Division.

<sup>34</sup> Joseph M. Jones, of the same Division.

<sup>35</sup> Stanley K. Hornbeck, Adviser on Political Relations.

<sup>36</sup> In a "Note" appended to the memorandum, it was stated that Miss Strong's conversation with Messrs. Hornbeck and Hamilton "did not discuss personalities to the extent indicated in this memorandum, nor did she go into the same detail as she did in her conversation with Messrs. Atcheson, Jones, and Davies."

<sup>37</sup> Chinese Minister of Finance and Vice President of the Executive Yuan (Vice Premier).

<sup>38</sup> Chinese deputy chief of staff and Minister of Military Training Board, National Military Council.

<sup>39</sup> President of the Chinese Legislative Yuan.

<sup>40</sup> Chinese Minister of War and chief of staff, National Military Council.



their activities from Hopeh Province southward as far as southern Kiangsu and Anhwei, and remarked that concern over Communist control of the rich lower Yangtze Valley at the termination of the war with Japan was probably one of the main motivating factors of the current attempt by the Central Government to reduce Communist control in this area.

Not only does this crisis carry the danger of civil strife between Chungking and the Communists, with the implication of a breakdown in Chinese resistance to Japan, Miss Strong went on to say, but also might lead through a weakening of the Central Government to revolts on the part of other factional groups, such as the Fukien clique (which is said to be drifting toward Wang Ching-wei <sup>41</sup>), the Szechuan warlords and Lung Yun, Chairman of Yunnan Province.

Miss Strong was told by many Chinese in Chungking, men of moderate views who were not Communists and whose interests were primarily in the continuation of Chinese resistance to Japan, that they believed a simple intimation from the American Government or its representatives that the United States was interested in continued unity in China would serve to discourage the elements now stirring up factional strife. She was told by these Chinese that the American authorities have not displayed any concern over the trend of internal political developments in China and that therefore the group around General Ho felt that their actions, if not having the tacit support of the United States, were at least viewed with indifference. The British Ambassador <sup>42</sup> told her that he had repeatedly informed the Chinese Government that he considered it most important for China's sake and in the interests of the democratic cause throughout the world that China continue united.

With regard to aid to China from the Soviet Union, Miss Strong declared that her understanding was that it was continuing on the same basis as before. She said that the volume of supplies had not increased and when questioned more closely was unable to give any indication as to what aid the Soviet Union was extending. The principal channels through which supplies from Russia are entering China is across the Yunnan-Burma highway. Although she had flown into China from Alma Ata across Chinese Turkestan she apparently had or was willing to give little information regarding traffic across Sinkiang into Kansu. She mentioned that most of the gasoline being brought in from the Soviet Union into northwest China came by camel caravan.

Aid to China from the Soviet Union, Miss Strong was told in Chungking by Chinese officials, was, prior to the recent loan of 100 million dollars by the United States, in excess of that given by all other for-

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<sup>41</sup> Heading Japanese-sponsored "government" at Nanking.

<sup>42</sup> Sir Archibald J. K. Clark Kerr.

eign powers combined. Furthermore, it was given knowing that the Chinese would be unable to repay the Russian advances in full.

Miss Strong declared that the Soviet officials in Chungking were greatly concerned over the crisis in Central Government-Communist relations and indicated rather significantly that the Soviet Union is more interested in the preservation of Chinese unity than in protecting the rights of the Chinese Communist Party.

Japanese policy toward China, Miss Strong believes, has become more astute since the arrival in Tokyo of a large number of German advisers. She believes that the Germans are, through their connections in Tokyo and Chungking, playing a game designed to bring about civil conflict in China or a *rapprochement* between Chungking and Tokyo which would leave Japan free to push southward against British possessions in the Far East.

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033.1193 Currie, Lauchlin/9 : Telegram

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

CHUNGKING, January 30, 1941—9 a. m.

[Received 9:55 p. m.]

48. 1. I went to see General Chiang Kai Shek late yesterday afternoon at his request. He inquired whether I had any information regarding the mission of Mr. Currie<sup>43</sup> whereupon I handed him the text of the announcement contained in the radio bulletin dated January 23<sup>44</sup> and outlined to him the context of the Department's telegram No. 17, January 23, 6 p. m.<sup>45</sup> Subsequently he indicated that he was anxious to see Currie at the earliest possible moment and that he would send Hollington K. Tong to Hong Kong to accompany Currie to Chungking by aeroplane on the day following the latter's arrival in Hong Kong.

Acceding to his request I said I would inform the American Consul General at Hong Kong of his desire that Currie proceed immediately to Chungking.

2. The General then referred to the International News Service despatch alluded to in my telegram No. 43, January 26, 11 a. m.<sup>45</sup> and asked whether I had any information on the subject. I replied that I had heard of the receipt of the despatch in Chungking and was vaguely familiar with the contents but that I had no other infor-

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<sup>43</sup> Lauchlin Currie, Administrative Assistant to President Roosevelt. See also telegram No. 48, February 24, 1 p. m., p. 602, and subsequent correspondence.

<sup>44</sup> See press release by the White House on January 23, Department of State *Bulletin*, January 25, 1941, p. 110.

<sup>45</sup> Not printed.

mation on the subject. He went on to say he had learned that in recent weeks certain New York newspapers had published news reports to the effect that China was suffering internal disruptions and that civil war was imminent. He explained that these reports were spread by Japanese domineered Communist elements for obvious reasons and pointed out that the latter are particularly adept at utilizing propaganda in which activity they are assisted by certain American journalists (in this connection see my despatch No. 758, January 23 which went forward by air mail on January 25). He was apprehensive, he said, that the American people and authorities might not be correctly apprised of the real situation in relation to the Chinese Communist question and asserted that according to a report from T. V. Soong<sup>48</sup> the Secretary of Navy<sup>49</sup> had inquired regarding it about 2 weeks ago. He therefore desired that I inform Washington of the actual facts of the situation. I replied that I had endeavored to keep the State Department fully informed of all pertinent developments governing the relationship of the Central Government to the Chinese Communists and that that very day I had sent a message conveying a summary of his remarks made at the memorial service on January 27 (my 46, January 29, 11 a. m.).

3. The Generalissimo then tersely declared that the recent action taken against the New Fourth Army (my telegrams numbers 23, January 16, 11 a. m.; 25, January 17, noon; despatch 751, January 18<sup>50</sup>) was purely a question relating to the enforcement of military discipline; that this action was absolutely essential; and that it was solely a military, not political, matter. He went on to say that the Chinese Communists are not an important or powerful group, explaining that whereas the Government has some 120 army corps, the Communists possess only 2 which are filled with troops that are not well trained or vitalized campaigners.

4. Continuing, Chiang asserted that Soviet Russia has not been giving the Chinese Communist armies any assistance whatsoever in the way of personnel, equipment or finances. However, he said, according to a statement made by General Yeh Ting, Commander of the New Fourth Army and now a prisoner, the Third International at Moscow has been "directing["] the 18th group army (eighth route army) instead of New Fourth Army. These directions were, he continued, that the Chinese Communists should

- (1) Expand their influence and strength in the occupied areas,
- (2) Prolong Sino-Japanese hostilities and thus prevent peace as long as possible and
- (3) Delay the transfer of the New Fourth Army northward, keeping it in its present areas. For the foregoing reasons, he went on, the

<sup>48</sup> Personal representative in the United States of Generalissimo Chiang.

<sup>49</sup> Frank Knox.

<sup>50</sup> Despatch not printed.

New Fourth Army wished to remain in the lower Yangtze areas and trade there. He added that orders from the Third International to the New Fourth Army were to the effect that while the Government's orders were not to be complied with, nevertheless the Army was to see to it that the Government's orders were not openly flouted.

(5) [4] Bearing in mind the Department's No. 216, December 28, 6 p. m.,<sup>51</sup> I seized the opportunity to emphasize to Chiang that I had been of the view all along that the Communist question would not lead to general internecine strife; that I had reported that view to my Government (in this relation see especially my telegram number 592, November 29, noon<sup>52</sup>) that Americans and their Government are very much interested in China and its ability to maintain an independent existence; that they deeply hope that China will continue to exist as an independent nation; and that however when they hear of internal difficulties and friction in China they are naturally concerned and hopeful that these difficulties will be surmounted. I added that I did not consider it necessarily harmful that these matters be publicized as they inevitably would be; that I regarded the Communist problem chiefly as an internal problem and that I felt that the Government and Communist authorities would find it mutually appropriate and desirable to bury their differences and work together for the welfare of the country. To this the General merely replied that these troubles often occur when an army is fighting a war and that from 1911 to 1927 there were many such struggles in China.

JOHNSON

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711.94/1948: Telegram

*The First Secretary of Embassy in China (Smyth) to the Secretary of State*

PEIPING, January 31, 1941—4 p. m.

[Received February 2—5:45 a. m.]

46. Peiping's 42, January 27, 3 p. m. and Tokyo's 120, January 27, 1 p. m.<sup>53</sup> Marine-gendarme incident. On the afternoon of January 28 Mr. Terasaki called on Mr. Benninghoff saying that he came personally and unofficially as a friend in an attempt to ascertain whether any solution of the incident could be found in a spirit of conciliation. The conversation lasted 3 hours.

Mr. Terasaki said that on studying the case he had reached the conclusion that the only way a settlement could be reached was to attempt a compromise. He thought that perhaps the Japanese Army might be persuaded to apologize for the second half of the incident (the arrest and detention of the marines) if the marines apologized for the first half (the affair at the cabaret). He said that if the attitude of the

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<sup>51</sup> *Foreign Relations*, 1940, vol. iv, p. 476.

<sup>52</sup> *Ibid.*, p. 450.

<sup>53</sup> Letter not printed, but see Ambassador Grew's oral statement, January 27, 1941, *Foreign Relations*, Japan, 1931-1941, vol. i, p. 707.

Americans was not too cut and dried he was willing to approach the Japanese Army and see what could be done.

Mr. Benninghoff told Mr. Terasaki and repeated it emphatically several times that the marines would not be satisfied with regard to the maltreatment and detention unless the competent Japanese military authorities made a full and complete apology for the unwarranted action of their men. Mr. Terasaki said that he would be willing to try to persuade the army to make amends along the lines indicated but wished to know how far the Americans would go toward assuaging Japanese feelings with regard to the first part of the incident concerning which they felt aggrieved.

Mr. Benninghoff said there was no question of an American apology and that regardless of the Japanese assertions the Americans felt that Private Sims was completely justified in striking the Japanese (whose nose, it appears, was broken). Mr. Benninghoff said, however, that in a desire to assist in bringing about a settlement he would endeavor to ascertain how far Colonel Turnage would go in making some general statement of regret that an incident had taken place provided a genuine apology was first received from the Japanese.

Mr. Benninghoff gained the impression from the conversation that Mr. Terasaki was of the personal opinion that the gendarmes were in the wrong regardless of the origin of the incident. I received the same impression from him on January 27.

I discussed the matter with Colonel Turnage yesterday. He said that he was under orders to confine his negotiations to statement concerning Japanese amends. He believed if the Japanese complied with his three requests he would be willing to express his regret that an incident had taken place between American marines and Japanese gendarmes; he added that he could not, of course, consider making any apology for the action of his men, and in this view the Embassy concurs.

Mr. Benninghoff met Mr. Terasaki last evening. He told him that there could be no question of altering Colonel Turnage's three requests and that so far as the Colonel was concerned there could be no settlement unless these requests were complied with.

Mr. Terasaki was not disposed to argue those points and Mr. Benninghoff received the impression that he considered them reasonable. Mr. Benninghoff further said that Colonel Turnage would be happy to express his appreciation for receiving the Japanese apologies and that in return the Colonel would be willing to express his regret that an incident should have taken place between Japanese gendarmes and American marines but that the Colonel could not go so far in such a statement as to make an apology. Mr. Terasaki felt that he could not take such an "unbalanced" agreement to the Japanese military and he expressed the belief that nothing further could be done.

Mr. Benninghoff again received the impression that Mr. Terasaki deprecated the "second half" but that he was not in a position to urge the Japanese military to apologize for that part of the incident unless the Americans felt willing to apologize for breaking the gendarme's nose and in general accepted responsibility for the origin of the incident.

The attitude of the Japanese military in this matter illustrates once again their peculiar mental processes. United States Marine authorities in China on a number of occasions, when they felt that their men had been to blame, have voluntarily and without waiting for any Japanese request expressed their regrets to Japanese authorities. The Japanese military, however, will rarely admit any wrong on their part no matter how blatant their actions may have been.

Counselor Tsuchida in charge of the Japanese Embassy here left yesterday by plane for Tokyo. It is obvious that the Japanese Embassy here goes in fear and trembling of the Japanese military; what Mr. Matsuoka can or may be willing to do remains to be seen.<sup>54</sup>

Sent to the Department. Repeated to Chungking, Tokyo, Shanghai.

SMYTH

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893.24/1029 : Telegram

*The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State*

Moscow, February 1, 1941—5 p. m.  
[Received February 1—3 : 40 p. m.]

204. In the course of a conversation with the Chinese Ambassador<sup>55</sup> last night he stated that deliveries of military supplies from the Soviet Union to Chiang Kai-shek during the past 2 months had been somewhat greater than prior thereto. He stated that the deliveries had included 250 airplanes, a substantial quantity of light field artillery, small arms and ammunition and gasoline.

He also told me that Lozovski<sup>56</sup> had recently complained to him "mildly" of the action taken by Chiang Kai-shek against the Fourth Communist Army. The Ambassador said that he had explained to Lozovski that the conduct of the Fourth Communist Army had threatened the unity of Chiang Kai-shek's forces and had it been permitted to continue it might well have completely undermined Chinese resistance to Japanese aggression. He said that Lozovski appeared to be satisfied with his explanation and that Soviet deliveries of war

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<sup>54</sup> Yosuke Matsuoka, Japanese Minister for Foreign Affairs, received Ambassador Grew's representations on January 27; see *Foreign Relations, Japan, 1931-1941*, vol. I, p. 707. No further action was taken, the affair remaining an unsettled incident.

<sup>55</sup> Shao Li-tzu.

<sup>56</sup> Solomon A. Lozovsky, Soviet Assistant Commissar for Foreign Affairs.

materials had since continued at the level prior to the increase of the last 2 months.

The Ambassador added that from March until June owing to the thaw and resulting impassable roads no further deliveries could be received by Chiang Kai-shek from the Soviet Union and that negotiations were at present taking place in Chungking with a Soviet representative with respect to deliveries to be made subsequent to June.

STEINHARDT

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793.94/16490

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

No. 3025

PEIPING, February 4, 1941.

[Received March 3.]

SIR: I have the honor to enclose as of possible interest a copy of a memorandum<sup>57</sup> prepared by Dr. J. Leighton Stuart, President of Yenching University, of a conversation had by him on January 29, 1941, with Counselor Tsuchida, in charge of the Japanese Embassy in Peiping, in regard to Sino-Japanese relations. The memorandum is brief and interesting.

It will be noted that Counselor Tsuchida stated that the news of General Chiang Kai-shek's vigorous disbandment of the Chinese 4th Route Army would produce a favorable effect in Japan as indicating an attitude to Communism similar to their own, but that Japan would continue its recognition of the Wang Ching-wei regime rather than that of General Chiang Kai-shek. It will also be noted that Dr. Stuart expressed the view that, if Japan regarded Chinese Communism as a hindrance to peace, Japan should recognize the fact that, from the standpoint of the Chungking government, the Wang Ching-wei regime was another rebellious movement, created and maintained purely by Japanese military force, and as such at least as great a hindrance to peace as Chinese Communism; Dr. Stuart added that the problem of peace or of lengthening hostilities was therefore one to be discussed in Tokyo rather than to be settled through further attempts to meet with representatives of the National Government and alter their views. At the close of the conversation Counselor Tsuchida quietly remarked that he agreed with Dr. Stuart but feared that it would be difficult to persuade his Government.<sup>58</sup>

Respectfully yours,

For the Ambassador:

ROBERT L. SMYTH

*First Secretary of Embassy*

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<sup>57</sup> Dated January 31, not printed.

<sup>58</sup> The First Secretary of Embassy in his despatch No. 3044, March 6, reported another talk between Dr. Stuart and Mr. Tsuchida at the latter's initiative, in which the Japanese Counselor "appeared to be concerned over Dr. Currie's recent visit to Chungking in particular, and Japanese-American tension in general" (793.94/16547).

893.24/1030 : Telegram

*The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State*

Moscow, February 10, 1941—7 p. m.

[Received 11 : 10 p. m.]

253. In the course of a conversation with the Chinese Ambassador this morning, he expressed his concern at the Japanese mediation of the Thailand-French Indo-China dispute<sup>59</sup> on the grounds that it would not only tend to distract the attention of the Japanese public from their difficulties but would enhance their feeling of self importance.

In connection with Soviet deliveries of war material to Chiang Kai Shek, the Ambassador informed me in response to a general inquiry I made of him at our previous conference that the existing credit of \$250,000,000 extended by the Soviet Government to Chiang Kai Shek in 1939 was the third such credit since the outbreak of the Chinese-Japanese hostilities. He said that the first credit had been for "somewhat more than \$100,000,000" and that the second credit had been for \$150,000,000.

Of the existing credit of \$250,000,000, the Ambassador stated that Soviet deliveries had amounted to approximately \$20,000,000 prior to his arrival in Moscow in June 1940 and that since his arrival the deliveries had aggregated approximately \$60,000,000 so that approximately \$170,000,000 of the credit remains unexpended. He explained, however, that the deliveries now taking place include planes and artillery so that the sums involved are considerably greater than in respect of the deliveries made during the past 7 months and that in consequence he anticipated the entire credit would be exhausted before the end of 1941. He expressed doubt as to the willingness of the Soviet Government to grant a further credit when the existing credit has been exhausted in view of the international situation and "increasing evidence that the United States is prepared to finance Chiang Kai-shek."

The Ambassador further said that the Soviet authorities had at no time been willing to disclose to him the deliveries being made to Chiang Kai-shek and had stated to him that Chiang Kai-shek was fully informed by the Soviet representatives in Chungking concerning the deliveries. The Ambassador said, however, that he would be able to give me the details concerning the deliveries over the past few months as soon as he received the information from Chungking and on the basis of which the accounts are periodically balanced in Moscow.

STEINHARDT

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<sup>59</sup> See pp. 1 ff.



793.94/16488

*The Consul at Kunming (Perkins) to the Secretary of State*

[Extract]

No. 186

KUNMING, February 15, 1941.

[Received March 1.]

SIR:

. . . . .

## CHINESE-BRITISH DEFENSE COOPERATION

From Chinese sources which are non-military but which are believed to be informed, it is learned that active Chinese and British cooperation for defense in the event of a Japanese attack on British Far Eastern possessions is being discussed and plans considered for the use of Chinese troops in British territory, as well as the use of Chinese bases for British planes. A high-ranking British military official recently passed through Kunming en route to Chungking; while no information has been vouchsafed by local British officials as to the object of his journey, an American who talked with a member of the party stated that the British military authorities in Burma were interested in seeing British or American supervision of the Burma Highway instituted in order to ensure transport of high octane gasoline for British use should Chinese air bases be secured by them for the defense of Hong Kong.

A Chinese military mission, headed by General Shang Chen (former Chairman of Hopei and Honan Provinces and at present chief of the Administrative Office of the Military Affairs Commission), which includes seven high Chinese military officials, is now proceeding to Burma purportedly to return the call of the recent Burmese mission to Chungking.\* It is understood that the principal object of this group's visit will be to discuss Chinese military cooperation with the British should a Japanese advance across Indochina or Siam toward northern Burma occur.

Respectfully yours,

TROY L. PERKINS

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\* Kunming's telegram to the Embassy, Chungking, February 15, 12 noon. [Footnote in the original; telegram not found in Department files.]

793.94/16520

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

[Extracts]

No. 5398

Tokyo, February 27, 1941.

[Received March 17.]

SIR: With reference to our despatch No. 5385, February 21, 1941,<sup>60</sup> commenting upon a magazine article by Admiral Nobumasa Suetsugu in regard to various strategical and diplomatic factors which relate to the question of a possible American-Japanese conflict, I have the honor to enclose, as of possible interest to the Department, a translation,<sup>61</sup> appearing in the February 20, 1941, issue of *Contemporary Opinions*, of excerpts from a book by the same author entitled *Japan and Nazi Germany*. The present discussion is principally devoted to examining the causes of Japan's failure to bring the China conflict to a prompt and successful conclusion, but it also touches briefly on questions of Japanese defense strategy and the importance of establishing the "East Asia Co-Prosperity Sphere" as a means of freeing Japan from dependence on non-Asiatic sources for the supply of essential raw materials.

. . . . .

From an examination of Admiral Suetsugu's views, one gains the distinct impression that the Government, leaders and people of Japan have long since wearied of the protracted and profitless China venture and that they have now turned to a frantic search for an avenue of escape from this exhausting and inconclusive struggle. The prospect of richer immediate rewards appears to have diverted the focus of Japanese expansionist attention away from China to the mainland and islands of southeastern Asia. Moreover, it would be idle to expect Japan to overlook the advantage of prosecuting a vigorous policy in that region at a time when potential opponents of her program are engrossed with a European war. Viewed against this background, Japan's desire to terminate the war in China, and thus put an end to this source of drain on her resources and military strength, becomes at once understandable and significant.

Respectfully yours,

JOSEPH C. GREW

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<sup>60</sup> Not printed.<sup>61</sup> Not reprinted.

893.00/14661 : Telegram

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

CHUNGKING, March 3, 1941—4 p. m.

[Received March 3—10:55 a. m.]

86. Reference last substantive paragraph of my 83, March 3, 9 a. m.<sup>62</sup>

1. The Embassy is informed that the Chinese Communist delegates, numbering seven in all, failed to attend the March 2 and 3 sessions of the People's Political Council and that they have, with the approval of the Communist authorities at Yen-an, presented 12 conditions to the Council for acceptance failing which they will not participate in the meetings. These conditions include (1) discontinuance of military attacks against Communist forces; (2) cessation of pressure against and recognition of Chinese Communist Party; (3) recognition of legal status of Shensi border area; (4) maintenance of *status quo* in existing military areas; (5) permit the Communists to organize a second army corps; (6) release Yeh Ting<sup>63</sup> and other Communists who were detained in South Anhwei and grant *solatia* to families of Communists losing lives in clash and return arms seized; (7) permit delegates of the Communist Party to be appointed to the presidium of the People's Political Council. It is reported that the foregoing demands have been ignored and the consensus of informed observers is that the Government will not entertain such demands. The Council is reported on March 2 by an unanimous vote to have approved Chiang Kai-shek's statement of January 27 (Embassy's telegram 46, January 29) and despatch 772, February 6.<sup>64</sup>

Chinese Communist sources in Chungking report the occurrence in recent days of clashes in Northern Anhwei, Central Shensi, between military forces of China and the Communists, but Government confirmation is lacking.

Sent to the Department. Repeated to Peiping.

JOHNSON

893.00/14667 : Telegram

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

CHUNGKING, March 10, 1941—7 a. m.

[Received March 10—3:10 a. m.]

95. My 92, March 7, 10 a. m.<sup>62</sup> There were released to the press late March 8 excerpts from an address delivered by Chiang Kai-shek

<sup>62</sup> Not printed.<sup>63</sup> Commander of the Communist Fourth Army.<sup>64</sup> Despatch not printed.

to the People's Political Council on March 6. Referring to two sets of demands presented by the Communists to the Council (but not to the Government nor to himself) General Chiang said: "We are surprised by the contents which lead us to associate them with the terms of the Japanese military served on the National Government and the local garrison forces." Classifying the demands as military, political and party General Chiang said: "The military demands infer that the Government should not suppress the rebellious troops . . .<sup>65</sup> the political demands infer that outside the jurisdiction of the National Government special areas should be established with their special political structures and . . . the enforcement of lawful restrictions on public and private illegal activities could be curbed . . . the demands regarding party infer that the Chinese Communist Party should have special status and special privileges in the People's Political Council . . ." Asking whether China could remain a nation if such demands were accepted General Chiang went on to define the Government's policy as follows: "Militarily, it has been the Government's inherent policy that the Army should be nationalized . . . there should be only one and can only be one National Army system . . . politically, the Government should be democratized . . . however, the National Political authority is one; there cannot be more than one political authority within one state, otherwise in addition to the National Government, other political authority would be set up like the one demanded by the Communists regarding the 'democratic regime behind the enemy.' Such separatist authority cannot be in any way different from the puppet regimes of 'Manchoukuo' and Wang Ching Wei." In reference to Communist demands for cessation of military attacks against their units General Chiang asserted "This nonsensical, misleading and confusing propaganda not only slanders our Government and undermines our sacred mission of resistance, but also insults the pure spirit of our people who are solidly united." He went on to say that if the Communists "obey orders and stop attacking other army units, our Government would be lenient, let bygones be bygones, and extend them equal treatment. But, should they disobey orders, violate discipline and obstruct the armed resistance . . . the Government . . . cannot but suppress them in accordance with law . . ." Asking that the Delegates entreat Communist leaders "to effect a fundamental change of the attitude and action of the Chinese Communist Party" General Chiang declared "the Government is willing to accept all the decisions of the People's Political Council made in accordance with public opinion.'

Sent to the Department. Repeated to Peiping.

JOHNSON

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<sup>65</sup> Omissions indicated in the original.

893.00/14610 : Telegram

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

WASHINGTON, March 13, 1941—6 p. m.

58. Your 632, December 23, noon, and Department's 216, December 28, 6 p. m.<sup>67</sup> Mr. Hornbeck and Mr. Hamilton asked the Chinese Ambassador and Mr. T. V. Soong to call on March 7 for the purpose of a mutually helpful general talk<sup>68</sup> in regard to the general political situation in the Far East and the projects in which Mr. Soong has been especially interested.

1. In the course of the conversation both the Ambassador and Mr. Soong made extended comment in regard to the difficulties between the Central Government and the Chinese Communists. Neither seemed to feel that the situation was especially serious. In response to the comments by the Chinese giving outlines of antecedents, Mr. Hornbeck remarked that the effects of dissension between the Communists and the Chinese Government were more important than the causes, and Mr. Hamilton stated that this country was of course very much interested in China's unity and stability.

2. An officer of the British Embassy called at the Department on March 11 and stated to Mr. Hamilton<sup>69</sup> that the Embassy had a few days ago received a telegram from the British Foreign Office in which was expressed the view that dissension between the Chinese Government and the Communists might have a number of very unfortunate effects.<sup>70</sup> The British Foreign Office felt that, in as much as the British and American Governments were extending substantial aid to the Chinese Government, both the British and the American Governments were entitled to express to the Chinese Government concern in regard to the dissension between the Chinese Government and the Chinese Communists. The Foreign Office directed the British Embassy here to keep in close touch with the Department in regard to this matter, with a view possibly to the American and British Ambassadors at Chungking making perhaps simultaneous but separate approaches to General Chiang Kai-shek for the purpose of expressing the concern of their Governments in regard to the situation. Mr. Hamilton stated that our reports indicated that the British Ambassador at Chungking had on a number of occasions spoken to General Chiang in regard to this matter and that the Department had authorized the American Ambassador at Chungking to express to General Chiang our concern

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<sup>67</sup> *Foreign Relations*, 1940, vol. iv, pp. 472 and 476, respectively.

<sup>68</sup> See memorandum by the Chief of the Division of Far Eastern Affairs, p. 610.

<sup>69</sup> Memorandum of conversation not printed.

<sup>70</sup> These included "the possibility that the Soviet Union might be influenced thereby toward ceasing to grant aid to China and toward effecting some sort of an agreement with Japan." (893.00/14727)

and that the Ambassador had done this. Mr. Hamilton also mentioned the remarks which had been made to the Chinese Ambassador and Mr. Soong here on March 7.

3. Without undertaking to make with the British Ambassador the suggested simultaneous or identic approach to General Chiang, the Department desires that you keep in touch with your British colleague; that you continue to follow developments carefully; and that if and as occasion presents itself you continue to keep before General Chiang and other appropriate officials of the Chinese Government this Government's concern over reports of dissension between the Kuomintang and the Chinese Communist forces, pointing out that Chinese unity has comprised one of the principal factors in our policy toward China for many years, that this Government's interest in the progressive maintenance of Chinese unity continues, and that in our view the importance of the maintenance of Chinese unity cannot be overestimated at the present serious juncture in world affairs.

HULL

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893.00/14683 : Telegram

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

CHUNGKING, March 24, 1941—11 a. m.

[Received March 24—9 : 50 a. m.]

110. My 102, March 15, noon,<sup>71</sup> on Kuomintang-Communist developments.

1. On March 22 Tong and another high official of the Central Publicity Board separately informed officers of the Embassy that following conversations held between Chou En-lai and Kuomintang officials during the course of the last week and particularly on March 20 there is good reason to believe that a satisfactory solution of the existing impasse is likely to be achieved in the near future. Informants failed to reveal nature of the expected settlement although it was emphasized that a pledge would be required of the Communists to comply with military orders of the high command.

2. On the other hand, however, Durdin of the *New York Times* reports that he was told by Chou on March 21 that no progress has been made in effecting a settlement, that New Fourth Army units are continuing to remain in their present stations in Central China, that Government military forces are gradually taking encirclement positions and that the Communists are reluctant to order removal northward of their forces in Central China for fear that they will be attacked while on the march.

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<sup>71</sup> Not printed.

3. The Assistant Naval Attaché has this morning received a message from Naval Intelligence officers in Shanghai to the effect that four officers of the New Fourth Army are now in Shanghai conferring with the Japanese.

4. Recent reports of Government troop dispositions and statements of high Government officials suggest that the Government is embarking on a policy of encircling and blockading the New Fourth Army forces in Central China and not of resorting to actual military clashes in an endeavor to force the Communist forces involved to comply with the main desideratum of the Government, that is to move to designated areas north of the Yellow River.

JOHNSON

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893.00/14685 : Telegram

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

CHUNGKING, March 26, 1941—10 a. m.

[Received March 26—9:25 a. m.]

114. Department's 58, March 13, 6 p. m.

1. Blackburn of British Embassy called yesterday and in course of conversation stated that he had received instruction to express to Generalissimo the concern of British Government over threat to Chinese unity and war effort from rift between Nationalist Government and Chinese Communists. He said that he had been instructed to consult with this Embassy. He said that he had informed British Ambassador now in Shanghai that such representations would come better from Ambassador than from him. I informed him of substance of Department's telegram above referred to, and stated that I did not consider that I was under instruction to make a point of this matter which after all was giving considerable concern to the government whose leaders did not need me to remind them of the effect of domestic strife on opinion in the United States and other interested countries. I said, however, that I did interpret my instructions to mean that when appropriate occasion might present itself I should make clear American concern over dissension and threats to Chinese national unity. Blackburn told me that he had seen Chou En-lai recently who said that he had seen the Generalissimo at the latter's request and that situation had not materially improved. Chou En-lai is reported to have said that while Chiang had exhibited an attitude of friendliness and a desire to ease the tension he would not give way on points desired by the Communist Party, such as recognition of New Fourth Army, recognition of Communist Party as a legal party, release of political prisoners, et cetera.

JOHNSON

893.00/14715

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

[Extracts]

No. 825

CHUNGKING, March 31, 1941.

[Received April 24.]

SIR: With reference to my despatch no. 280, dated July 18, 1939,<sup>72</sup> on the subject "Progress of 'National Spiritual Mobilization'", and to my despatch no. 439 [493] dated March 29, 1940,<sup>73</sup> regarding General Chiang Kai-shek's broadcast on the first anniversary of the inauguration of the movement, I have the honor to enclose, for the information of the Department, a copy of a translation<sup>73</sup>—released by the China Information Committee on March 21, 1941—of a broadcast delivered by General Chiang on the second anniversary of the inauguration of the movement in question; and to submit certain observations on the extent to which "spiritual mobilization" has been realized in China.

[Here follows a summary of the broadcast and of the Ambassador's commentary.]

It is hardly necessary to add that the most glaring evidence of a lack of spiritual unity is the unfortunate struggle between the Communists and the Kuomintang.

Spiritual mobilization or no spiritual mobilization, however, the fact remains that the National Government has survived more than three and a half years of hostilities with a powerful enemy. Fear of Japanese domination and the inspiration of General Chiang's leadership have tended to create a greater degree of unity among the Chinese people than they have known at any other time since the formation of the Republic. Judged by Western standards, the calibre of officials in general is probably higher than it has ever been before, and their devotion to duty under the most trying conditions, including some of the most vicious aerial bombardments ever carried out, is worthy of the greatest admiration.

The fact that the "Spiritual Mobilization Movement" has apparently had little effect on the Chinese people need not, therefore, be regarded with too great concern. The survival of the National Government speaks for itself. A real cause for concern is the question as to whether concrete forms of assistance from the United States can and will arrive in time to strengthen and maintain the resistance which has been carried on during the last three and a half years.

Respectfully yours,

NELSON TRUSLER JOHNSON

<sup>72</sup> *Foreign Relations*, 1939, vol. III, p. 195.

<sup>73</sup> Not printed.



893.24/1048: Telegram

*The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State*

Moscow, April 21, 1941—7 p. m.

[Received April 21—6:30 p. m.]

819. My 786, April 16, 7 p. m.<sup>74</sup> The [Chinese Ambassador made the statement?] that he has now received "a satisfactory reply" to his inquiry of the Soviet Government concerning continued assistance to Chiang Kai-shek. As there were Axis diplomats present at our meeting I did not press him for details.

STEINHARDT

893.00/14731

*Memorandum by Mr. George Acheson, Jr., of the Division of Far Eastern Affairs*<sup>75</sup>

[WASHINGTON,] April 24, 1941.

In a personal letter from Chungking dated April 10, 1941 from Major McHugh, American Naval Attaché to China, there is contained comment in regard to difficulties with the Chinese Communists and in regard to the question of peace talk and defeatist sentiment as follows:

"The local situation is relatively calm. The Communists are quiet at the moment. There are reports that the rank and file do not agree with their leaders in their efforts to find a compromise with Chungking. Whether this is true I do not know. I doubt if there is a real basis for any compromise since the ultimate aim of the Communists is a completely new Government controlled entirely by them and since they turn every misfortune of the Government into propaganda for their cause. They specialize in spreading discontent which, in my opinion, is what communism mainly consists of in this country. They have been very clever in their work and have attracted many foreign sympathizers, including most of the British Embassy, for it is easy to find fault with this Government, especially in war time. But I do not think they will succeed in breaking this Government, nor do I think this friction is quite as important as Edgar Snow, Agnes Smedley, Carlson and others would have it. I understand Snow has just gotten out a book in which he advocates American aid for China, but stipulates that it should go to the soldiers at the front and the common people behind the lines rather than to the bureaucrats in Chungking. I think it could be easily demonstrated that such an argument boils down to a thesis that we should set up a puppet show of our own here in competition with the Japs, insisting however that ours is a righteous one. Anybody who professes to know China knows that it cannot be done and anyone who knows the U. S. A. knows that we are the last people to attempt such a thing.

<sup>74</sup> Vol. iv, p. 955.<sup>75</sup> Noted by the Secretary of State.

"As for alleged peace talk and defeatist sentiment, such again is Communist propaganda. There is no doubt about it that these people have moments of weariness and despair; such is perfectly human. But the minute that we make them a loan or the President speaks and says 'China has asked for help and China shall have help', the barometer shoots up again. In the meantime, I have never encountered any sentiment, even guardedly, for making peace and least of all in the Generalissimo who very definitely is still the number one man in this country. I do not think the old boy has ever even thought of it."

893.70/70

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

No. 848

CHUNGKING, April 28, 1941.

[Received May 15.]

SIR: As of probable interest to the Department, I have the honor to enclose copies of a confidential report<sup>76</sup> made available to the Embassy by the Central Publicity Board of the Kuomintang purporting to show the extent of the construction by the Japanese of railways, highways and waterways in certain areas of north China since the withdrawal of National Government forces and the accession to control by Chinese communist forces of the hinterland.

The principal object of the report would seem to be to lend support to the oft-made assertion that the Chinese communists have in the past year and more exerted themselves very little in resisting Japanese military or other activities in north China. Bearing in mind consular reports submitted from time to time and observations made by foreign travelers occasionally passing through Chungking from north China, it would seem that there is a considerable measure of truth in the claim that the Japanese have been able to construct the lines of communications enumerated in the enclosed report. It would also seem that the Chinese communists do in fact control a large portion of the north China hinterland through which these lines of communication run; and it might be said that they likewise dominate a major share of the country through which the chief trunk lines such as the Pinghan, the Tsinpu and the Chengtai pass with only infrequent interference reported on the part of the Chinese communist forces. In extenuation of the alleged inactivity of the Chinese communists toward the free flow of Japanese communications through the communist-dominated areas, however, it might be related that the communist forces are said to be woefully short of arms and demolition equipment and that they are reluctant even where possible to resort to large-scale destruction

<sup>76</sup> Not printed; in this report announcement was made of the completion by the Japanese of railways totaling 425 kilometers, trunk highways totaling 4409 kilometers, and several waterways.

of communications because they know from experience that such activity tends to bring down the unrestrained wrath of the Japanese Army on the people who are so unfortunate as to live in the area where the depredation takes place.

It is possible that the Embassy at Peiping and the concerned consular offices in north China may be in a position to check the data contained in the enclosure to this report to ascertain whether the lines of communication enumerated have actually been constructed and are now in operation.

Respectfully yours,

NELSON TRUSLER JOHNSON

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893.00/14718 : Telegram

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

CHUNGKING, April 29, 1941—11 a. m.

[Received 5:20 p. m.]

156. My telegram 154, April 29, my air mail despatch 835, April 15,<sup>77</sup> and previous on Kuomintang-Communist differences.

1. According to information available to the Embassy, there have been no significant developments in the Kuomintang-Communist relationship during the past month and more. In fact as far as can be ascertained there have been no concrete discussions among National Government and Communist authorities since Chiang Kai-shek's informal conversation with Chou En-lai early in April. During this conversation Chiang is reported to have revealed a conciliatory attitude and to have urged upon Chou the desirability of persuading the Yen-an leaders to adopt a cooperative attitude, that is to agree to comply with the military instructions of the High Command. Chou is generally regarded as desirous of being cooperative but it is commonly held that his influence is on the wane and that he has forfeited the confidence of the Yen-an leaders. In passing, it may be remarked that at the last session of the People's Political Council held in March a committee composed of representatives of the existing party organizations was established to seek a formula for the settlement of the Kuomintang-Communist problem. However, it is reported that this organization has not been active probably for the reason that the Communist members have refused to participate in the discussions.

2. Present indications suggest that Chiang has adopted a very cautious attitude toward the Communists, that he will while taking necessary military precautions to prevent further territorial expansion of the Communists, go to great lengths to avoid a decisive military conflict. It is believed that the Communists are equally desirous of avoid-

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<sup>77</sup> Neither printed.

ing a military struggle which could scarcely but prove disastrous to their cause, but the indications are that they will cling tenaciously to the bases which they have [occupied] in certain areas of Central China. It seems likely that the National Government will increase what may be termed "non-military pressure" against Communist forces in Central China including the use of blockade tactics. Another form of pressure is the refusal of the Government since the beginning of the current year to send the usual monthly allotment for military expenses to the Communist armies and it follows that [no equipment or] supplies are being distributed to those forces.

3. The effect of the Russo-Japanese agreement<sup>78</sup> on the fortunes of the Chinese Communists becomes worthy of interest. It seems that the Russian action in signing the pact is more than likely to alienate the attitude of friendliness and support which the Soviet Union built up among the Chinese toward [of the?] intelligentsia and student class during the Sino-Japanese conflict. As an example it is reported, subject to confirmation, that four of the "seven gentlemen" who were tried at Soochow in 1936 have professed disillusionment at the recent Russian action; it would seem that this reaction is general among Chinese intelligentsia. Confidentially, the Chinese Communists have gone to lengths to defend the Soviet action (see, for example, my air mail despatch No. 845, April 22<sup>79</sup>) but the arguments which they advance are not likely to convince the patriotic Chinese of the purity of the Russian motive or of the alleged advantages of the treaties in force to China; on the contrary the efforts of the Chinese Communists to defend the Russian action before their compatriots tend to strengthen the conviction of intelligent Chinese that the Chinese Communists are tied inseparably to the chariot wheel of Stalin,<sup>80</sup> that they have their own interests more in mind than those of China. It seems an inescapable conclusion that the Russian agreement with Japan and the efforts of the Chinese Communists to defend the Russian action will result in a diminution of the influence and prestige which the Chinese Communists have hitherto enjoyed among the Chinese liberal and educated classes.

JOHNSON

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<sup>78</sup> Signed at Moscow, April 13; see telegram No. 763, April 13, 11 p. m., vol. iv, p. 944.

<sup>79</sup> *Ibid.*, p. 965.

<sup>80</sup> Iosif V. Stalin, Secretary General of the Central Committee of the All-Union Communist Party.

661.9331/38

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

[Extract]

No. 854

CHUNGKING, April 30, 1941.

[Received May 15.]

SIR: I have the honor to report that the following information regarding trade between Russia and China was obtained by a member of the Embassy staff during a recent trip through the Northwest.

*Summary*

The lack of trucks and gasoline presents the greatest difficulty in obtaining supplies from Russia. At present 500 trucks are operating continuously on the Hami-Lanchow highway and an average of 650 trucks are arriving monthly at Lanchow from Hami. Therefore slightly under 2,000 tons of Russian supplies are entering Lanchow per month by motor trucks. The trucks at present are transporting heavy artillery and munitions from Russia and return with wool and tea. According to General Hsiung Pin, the Generalissimo's personal representative at Sian, there are 8,000 tons of Russian heavy guns and ammunition at Hami waiting to be brought into China. Numerous camel caravans are also utilized between Hami and Lanchow and all the Russian gasoline entering Lanchow is transported by camels.<sup>81</sup>

Respectfully yours,

NELSON TRUSLER JOHNSON

893.00/14722: Telegram

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

SHANGHAI, May 2, 1941—2 p. m.

[Received May 2—9: 48 a. m.]

514. According to a reliable local foreign source, the Nanking régime leaders, Wang Ching-wei, Chou Fu-hai, Chen Kung-po, have informed Honda<sup>82</sup> that unless they are allowed more real authority without further delay they must resign from their posts. Honda is said to have departed for Japan after telling these Nanking leaders that he would try once more to persuade the Japanese authorities to be

<sup>81</sup> The despatch reported that Chinese officials estimated the number of camels carrying gasoline from Alma Ata to Lanchow to have been between 8,000 and 10,000. Each camel carried approximately 106 gallons of gasoline, taking 3 months to make the trip, but traveling only 6 months a year. This would seem to mean that approximately 900,000 gallons of gasoline were brought in annually from the Soviet Union to Lanchow. The despatch was shown to Dr. Lauchlin Currie, who had been in China early in 1941.

<sup>82</sup> Kumataro Honda, Japanese Ambassador at Nanking since December 1940.

more amenable in this regard and that if he did not succeed he would resign from his post as Japanese Ambassador to Nanking.

The source of this information is ordinarily exceptionally well informed with regard to the activities of the Nanking régime and states that despite its circumstantial nature the above information should be reliable because it was corroborated by two distinctly independent sources having close contact with the officials concerned. The observer commented that if Honda returns it may be assumed that the Nanking régime will receive an appreciable increase in actual power in the near future.

Sent to the Department, repeated to Chungking, Peiping, Nanking. Code text by air mail to Tokyo.

LOCKHART

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793.94/16601 : Telegram

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

Tokyo, May 10, 1941—5 p. m.

[Received May 10—12:45 p. m.]

663. Since the return to Japan of Foreign Minister Matsuoka,<sup>83</sup> the political atmosphere has been charged with expectancy. Cold examination of the Soviet-Japanese neutrality pact did not reassure the nation that Matsuokan diplomacy was nearing a solution of Japan's major problem—settlement of the China incident—since cessation of Soviet aid to Chungking was not guaranteed. Furthermore, there were indications of increased American aid to Chungking. The press has almost daily repeated the theme that the focal point of Japan's diplomacy must be a settlement in China, and a step in that direction has been awaited anxiously. In the meantime there have been murmurs of growing dissatisfaction at the continued stalemate in China and at the failure of the Government to take positive measures, especially in the face of the quickened tempo of European developments. While praising Matsuoka's recent diplomatic successes, the press has warned the people against developing a dangerous sense of security. The need for some sort of action toward fortifying China policy is reflected in a recent statement made by Colonel Kenryo Sato, the Chief of the Military Affairs Section of the War Ministry: "After 5 years of warfare we can in no way perceive on the continent or in Tokyo evidence of the concentrated power of a total war."

It is in the light of these circumstances that the recent statements by Ambassador Honda and General Hata<sup>84</sup> are believed significant (Embassy's 654, May 8, 5 p. m. and 662, May 10, 4 p. m.<sup>85</sup>).

<sup>83</sup> He visited Moscow, Berlin, and Rome in March and April.

<sup>84</sup> Gen. Shunroku Hata, Commander in Chief of Japanese Army in China.

<sup>85</sup> Neither printed.

They answer the demand for clarification of policy and for action by affirming the existence of "a concrete plan", proposing an intensified military campaign and indicating that a settlement through direct or indirect negotiations with Chiang Kai-shek is not to be expected. Ambassador Honda's statement that the Nanking government must be strengthened through increase of its economic power and betterment of the conditions of the masses beyond that prevailing under Chungking's jurisdiction has to the nation the ring of reason. Furthermore General Hata's promise of efforts to deal the enemy a crushing blow and the reappearance in the press of long absent reports of military successes may serve as the awaited evidence that effort is to be made to break the stalemate.

There is therefore likelihood of intensification of blockade operations and consolidation of control within restricted occupied areas. It seems doubtful that extensive campaigns in new areas will be undertaken. The *Japan Times and Advertiser* in an editorial, probably of official inspiration, stated yesterday that military conquest of Chungking would not be commensurate with the cost involved and that a desired reduction of hostilities might be favored by a "shrinkage fronts." Maintenance of garrisons over an extended area was judged to be of doubtful value.

The failure of both the Nanking government and the Japanese occupying army to establish strong and efficient control in China has been repeatedly emphasized in the press and of late increasing stress has been placed upon the need for winning the basic confidence and cooperation of the Chinese people as means to effective control. This has developed concurrently with the conviction that as long as British and American aid to Chungking and the European hostilities continue, Chiang Kai-shek will not come to terms with Japan. Ambassador Honda emphasizes that Japan's only hope lies in the strengthening of Wang Ching-wei's government, although Chungking may be "absorbed" later. General Hata states that Japan must not depend on diplomacy for settlement of the China incident.

These statements, coming at a time when a newly implemented policy toward China had of necessity to be indicated, suggest that the direction of that policy will be the intensification of efforts to consolidate the position of the Nanking government by the unilateral action of the Japanese army. The aim may be to create a régime resembling that of Manchukuo perhaps strong enough to maintain order in fact over the population within its jurisdiction. Thus, a "settlement" of the China incident, involving neither the capitulation nor the consent of Chungking, might be presented to the people of Japan.

Over and above speculation over the practical results of action apparently favored by the Japanese civil and military authorities there

still remains to be satisfactorily answered the question why these authorities promulgated statements so obviously designed to invite the support of the people.

GREW

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793.94/16607 : Telegram

*The First Secretary of Embassy in China (Smyth) to the Secretary of State*

PEIPING, May 12, 1941—2 p. m.  
[Received May 12—10:05 a. m.]

118. Peiping's 97 [96], April 3, 1 p. m.<sup>86</sup> From reports received from various reliable sources it seems apparent that during the past few months, due largely to dissension between the National Government and the Chinese "communists", Chinese military and guerrilla activity has practically come to a standstill in North China between the Yellow River and the Great Wall. This has permitted the Japanese relief from fighting, privileged them to withdraw troops for use elsewhere, and made it possible for them to use Chinese mercenaries to guard railways, etc. (which would never be possible if any vigorous fighting were involved); in addition, this cannot but have had an unfortunate effect on the morale of the Chinese civilian population in the area. Previously the Japanese in this territory were harassed and their communications frequently cut but with the present lack of Chinese activity the Japanese are being made a gift of the area. As the Japanese forces, however, are fairly thinly scattered in North China, the Chinese are presented with a golden opportunity to harass the Japanese if they would only settle their internal differences and take determined and coordinated action.

Although the Embassy here is not in the best position to observe Chinese actions and trends of thought, it is difficult to escape the feeling that, during the last few months (in which period there has been considerable talk and some evidence that the United States intends seriously to assist China, and also increased speculation in regard to a possible Japanese-American clash in the south), the Chinese have decreased their own efforts in resisting Japan, possibly with the idea that the United States will now do the work. If true, this appears to be a dangerous state of affairs. It seems to the Embassy here that, if the United States intends vigorously to support or assist the Chinese in their resistance, we should call the attention of the Chinese Government to this matter and with suggestion that they should not be content merely to rest on their laurels. The Chinese have done remarkably well so far, considering their inferior equipment, but if the morale of

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<sup>86</sup> Not printed.



the Chinese Army and people deteriorates from a belief that the United States will fight their war from now on, the results may well be unfortunate.

It should be added that there are persistent, but so far entirely unconfirmed rumors here, that the Japanese are negotiating or endeavoring to negotiate with the Chinese Communists; the consensus of informed local opinion on this subject is "possible but not probable".

Sent to the Department, repeated to Chungking, Shanghai, code text by air mail to Tokyo.

SMYTH

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793.94/16617 : Telegram

*The Second Secretary of Embassy in China (Drumright) to the Secretary of State*

CHUNGKING, May 15, 1941—9 a. m.

[Received 12:55 p. m.]

190. 1. The information contained in Peiping's 97 [96], April 3, 1 p. m.;<sup>87</sup> and 118, May 12, 2 p. m. concerning the absence of Chinese military activity in the areas of North China garrisoned by Chinese Communist forces appears to substantiate the oft repeated understanding and complaint of the Chungking authorities that the Chinese Communists have been and still are shirking their military responsibilities vis-à-vis the Japanese. In fact in recent weeks several high Chinese officials including the Vice Chief of the General Staff have asserted that the Chinese Communists have reached an agreement with the Japanese to refrain from attacking each other. The Embassy is of course unable to confirm these assertions.

2. When Mr. Johnson went to take his leave of General Chiang on the afternoon of May 13,<sup>88</sup> the latter referred briefly to the Communist problem. He said that many Americans and other Occidentals appeared to entertain the notion that the Chinese Communists espouse not the tenets of Marxism but those of socialism and to admit obviously such a view he asserted is erroneous, for the Chinese Communists constitute nothing more than the "Fifth Columnists" of the Comintern accomplices of the Soviet.

3. I was informed yesterday by a Chinese military officer who is very close to the Generalissimo that the Communist forces in Shansi have recently been instructed to attack the Japanese in connection with the large offshore battle now raging in the Chungtiao Mountains of South Shansi, but he added that it remained to be seen whether the

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<sup>87</sup> Not printed.

<sup>88</sup> Ambassador Nelson T. Johnson left China, having been appointed Minister to Australia.

Communists would comply with orders. In this relation apparently some concern is felt here regarding the South Shansi operations where units of seven Japanese divisions are said to be engaged in an endeavor to clear the mountains of strongly entrenched Chinese troops and sever Chinese communications across the Yellow River. Although not wholly ruled out, it is generally felt that the Japanese are not yet present in sufficient strength to attempt the reduction of Loyang and Sian.

Sent to the Department; repeated to Peiping, Peiping please air mail code text to Tokyo.

DRUMRIGHT

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793.94/16622 : Telegram

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

TOKYO, May 15, 1941—9 p. m.

[Received May 16—8 p. m.]

684. Embassy's 663, May 10, 5 p. m. The arrival of Ambassador Honda in Tokyo yesterday and the conference he is to hold in the next few days with high government officials may well determine the beginning of a new phase in Japan's policy toward the China incident. It may be of value to examine the reasons for this policy and the direction it may take.

The increasingly onerous restrictions on China [*the?*] life of the people might be cheerfully borne as patriotic sacrifices could the man in the street see that Japan's great strength was overpowering her enemies, or that the enunciated objectives of the China incident were nearing achievement. However, for many months there has been no news from China. Matsuoka's diplomatic successes have been encouraging, but they have not blinded the nation to the fact that Japan's war remains unsettled. The nation had been prepared by delicate changes in the expression of war aims for a possible peace with Chungking. Ambassador Honda now refers with contempt to "the German brokers" motivated only by prospects of personal profit who he states made efforts in Shanghai to arrange peace with Chungking. It therefore seems reasonable to assume that when negotiations with Chungking and a resultant settlement of the China incident were found to be impossible some new step in the formation of policy toward China was inevitable. The morale of the nation required the administration of a powerful drug in the form of a plan for settlement of the incident.

Public statements reiterating the thesis that the Nanking government must be strengthened and military operations against Chungking intensified appear therefore designed to prepare the nation for

this new policy. Following the statements of Ambassador Honda and General Hata, previously reported, War Minister Tojo and Colonel Mabuchi, Chief of the Information Department of Imperial Headquarters, have issued statements urging the nation to support continued military operations in China. Tojo stated to a conference of army chiefs of staff that the fighting power of the army must be increased, that Japan's only hope in solving the current situation lay in an invincible army. Mabuchi reminded the nation that Chiang Kai-shek was far from defeat, that renewed activity to crush the enemy was required. He urged the nations to be aware of the great enterprise in which Japan was engaged. We are informed that the press has been instructed to play up news of military operations in China and leading articles on the front pages of the vernaculars have recently been [extended?] accounts of the exploits of the Japanese forces in China.

Therefore if the authorities in Tokyo are in accord with the plan which Ambassador Honda has suggested in his interviews, Japanese policy toward China may be directed toward an attempt to create a condition in areas under the control of the Nanking government which can be characterized to the people of the nation as a "settlement" of the China incident.

The wide publicity given to Ambassador Honda's views on his return from China and his public recommendation with regard to a new trend in Japan's China policy which one would suppose should more properly issue from the Prime Minister<sup>89</sup> or the Minister for Foreign Affairs have given rise to much discussion in foreign diplomatic circles which see therein a significant indication of divided counsels within Japanese officialdom.

Sent to the Department via Shanghai. Repeated to Chungking.

GREW

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793.94/16697 : Telegram

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

TOKYO, May 16, 1941—6 p. m.

[Received May 16—1 p. m.]

689. Embassy's 663, May 10, 5 p. m. and 684, May 15, 9 a. m. [*p. m.*] The French Ambassador<sup>90</sup> who called on the Foreign Minister on May 14 informs me in strict confidence that Mr. Matsuoka made the following statement in connection with the several interviews which have been given out recently by the Japanese Ambassador to China: Mr. Matsuoka claimed that he had been largely instrumental in

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<sup>89</sup> Prince Fumimaro Konoye.

<sup>90</sup> Charles Arsène-Henry.

bringing about the flight of Wang Ching-wei from Chungking. He therefore felt that he had been under obligation to support in every way possible Wang's efforts to establish and strengthen his régime in Nanking. However, in view of Wang's attitude toward Japan he believed that Wang had now no further claim on Mr. Matsuoka for support. It was now his opinion that General Chiang Kai-shek was the only person in China with sufficient influence to carry out any arrangement which might be made with Japan toward terminating the present conflict. Although there were a large number of persons both Chinese and nationals of third countries in touch with the Japanese authorities as well as with the Chinese authorities in Chungking, none of these well meaning persons had been authorized to make any proposition on behalf of Japan. Nevertheless he was prepared at some opportune moment to entrust some one who enjoys the confidence of both sides to approach the Chinese with some proposal satisfactory to Japan.

Sent to Department; repeated to Shanghai. Shanghai please repeat to Chungking.

GREW

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893.00/14740

*The Ambassador in China (Gauss) to the Secretary of State*

No. 877

CHUNGKING, May 19, 1941.

[Received June 6.]

SIR: I have the honor to enclose, as of possible interest to the Department, a copy in translation of an interesting document<sup>91</sup> which is neither marked nor dated that has come into the possession of the Embassy. The document was supplied to the Embassy in confidence by an American citizen, Professor J. Lossing Buck of Nanking University, Chengtu, Szechuan, who could not vouch for its authenticity or antecedents. The Department will note that the document purports to divulge certain aspects of the fixed policy of the Chinese Communist Party as related by Mr. Mao Tse-tung, who, as the Department will be aware, is both the titular and real head of that party.

*Summary of document.* The Sino-Japanese conflict offers the best opportunity for expansion of the Chinese Communist Party. At first the Party must sacrifice to win public support. The Party must foster dissension in the Kuomintang by playing off certain cliques against one another. The Party must gain control of north China, liquidating Kuomintang influence. If Japanese strength becomes too strong the Party must seek *rapprochement* with the Kuomintang. After establishing the Party in north China communist influence will be estab-

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<sup>91</sup> Not printed.

lished throughout China and dissension instigated among Government troops. The Party Central will then be strengthened and efforts made to take over authority from the Kuomintang. [End of summary.]

In view of the doubtful authenticity of the document in question, comment thereupon may appear uncalled for. However, it may not be amiss to observe that there appears to be a striking similarity in some respects between the policy outlined in the document and the policy actually pursued by the Chinese Communist Party since the outbreak of the Sino-Japanese conflict. Before that conflict started, the Chinese communists were active in fostering a "united front" in opposition to Japanese encroachment and they played an active part in the famous Sian Incident which was to crystallize Chinese sentiment in active opposition to Japan. And it is now generally agreed that in the early part of the Sino-Japanese conflict Kuomintang-communist cooperation was satisfactory, that the Chinese communists fought bravely and well. But by 1939 a growing rift was evident that has now grown to an almost unbridgeable chasm. The Chinese communists themselves admit that their armies have expanded; and it is also quite evident that they have succeeded to control of large portions of Shansi, Hopeh and Shantung, and that they have military garrisons and bases in certain areas of central China. There is also evidence, based on independent reports from north China, that they are inactive in a military sense against the Japanese. Three years ago the average observer would probably have regarded the enclosed document as spurious, as designed for ulterior purposes. But in the light of the developments of the past two years, it is respectfully suggested that the document merits study as a possible indication of the true policy of the Chinese Communist Party.

Respectfully yours,

For the Ambassador:  
EVERETT F. DRUMRIGHT  
*Second Secretary of Embassy*

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661.9331/39 : Telegram

*The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State*

Moscow, May 22, 1941—2 p. m.  
[Received May 22—1: 25 p. m.]

1024. I have learned from a reliable source that in connection with the prolongation of the Soviet-Chinese trade agreement the Soviet Government has agreed to continue sending war materials to Chiang Kai Shek and that the Chinese deliveries are to consist primarily of minerals.

STEINHARDT

893.00/14743

*The Ambassador in China (Gauss) to the Secretary of State*

No. 9

CHUNGKING, June 2, 1941.

[Received June 19.]

SIR:

1. I have the honor to refer to this Embassy's despatch no. 835, April 15, 1941,<sup>92</sup> in regard to Kuomintang-communist relations, and to enclose as of probable interest to the Department, a copy of a memorandum<sup>92</sup> prepared by an officer of the Embassy<sup>93</sup> as the result of a conversation held with Mr. Chou En-lai, Chinese communist leader and liaison agent, on the evening of May 30, 1941.

2. Mr. Chou confirmed reports already available to the Embassy from authoritative Government sources to the effect that the past few weeks have seen no significant changes in Kuomintang-communist relations. Recent negotiations are reported to have been confined to a single conference held between General Chiang Kai-shek and Mr. Chou which took place about the middle of May. At that conference General Chiang is reported to have "requested" (not instructed) the Eighteenth Group Army to cooperate in attacking the Japanese forces which were endeavoring to dislodge the Chinese forces stationed in the Chungtiaou mountain range of south Shansi. Mr. Chou, according to a source close to General Chiang, is reported to have given assurances that the Eighteenth Group Army would participate in the operations against the Japanese. However, according to reports emanating from Government sources in the latter part of May, no reports had yet been received of participation by the Eighteenth Group Army in the fighting in Shansi.

3. It will be seen from the enclosed memorandum that Mr. Chou asserts that units of the Eighteenth Group Army have been in action against the Japanese in Shansi since about May 20; that reports to that effect have been received by Government sources in Chungking; and that there appears to be a plot on foot in Chungking to keep from the public the news that the Eighteenth Group Army is active in the south Shansi campaign in the hope of discrediting the Eighteenth Group Army and the Communist Party.

4. Reference to the Embassy's telegram no. 198, May 21, 6 p. m.<sup>92</sup> will show that charges of inactivity have recently been leveled at the Eighteenth Group Army in the Chungking press, especially by the independent and influential *Ta Kung Pao*. There has accordingly developed an interesting exchange of views between the editors of that

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<sup>92</sup> Not printed.

<sup>93</sup> Everett F. Drumright, Second Secretary.

journal and Mr. Chou En-lai. These articles have been published and are being translated and will be made the subject of a separate despatch.

5. It will thus be seen that the Japanese campaign in Shansi has introduced a new element into Kuomintang-communist relations: the charge that the Eighteenth Group Army is not cooperating with other Government forces in this decisive struggle and the counter-assertion of Mr. Chou En-lai that this Army is cooperating but is the object of a press campaign to impugn its actions and motives. In the light of the information available in Chungking, it would be difficult to undertake an evaluation of these claims and counterclaims.

6. These claims and counterclaims seem to suggest, however, that the Eighteenth Group Army was not active in the early stages of the current battle for supremacy in south Shansi; that the Eighteenth Group Army perhaps joined in the battle against the Japanese in the closing days of May; and that the attacks of the Eighteenth Group Army, when started, were probably not on a scale reminiscent of the attacks of communist troops on Japanese lines of communications in 1937 and 1938.

7. It is to be hoped that Japanese propaganda and increased Japanese military pressure will serve to remove some of the tension which has existed between the Kuomintang and communists and will pave the way for closer cooperation between the two factions. It would appear that the Japanese operations in Shansi have resulted in a slight resurrection of that collaboration which has been missing for these many months. It may be that the Japanese have taken the step which will bring about some semblance of unity between the opposing groups.

Respectfully yours,

C. E. GAUSS

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661.9331/42

*The Ambassador in China (Gauss) to the Secretary of State*

[Extract]

No. 14

CHUNGKING, June 6, 1941.

[Received June 26.]

SIR: I have the honor to refer to my telegram no. 205 dated May 27, 12 noon, in reply to the Department's telegram no. 107 of May 23, 7 p. m.,<sup>95</sup> and to report the following supplementary information regarding the Sino-Soviet barter agreements.

*Summary:*

China has been granted two credits amounting to U. S. 50,000,000 each and a third for U. S. 150,000,000 according to barter agreements

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<sup>95</sup> Neither printed.

negotiated with Soviet Russia. Repayment began in 1939 and will be spread over a ten-year period. The Chinese have been disappointed with the results of the agreements since shipments from Russia have been very irregular and some of the goods received have proven obsolete. The Chief of the Barter Agreements Office claims that Russia is pressing China very hard for more raw materials. This same official expressed the opinion that China would not endeavor to negotiate another barter agreement after the remaining credit was exhausted because dealings of that sort with Soviet Russia have proved to be too difficult.

Respectfully yours,

C. E. GAUSS

793.94/16701 : Telegram

*The Second Secretary of Embassy in China (Clubb) to the  
Secretary of State*

NANKING, June 20, 1941—4 p. m.

[Received 9 p. m.]

Information obtained from various sources suggests the following analysis of the underlying reasons for Wang Ching-wei's mission to Tokyo.

That Chinese politician has exercised nominal authority as head of a new government and a new Kuomintang for more than a year without contributing substantially to political rehabilitation in China. The opposition of Japanese army and navy groups in the field has prevented him from obtaining for his Government basic administrative powers, and the machinations of certain Chinese cliques abetted by Japanese elements have kept him from consolidating under one régime the several parts of occupied China; finally, he has failed in his original primary function of effecting peace between Chungking and Tokyo. Hampered by political factors, Wang is also confronted by a growth of economic distress in the area under his control which increases popular resentment against both him and the invaders.

The invitation to Wang to proceed to Tokyo therefore came when both partners were dissatisfied with the existing state of Sino-Japanese cooperation. An informed political personage states that Wang is determined to obtain substantial concessions in some respects (there were mentioned specifically the problems of military notes, transportation of commercial goods by railway, the Nanking army, the position of Wang Yi-tang); and the informant suggested that if Wang fails he may feel compelled to resign. Although such an even-



tuality is possible it would seem probable only if either Wang or the Japanese could discern a better alternative to the present arrangement. There are obvious political disadvantages which would derive from such a radical change at this time, Wang is reported to be supported by Abe,<sup>96</sup> Honda and even Matsuoka, and new minor compromises and additional temporizing would appear to be more likely.

Wang is scheduled to begin his return journey June 28.

Sent to Peiping. Repeated to the Department, Chungking, Shanghai. Code text by airmail to Tokyo.

CLUBB

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793.94/16703a : Telegram

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

WASHINGTON, June 20, 1941—4 p. m.

342. 1. The American Legation at Bucharest has received information from a reliable source as follows: <sup>97</sup>

“ . . . military circles in Germany are greatly interested in the continuation of the Sino-Japanese war. They are indirectly encouraging China to resist and have also permitted various countries to send additional war material to China. While the Germans are using Japan as a threat against the United States, . . . the former have made a secret economic treaty with the Dutch authorities in occupied Holland which will become effective immediately after the end of the war. This treaty secures for Germany large concessions in Java, Sumatra, Celebes, Borneo and the Dutch part of New Guinea. These concessions cover large areas and include the Banka and Billiton tin mines as well as some oil properties. The price for these concessions has been fixed and will be met in part by reducing the cost assessed the Dutch for the upkeep of the German army of occupation. In the event that Japan attacks the Dutch East Indies and succeeds in gaining foothold there, Germany will immediately claim her rights.”

2. You may make discreet use of the foregoing in any conversations you may have with influential Japanese without revealing the source of your information.

HULL

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<sup>96</sup> Gen. Nobuyuki Abe, former Japanese Prime Minister and Special Ambassador at Nanking, April–December 1940.

<sup>97</sup> Omissions indicated in the original.

793.94/16704 : Telegram

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

TOKYO, June 24, 1941—4 p. m.  
[Received June 25—9 : 50 a. m.]

872. Wang Ching-wei and Konoye issued a joint statement last night translated as follows :

“With a view to speedily settling the present affair and, with this as a turning point, to establish a permanent relationship between Japan and China and march forward toward the common goal of co-existence and co-prosperity, as well as the reconstruction of East Asia, we, respectively, made declarations some time ago concerning the establishment of the new order in East Asia consisting of good neighborly and amicable relations, common defense against communism and economic cooperation. The purposes of the basic treaty between Japan and China and the joint declaration of Japan, Manchukuo and China concluded on the 30th of November last year<sup>98</sup> are no other than this.

“The meaning to the establishment of the New Order in East Asia lies in the eradication of the evils of aggression and communism in East Asia and establishment of states of mutual cooperation, co-existence and co-prosperity on the basis of morality inherent in East Asia. There seem to be not few among the people of China who, though being desirous of reconstruction of East Asia through Japanese-Chinese cooperation, have not confidence as to whether such an undertaking will be realized and continue to take an attitude of hesitation and facilitation. But the great task of reconstructing East Asia can only be accomplished by revealing as much as possible the dawn of its completion even at the present stage, thereby winning the confidence of the majority of the people and striving forward for the realization of general peace.

As the result of our conversation, the Governments of Japan and China have pledged to put forth increasing efforts toward the above mentioned goal. The National Government of China<sup>99</sup> will endeavor to make their people understand that Japanese-Chinese collaboration and reconstruction of East Asia are the common mission of the peoples of Japan and China by presenting concrete facts of Japanese-Chinese cooperation in political, military, economic and cultural spheres; and the Japanese Government will exert themselves, by extending increasing assistance therefor and enabling the National Government fully to demonstrate their independent and free authority and power, and thereby share the responsibility of constructing the New Order of East Asia.

The 23d of June, the sixteenth year of Showa 1941, Fumimaro Konoye, Wang Ching-wei.”

Sent Department via Shanghai. Shanghai please repeat to Chungking, Nanking and Peiping.

GREW

<sup>98</sup> For texts of the treaty and joint declaration, see *Foreign Relations, Japan, 1931-1941*, vol. II, pp. 117 and 122.

<sup>99</sup> At Nanking.

893.00/14748 : Telegram

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

Tokyo, June 24, 1941—7 p. m.

[Received June 24—9:45 a. m.]

874. Embassy's 872, June 24, 4 p. m. Wang-Konoye statement. It is believed that the statement concerning mutual defense against communism were inserted at Wang's insistence, as he was perturbed by Japan's apparent *rapprochement* with the Soviet Union. As expected, the Japanese Government promised to assist toward extending the authority of the Nanking régime, but specific plans were not mentioned despite a suggestion that their promising would result in winning the confidence of the people.

Sent to the Department via Shanghai. Shanghai please repeat to Chungking, Nanking and Peiping.

GREW

793.94/16705 : Telegram

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

PEIPING, June 25, 1941—11 a. m.

[Received 10:15 p. m.]

Please refer to Peiping's 129, June 4, 4 p. m.<sup>1</sup> In a recent periodic report to his superiors, person mentioned<sup>2</sup> in Peiping's despatch 3075, April 16<sup>3</sup> states that Japanese have suffered defeat with heavy casualties in southern Shansi due largely to belated but active cooperation of Communist Eighteenth Route Army with Chinese regulars. Communists lost 8000 of their best trained soldiers in the severe fighting.

He reports Communist leaders as seeing these possible developments in China: (1) General Chiang through the mounting hardships of continued resistance and the pressure of his own associates will be forced to a compromise with the Japanese, (2) General Chiang through accepting aid of America and Britain will be dominated by those powers with the net result of a China divided into three parts; namely pro-American-British, pro-Communist and pro-Japanese (i. e. Wang Ching-wei régime); and (3) strengthened resistance against Japan through the close cooperation of the Chinese Government and the Communists (i. e. a revival of the "united front"), with aid coming from the friendly countries.

<sup>1</sup> Not printed.<sup>2</sup> Dr. J. Leighton Stuart, American President of Yenching University, Peiping.<sup>3</sup> *Post*, p. 773.

He advocates on our part continued aid to Chungking, tactful pressure on Chinese Government to come to an agreement with Communists and avoidance of any appearance of an A. B. C. (American-Britannic-Chinese) alliance.

He repeats substantially what Chou En-lai told Drumright, Service <sup>4</sup> and me at Chungking on May 30 that the Chinese Government is withholding financial, military and even medical aid to the Communists.

It occurs to me that it might assist in attaining the third possible development if even at the expense of reiteration the Department at an opportune time would issue a statement referring to our announced engagement to end extraterritoriality <sup>5</sup> and adding that the United States (and Great Britain) seek no territorial gains in China but only the establishment of a free and united China governed by its people and actuated by the four essential freedoms.

Sent to Chungking. Repeated to the Department and Shanghai. Code text by air mail to Tokyo.

BUTRICK

893.00B/1118

*The Ambassador in China (Gauss) to the Secretary of State* <sup>6</sup>

No. 45

CHUNGKING, June 25, 1941.  
[Received July 21.]

SIR:

1. I have the honor to transmit, as of probable interest to the Department, copies in translation <sup>7</sup> of three selected editorials which recently appeared in the Chungking edition of the *Hsin Hua Jih Pao*, daily news organ of the Chinese Communist Party, touching on various aspects of American policy. These articles were published, of course, before the advent of the German attack on Soviet Russia.

2. Representative of the editorial policy hitherto consistently pursued by this communist daily, these articles describe the present European conflict as an "Imperialist war", praise the Soviet Union as the only true peace-loving country and therefore the defender of the rights of the masses, proclaim that Great Britain and the United States as the leaders of one imperialist group opposing another imperialist group headed by Germany merely wish to utilize China's resistance to Japan to the full in carrying out their own ends, and claim that Japan is conducting a "dual military and political offensive" against China in an

<sup>4</sup> John S. Service, Third Secretary of Embassy in China at Chungking.

<sup>5</sup> See pp. 773 ff.

<sup>6</sup> Drafted by the Second Secretary of Embassy in China (Drumright).

<sup>7</sup> None printed.

endeavor to destroy the latter. One editorial is devoted to a commentary on the sympathetic attitude of the American workman toward China which is attributed to the "guidance of the American Communist Party"; while another deals critically with the alleged procrastination of the American Government in meeting the desire of American public opinion to put an end to shipments of oil and other commodities to Japan.

3. The *Hsin Hua Jih Pao* commenced publication at Hankow in February 1938; publication was resumed at Chungking late in 1938 after the fall of Hankow. Another edition of this newspaper is reported to be published in Shansi. The circulation is believed to be not extensive. The newspaper, first published as a four-page edition, is now only a two-page journal excepting Sundays when it consists of four pages. There is virtually no advertising in this newspaper. Therefore, in the absence of a large paid subscription and extensive advertising, it appears that the *Hsin Hua Jih Pao* is incurring a large deficit. This deficit, it would appear, is made up by the Chinese Communist Party.

4. The *Hsin Hua Jih Pao*, as published in Chungking, is of course subject to Government censorship. This censorship has apparently prevented the publication of manifestos of the Chinese Communist Party or of utterances of prominent Chinese communist leaders; undoubtedly, censorship restrictions have also resulted in some toning down of the editorial comment of the organ which at times is inclined to be unrestrained, especially in reference to the policies followed by certain foreign Powers. Care is exercised for the most part in the discussion of controversial internal questions since these are of course subject to the close scrutiny of the censors.

5. It may be appropriate here to summarize briefly the general attitude of the *Hsin Hua Jih Pao* as reflected by its editorial comment. First, the newspaper is a whole-hearted supporter of the Soviet Union and that country's internal and external policy. The despatches of Tass, the official Russian News service, are given prominent space in the journal, as are special articles devoted to developments in the Soviet Union and to prominent Russian personalities such as Lenin and Gorky. No opportunity is lost to mention the friendship of the Soviet Union for the toiling Chinese masses nor the support that China has received from the Soviet Union since the outbreak of the Sino-Japanese conflict. Russia is constantly described in the editorial columns of the *Hsin Hua Jih Pao* as the one peaceful, non-imperialistic Power which remains today the buttress and the protector of the rights of the working classes. In the face of such events as the Russo-Finnish conflict, the Russian absorption of the Baltic

States and Bessarabia, the conclusion of the non-aggression pact with Germany<sup>8</sup> and the neutrality pact with Japan in 1941, it was the consistent policy of the *Hsin Hua Jih Pao* to follow the official Russian explanation: namely, to assert that these actions were taken to liberate the oppressed peoples and to extend the scope of the Russian policy of peace.

6. The editorial policy of the *Hsin Hua Jih Pao* has been openly and severely critical of Great Britain which is frequently described as attempting to retain hegemony of the world in the face of the German onslaught. British domination and control of the Indian and other peoples is a frequent subject of comment; the concept that England is a democracy is rejected in the face of the alleged plight of the English workman and of the burden of the oppressed colonial peoples. With respect to the Far East, British policy toward Japan has come in for scathing denunciation, being described as a policy of appeasement of Japan at the expense of China in order to salvage British Far Eastern interests.

The attitude of the *Hsin Hua Jih Pao* toward Germany, extremely violent and critical before the conclusion of the Russo-German pact in August 1939, suddenly became tempered. Germany thereafter came to be described as nothing more than another imperialist Power struggling with the Anglo-American bloc for world control. Italy was, of course, classed in the same category.

7. As regards the United States, the *Hsin Hua Jih Pao* may be said to have adopted a more critical attitude toward that country and its policies than any other newspaper supporting the Chinese Government. Nevertheless, excepting the Soviet Union, the comment of the communist journal vis-à-vis the United States appears to have been less sharp and carping than toward the other great Powers. In general, the United States is described as gradually adopting a policy of intervention in an imperialist war on the side of Great Britain; of endeavoring to play off China against Japan while engaged in the greater task of eliminating Nazi Germany as a major threat to American security. In this connection, the *Hsin Hua Jih Pao* has suggested on several occasions that the United States is not above sacrificing China's interests in order to achieve the greater mission of crushing Germany. But perhaps the greatest criticism leveled at the United States by this communist periodical is the failure of the United States to put an end to the sale of certain commodities to Japan. It would appear that the professed grievances of this communist journal against the United States are aired primarily with a view to endeavoring to

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<sup>8</sup> Signed at Moscow, August 23, 1939, Department of State, *Nazi-Soviet Relations, 1939-1941*, pp. 76-78.

portray by contrast the wise, just, benevolent and sympathetic attitude of Soviet Russia toward China.

8. In its domestic commentary, the *Hsin Hua Jih Pao* emphasizes the usual Chinese communist tenets: democracy, mass mobilization of the people, maintenance of the "United Front", a strictly controlled economy, eradication of "pro-Japanese elements", continuation of resistance to Japan, et cetera. There is often implied in such commentaries criticism of the National Government though such criticism must be very guarded in character to pass the censor. However, when consideration is had of the strained relations which have existed between the Government and the Chinese communists during the past year, it is remarkable that the *Hsin Hua Jih Pao* has found it possible to carry on its publication activities with the freedom that it continues to enjoy.

Respectfully yours,

C. E. GAUSS

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893.01/889 : Telegram

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

TOKYO, July 1, 1941—7 p. m.

[Received July 1—2: 05 p. m.]

912. The following statement was issued this evening in the name of the President of the Cabinet Information Board:

"It is a source of profound gratification on the part of the Japanese Government that the Governments of Germany, Italy, Rumania, Slovakia and Croatia have accorded recognition to the National Government of the Republic of China.<sup>9</sup> Since their establishment on March 30 of last year, the new National Government have steadily grown in strength. By the basic Treaty concluded between Japan and China on November 30 of last year,<sup>10</sup> Japan took the initiative in recognizing that Government and have since been extending utmost aid towards the efforts of that Government which have been exerting themselves to attain the objective of co-existence, co-prosperity and reconstruction of East Asia. The fact that the German, Italian, Rumanian, Slovakian and Croatian Governments have recognized the National Government is a telling blow to those who, having not yet realized the great ideal of the establishment of the East Asia New Order, still continue the folly of resistance against Japan. With the recognition as a turning point, we believe, the establishment of a New World Order will make a great step forward."<sup>11</sup>

GREW

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<sup>9</sup> At Nanking.

<sup>10</sup> For text, see *Foreign Relations, Japan, 1931-1941*, vol. II, p. 117.

<sup>11</sup> The Nanking régime was recognized by Spain, Bulgaria, and Denmark on June 30, July 1, and August 13, respectively (893.01/894, 890, 918).

893.00/14757

*The Ambassador in China (Gauss) to the Secretary of State*

No. 51

CHUNGKING, July 1, 1941.

[Received July 21.]

SIR: 1. I have the honor to refer to my despatch no. 9, June 2, 1941 transmitting a copy of a memorandum of conversation held with the prominent Chinese communist leader Chou En-lai, and to enclose as of probable interest to the Department a copy of the memorandum of a further conversation held by officers of the Embassy with Mr. Chou on June 29, 1941.

2. Mr. Chou, it will be observed, airs his views at some length in regard to certain aspects of the current international situation, as well as in regard to Chinese internal developments.

3. With regard to the latter subject it will be noted that according to Mr. Chou there have recently been no noteworthy developments in Kuomintang-communist relations. Mr. Chou asserts that Chinese communist forces have recently cooperated in attacking the Japanese notwithstanding the non-supply by the national government of funds and equipment to the communists; and that this failure to supply the communists was contrary to assurances given by General Chiang Kai-shek.

4. On the basis of Mr. Chou's assertions as set forth in the enclosed memorandum of the conversation and information recently available to the Embassy from governmental sources, it seems clear that the developments of the past month have brought no fundamental improvement in Kuomintang-communist relations, although beneficial signs are to be seen in the belated cooperation given by the communist Eighteenth Group Army to the national government forces in Shansi and in the apparent absence of conflict between government and communist forces during the past two or three months. It will be observed that Mr. Chou confirmed the retention in central China of communist forces. This maintenance of communist forces in central China, of which there is no indication of imminent removal, continues in violation of orders issued by the national government. It seems doubtful, now as in the past, whether the national government will be disposed to resume supplying the Chinese communists with funds and equipment as long as communist forces remain in the Yangtze valley area.

5. It is generally acknowledged that the Chinese communists lost ground among their fellow countrymen when Russia entered into a neutrality pact with Japan. Now the German attack on Soviet Russia appears to have introduced a new element into the situation. In the absence of clear-cut indications of the outcome of that conflict and of the attitude of Japan it is difficult to assess the effects of this war on the future course of Kuomintang-communist relations. One point



seems clear however, namely, that German and perhaps Japanese pressure on the Soviet Union tends to diminish the possibility of active Russian assistance or interference on behalf of the Chinese communists in their struggle for increased influence in China. On the other hand the Russo-German war apparently gives the Chinese Government more freedom to deal with the Chinese communists. Bereft of the support of the Soviet Union, it may be that the Chinese communists will become more amenable to the desiderata of the national government, especially since the Soviet Union is being attacked by a power which is linked to Japan by the tripartite and anti-comintern pacts.<sup>12</sup>

6. It would seem then, at least for the moment, that the Russo-German conflict affords the national government a clearer opportunity to deal with the Chinese communists than was the case when Soviet Russia remained at peace and in a position to influence powerfully the course of Kuomintang-communist relations. However the uncertainty of the Sino-Japanese conflict, the evident Chinese desire to establish a four-power bloc comprising the United States, Great Britain, China and the Soviet Union against the Axis coalition, and Chinese dependence on outside aid—especially from the United States and Great Britain—will, it is believed, deter the Generalissimo and his advisers at this time from taking drastic action to eliminate the Chinese communists. It is to be hoped that the Chinese communists, for their part, will adopt a more amenable attitude than that which they have assumed during the past year or more. A spirit of accommodation on the part of both factions at this time might go a long way for the adjustment of serious differences.

Respectfully yours,

C. E. GAUSS

[Enclosure]

*Memorandum of Conversation, by the Second Secretary of Embassy in China (Drumright)*

[CHUNGKING,] June 30, 1941.

Present: Chou En-lai and party of three  
 Mr. Vincent  
 Mr. Service  
 Mr. Drumright

Mr. Chou En-lai came to lunch yesterday. He was very voluble, discussing at length various phases of the world situation.

Following the line of the Chinese press during recent days, Mr. Chou asserted that the Russo-German war presented the United States and Great Britain with a splendid opportunity to exercise a "strong atti-

<sup>12</sup> Signed at Berlin on September 27, 1940, and November 25, 1936, respectively; *Foreign Relations, Japan, 1931-1941*, vol. II, pp. 165 and 153.

tude" toward Japan. With particular reference to the United States, he said that the Russo-German war presents the United States with an excellent opportunity to sever its economic relations with Japan, that is, to stop buying and selling goods. He expressed the view that such a policy might bring about a salutary change in Japan's policy, already vacillating, away from the Axis.

However, Mr. Chou indicated that he entertained doubt whether the United States and Great Britain would exert pressure on Japan notwithstanding the opportunity presented by the Russo-German conflict. He then explained that Japan now has three courses open: (1) attack the maritime provinces; (2) intensify military operations in China; and (3) pursue the policy of southward expansion. He voiced the view that Japan is most likely now to adopt the first course, that is, attack the maritime provinces. He added, however, that if such an attack is to occur it should be started within a month if it is to be successful, for the onset of cold weather would of course greatly hinder Japanese operations in Siberia. He went on to say that present reports indicate that for the moment Japan's policy is one of "wait and see". He said that he believed the Japanese would attack Russia only in the event that Germany is certain to win a decisive victory over Russia.

With reference to the Russo-German conflict, Mr. Chou expressed confidence that Russia would be able to hold out against the German attack, in which event the German position would become perilous in the extreme. He expressed the view that the main German effort is concentrated in White Russia in an endeavor to flank the main Russian forces which, he said, were gathered for the defense of the Ukraine and the important industrial center, Kharkov.

Mr. Chou said that the majority of Chinese apparently welcomed the Russo-German conflict, although he carefully refrained from expressing his own view in this respect. He said that this attitude sprang from the concept that pressure on China would be relieved. He went on to say that it is generally hoped in Chinese circles that Japan will attack the maritime provinces because (1) it will mean the diversion of Japanese land forces from China; (2) the abandonment of southward expansion and thus insure further American and British assistance to China; and (3) the affording of an opportunity for the national government to put pressure on the Chinese communists. I gathered from his reference to this latter point that he does not relish the idea of Japan's attack on the Soviet Union. Mr. Chou confirmed the impression that the great majority of Chinese people is sympathetic to the Soviet Union in its conflict with Germany, although he said that there is a "small faction", the nature of which he did not specify, which favors a German victory over the Soviet Union. In this relation he said that he had learned that the Central Publicity Board had per-

mitted the transmission of a telegram by a German correspondent in Chungking to the effect that a Japanese attack on the Soviet Union would permit of government pressure on the Chinese communists. He said that he wondered why the censors had passed such a message, apparently implying that the Chinese Government is actually considering the placing of pressure on the Chinese communists. He also referred to a Havas report from Shanghai to the effect that the Russo-German war would result in cessation of Soviet support to the Chinese communists, and said that this report was wholly untrue, that the Soviet Union has not assisted the Chinese communists.

In reply to a suggestion that the Russo-German war should seemingly serve to improve Kuomintang-communist relations Mr. Chou refused to commit himself definitely, saying that this would depend on future developments such as the course of the Russo-German war, the policy of Japan, the United States and Great Britain, and the desire of Chinese leaders to carry on the "united front" and resistance to Japan.

[Here follow observations by Mr. Chou En-lai regarding Kuomintang-Communist military relationships and Chinese military planning.]

Mr. Chou referred to press reports of the appointment of Mr. Owen Lattimore as political adviser to the Generalissimo and indicated that he was pleased to learn of Mr. Lattimore's selection.<sup>13</sup> It seemed obvious that Mr. Chou feels that Mr. Lattimore may have a sympathetic attitude toward the Chinese communists.

Unlike his inquisitiveness at our last meeting on May 30,\* Mr. Chou in the course of this conversation made no reference to alleged American mediation of the Sino-Japanese conflict. It seems likely that the events of the past few weeks have convinced him that the United States has no intention of endeavoring to separate Japan from the Axis at the expense of China.

E[VERETT] F. D[RUMRIGHT]

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893.01/897 : Telegram

*The Ambassador in China (Gauss) to the Secretary of State*

CHUNGKING, [July 2, 1941—10 a. m.]

[Received 11:07 a. m.]

266. 1. The Chinese Foreign Office has just informed the Embassy orally that in view of the German and Italian recognition of the Nanking régime, the Chinese Government has issued instructions to its diplomatic and consular representatives in Germany and Italy to withdraw from those countries, and that it is expected that a request

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<sup>13</sup> See telegram No. 219, June 1, 10 p. m., from the Ambassador in China, p. 657.

\* Embassy's despatch No. 9, June 2, 1941. [Footnote in the original.]

will be made today for the withdrawal from the Assembly [*China?*] of German and Italian diplomatic and consular representatives.

2. During the course of my courtesy call on the new Foreign Minister <sup>14</sup> yesterday he expressed the view that the Germans and Italians in return for recognition of the Nanking régime must have exacted some *quid pro quo* from Japan.

Sent to the Department, repeated to Peiping and Shanghai. Shanghai please repeat to Tokyo.

GAUSS

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893.01/902 : Telegram

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

VICHY, July 2, 1941—8 p. m.  
[Received July 3—8:25 a. m.]

799. It is but natural following German and Italian recognition of the Nanking régime that considerable anxiety should be displayed by the Chinese Embassy here as to the future policy of France toward Chiang Kai-shek's Government. We have been in touch with the Chinese Embassy several times during the day and they do not hide their fears that German and Japanese pressure may prevail upon this Government, committed as it is to collaboration with the Nazis, to follow Axis policy in the Far East.

We accordingly called upon Rochat <sup>15</sup> this afternoon stating that we understood that the Japanese Ambassador <sup>16</sup> had called upon Darlan <sup>17</sup> last evening to endeavor to persuade the French Government to recognize Nanking. Rochat admitted both the visit and its purpose but stated that Admiral Darlan "had stood firm" on the question. He went on: "I can give you positive assurances (and he emphasized those words) "nothing is changed." He made it clear however that he could give no similar guarantees with regard to the future.

We told him that we had come on our own initiative and not under instructions from Washington; that we felt however that the French Government, should it decide to recognize the régime at Nanking, should before doing so be well aware of the unfortunate impression such a step would cause in the United States and of its bearing on the position of French Indochina after the war. He replied that the French Government is fully aware of these factors in the situation [and?] of their importance.

Repeated to Algiers.

LEAHY

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<sup>14</sup> Quo Tai-chi, formerly Chinese Ambassador in the United Kingdom.

<sup>15</sup> Charles Rochat, Secretary-General of the French Foreign Office.

<sup>16</sup> Sotomatsu Kato.

<sup>17</sup> Adm. François Darlan, Vice President of the French Council of Ministers (Vice Premier) and Minister for Foreign Affairs.

893.01/896 : Telegram

*The Ambassador in China (Gauss) to the Secretary of State*

CHUNGKING, July 2, 1941—9 p. m.

[Received July 2—6:30 p. m.]

271. Chinese Foreign Office has just supplied Embassy with following text of statement by Chinese Minister for Foreign Affairs released at 8 p. m.:

“The recognition of the puppet régime at Nanking by the German and Italian Governments amounts to the extension of their aggressive policy to the Far East and proves beyond doubt that these countries have unreservedly cast in their lot with China’s enemy, knowing as they do that the Nanking puppet régime is but a creature of the Japanese militarists. The Nazi Government of Germany and the Fascist Government of Italy in according recognition thereof have committed a gross injustice to China and have thereby forfeited any claim to the friendship of the Chinese Government and people. The step thus taken by these Axis powers has made it abundantly clear that the forces of aggression have been further consolidated into one bloc bent on the destruction of human freedom and civilization. It is, however, gratifying to note that these evil forces are being heroically and resolutely opposed and resisted by a group of powers who having steadily increased in number and in strength are drawn ever closer by their love of peace and freedom in face of the common menace. China is proud of her record and role in this anti-aggression crusade. Despite unprecedented dealings China is determined to continue the struggle in close cooperation with her friends till our common cause is vindicated. In pursuance of the official declarations repeatedly made on previous occasions the Chinese Government now declares that China’s diplomatic relations with Germany and Italy are hereby severed.”

Sent to the Department, repeated to Shanghai, Peiping. Shanghai please air mail to Tokyo.

GAUSS

893.01/903 : Telegram

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

VICHY, July 3, 1941—4 p. m.

[Received July 4—5 a. m.]

802. Embassy’s telegram 799, July 2, 8 p. m. We called this morning on Ostrorog, who is Acting Chief of the Far Eastern Division during the continued serious illness of Chauvel, to ask further details of Admiral Darlan’s interview with the Japanese Ambassador and French policy with respect to the Nanking régime.

Ostrorog said that when Ambassador Kato had made his request for French recognition of Nanking, Admiral Darlan had replied as follows:

Such recognition would of course involve an immediate break with Chiang Kai Shek and would create a number of serious problems for the French in the Far East. He did not, furthermore, believe that such a move was really in Japan's interest.

He reminded the Japanese Ambassador that there are large numbers of Chungking troops concentrated on the frontiers of Indochina and presumably they would immediately invade that colony. This in turn would presumably result in further military action on the part of the Japanese at a time when they are facing substantial difficulties both military and economic elsewhere. Such Chinese invasion would presumably result in cutting off the rice supplies of Indochina which are so essential to feed the Japanese people. Furthermore a break between Soviet Russia and Japan seems more than possible and Japanese relations with the Dutch East Indies are, to say the least, delicate. Darlan did not see therefore that the creation of a further problem in Indochina is in the interest of Japan itself.

According to our informant, Ambassador Kato made no attempt to reply and there the matter stands for the moment. It seems probable, however, that the Japanese, he said, will exert further pressure to obtain recognition of Nanking and how long a time the French can hold out he does not know. He denied that there has yet been any German pressure for such recognition but admitted the likelihood that the Nazis would soon throw their weight behind the Japanese request. He promised to endeavor to let us know as soon as there is likelihood of a change in French policy and assured us that all of the "permanent personnel" both of the Ministry of Foreign Affairs and Ministry of Colonies is strongly opposed to recognition of Nanking. We emphasized to him also the very unfavorable effect which such recognition would have in the United States and of the possible consequences of such a move for the future status of Indochina. He, like Rochat, assures that the French authorities are well aware of this factor in the situation, adding that it constitutes one of the principal reasons for not wishing to recognize Wang Ching Wei.

He likewise expressed the belief that Japan would break relations with the Soviet régime in the near future. Whether this break will result in any military action in the Far East he does not know; he feels sure that pressed as they are in the west the Russians will take no initiative in that area, but he also has a belief that Japan may well wait to see how the Russo-German war as well as the general world military trend develops before making any active move. If the Russian régime shows signs of crumbling, he considers a Japanese attempt to seize Vladivostok is quite probable.

He said (as does everyone here) that it is very difficult to obtain any clear picture of Russo-German military operations. Unlike many

others, however, he feels that the Russians are putting up a good fight and are not showing signs of disintegration.

He knows from his experience in Russia that preparations have long been made for retirement of a good portion of the army to the region of the Urals and if they can do so and destroy their crops according to plan, he says the Germans will not be happy. He said that propaganda put out by the German Embassy in Paris claimed that the fighting would be over in 8 days and that Hitler would be in Moscow last Sunday.<sup>18</sup> This he remarked has not been accomplished and the German communiqués seem to show greater resistance than they expected.

Speaking personally he said he feels quite sure that the breaking off of diplomatic relations with Russia was in fact due to German pressure in one form or another. He added: "We know very little that goes on in these Paris talks".

Repeated to Algiers.

LEAHY

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893.00/14756

*The Ambassador in China (Gauss) to the Secretary of State*

No. 56

CHUNGKING, July 3, 1941.

[Received July 21.]

SIR: I have the honor to enclose, as a matter of record and as of probable interest to the Department, a copy in translation of the speech<sup>19</sup> made by Dr. Quo Tai-chi on the occasion of his induction as Minister for Foreign Affairs at the weekly meeting of the Central Kuomintang Headquarters at Chungking on June 30, 1941.

Dr. Quo, it will be observed, reaffirms the Chinese policy of "resisting aggression to the last so as to achieve national freedom and equality and to uphold international law and order". In this address he reiterates the statement which he is reported to have made on arrival in Kunming and Chungking, namely, that the "international situation has been clarified". He points out that the world has now been divided into an "anti-aggression bloc" composed of the United States, Great Britain, China and the Soviet Union and an "aggression bloc" comprised of the Axis Powers; and he adds that the friendly powers now recognize China's role as the "vanguard of anti-aggression and the pillar of the forces maintaining world order and international law". He notes the increasing aid that China is receiving from friendly Powers and says that this "augurs well for world peace and the future of our resistance". Dr. Quo, in referring to his recent ex-

<sup>18</sup> June 29.

<sup>19</sup> Not printed.

change of notes with the Secretary of State,<sup>20</sup> asserted that these had "laid the foundation for China's equality in the community of nations"; and he went on to point out that such an achievement is attributable to the leadership of the Generalissimo, the heroism of China's soldiers and the spirit of sacrifice of the masses.

Dr. Quo's statement indicates that China's policy remains unchanged; that he will pursue the policy of his predecessor. It is also evident that Dr. Quo feels that the objective that China has sought since the outbreak of the Sino-Japanese conflict—collaboration with and concrete assistance from the Powers resisting aggression and the upset of the *status quo*—is near fruition.

Respectfully yours,

C. E. GAUSS

793.94/16718 : Telegram

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

PEIPING, July 5, 1941—5 a. m.  
[Received July 7—2: 13 a. m.]

157. Two observers, one quoting a Chinese source close to the Japanese, have expressed opinion that the *en bloc* recognition of Nanking was engineered by Government [*Germany*] to the embarrassment of Japan while [*who will, as a result thereof,*] now have [less] freedom of action in seeking any desired peace negotiations with Chungking. Germany by this action shortly after Wang's visit to Tokyo showed to the world (particularly the United States) the solidarity and strength of the Axis.

The same Chinese source informed one observer that Wang's Tokyo reception did not meet his expectations and that of the three things he sought, namely, control of North China, a loan to offset the American loan to Chungking,<sup>21</sup> and more power in China affairs, the first was denied him.

This source predicts that the Japanese are now convinced that the United States will have to be considered in any peace moves in China; that Japan will continue offensives against the Chinese Government during the summer and will consider new peace moves in the autumn through the medium of the Kuomintang (both Chungking and Nanking profess Kuomintang membership); in the meantime Japan will be guided entirely by expediency and European developments in the carrying out of her southward advance and possible action against Soviet Russia.

Sent to the Department; repeated to Chungking, Nanking, Shanghai. Code text by airmail to Tokyo.

BUTRICK

<sup>20</sup> Dated May 26 and 31, *Foreign Relations, Japan, 1931-1941*, vol. 1, pp. 927-930.

<sup>21</sup> For correspondence regarding financial assistance matters, see pp. 590 ff.



793.94/16723 : Telegram

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

Tokyo, July 8, 1941—7 p. m.

[Received July 8—12 : 20 p. m.]

957. Department's 342, June 20, 4 p. m. I have already made discreet use in conversations with influential Japanese, without revealing the source of my information, of the report concerning Germany's attitude to the Sino-Japanese war and the reported German treaty with the Dutch authorities in occupied Holland concerning the Netherlands East Indies. Today I had occasion to bring the report directly to the attention of the Minister for Foreign Affairs. He did not attempt to deny the credibility of these reports and merely said that, as a loyal ally of Germany, Japan would go along with Germany "as far as possible".

GREW

793.94/16734 : Telegram

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

PEIPING, July 9, 1941—2 p. m.

[Received 3 : 50 p. m.]

The same source mentioned in my June 25, 11 a. m., to Chungking, reports that Mao Tse-tung, the titular and actual head of the Chinese Communists, has issued an order to all his supporters subsequently [*substantially?*] as follows.

1. In order to recover a united front against Japan and other aggressor nations during the world crisis, avoid all conversations [*activities?*] with [*against?*] Kuomintang persons or policies and cease promoting further antagonism against the Kuomintang.

2. The German-Soviet war shows that the Soviet stands for the democratic way of living against all forms of Fascism. Unless Russia is betrayed by England and America which is not likely we can count on continued Russian resistance. We must therefore support England, America and Russia in fighting our common enemy.

3. Discredit anti-Communist slogans and propaganda. Demonstrate our genuine desire to establish real democracy in China. Under present conditions this is more important than any of the internal issues dividing us from the Kuomintang or other parties.

The above is probably authentic and may be expected to have an excellent effect on Chungking's efforts to restore the so-called united front. The North China Japanese-controlled press, after a period of comparative silence, has recently begun a virulent campaign against

the Communists' influences and this seems to indicate that the Japanese now realize that their efforts to break the united front are on the point of failure.

While guerrilla warfare continues sporadically in North China, it is no longer very effective. The Chinese people prefer the continued security afforded them by the Japanese to the temporary successes of the guerrillas who thereafter retreat and leave them to be the victims of severe Japanese reprisals.

Sent to Chungking, repeated the Department and Shanghai.

BUTRICK

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893.01/909 : Telegram

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

VICHY, July 14, 1941—4 p. m.

[Received July 15—6 : 10 p. m.]

875. Embassy's telegram 802, July 3, 4 p. m. Ostrorog asked us to drop around this morning and talked of recent Franco-Chinese relations. He referred to Chinese anxiety lest France recognize the Nanking régime and said that he has a feeling that in order to forestall such a move the Chinese have been endeavoring to exert a little counter-pressure. This has taken the form of border incidents of a relatively minor character on the [Indo-] Chinese northern frontier. A handful of deaths have resulted but these incidents have not yet assumed serious proportions.

While he is not sure that they were deliberately stirred up under orders from Chungking rather than the result of spontaneous local initiative on the part of wandering bands of [guerrillas?], he is inclined to believe that the former is the case and that they are designed to impress the French with the means of reprisal available to China should the Nanking régime be recognized. He knows that the Chinese Embassy here has been, through informants, endeavoring to give the impression to the French Ministry of Colonies (which he said is "somewhat naive" in such matters) that Chiang Kai-shek may take the initiative in breaking with France; that there are some 500 thousand Chinese troops between the Indochinese frontier and Burma, etc. A telegram from Cosme<sup>22</sup> at Shanghai yesterday forwarding a message from Paul Boncour<sup>23</sup> at Chungking indicated that word of the French refusal to recognize Nanking was making a "favorable impression" and that, as a result, the departure of the new Chinese Ambassador for Vichy which had been "indefinitely postponed" is now scheduled for next week. In spite of this indication of a more "sensible attitude" on

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<sup>22</sup> Henri Cosme, French Ambassador in China.

<sup>23</sup> Jean Paul-Boncour, French Counselor of Embassy in China.

the part of the Chinese, Ostrorog feels that it would be well if the Chinese Government could be made to see the dangers of border incidents from all points of view, adding that the Chinese "are so intelligent" that they should readily appreciate them. There has been no renewal, he said, of the Japanese request for recognition of Nanking and there has been no German pressure in that direction. On the other hand, if the Japanese get the impression that the French are not "defending" Indochina or that there is a possibility of an early Chinese invasion of that territory, they may well be moved to take some direct action against the colony themselves. Such a step would, of course, be most regrettable from the French point of view, but would also hardly serve the interests of China. The fact that the Japanese have not sent any troops in that direction, either to Kwangsi or to Hanoi, in spite of the weakness of French military forces in Indochina, would seem to indicate that they do not have the forces readily available. Such being the case, he said, it would seem foolish for the Chinese to run the risk of forcing Japan to "occupy" Indochina through the creation of border incidents, the seriousness of which, given the natural reactions of the military on the spot, is always difficult to control.

Ostrorog also read us a long telegram from Arsène-Henry sent on July 8 but delayed 4 days in transmission. The French Ambassador at Tokyo reported a long interview with Matsuoka. The latter had informed Henry that Japanese foreign policy is founded on three principal bases: The tripartite "alliance" with the Axis; the Russo-Japanese pact of non-aggression and "Japanese vital interests". Unfortunately Matsuoka was quoted as saying "these three bases of foreign policy are sometimes somewhat contradictory and Japan is endeavoring to study the situation in the light of recent developments." Matsuoka said that the Germans have made no demand for Japanese action against Russia "on the basis of December 7 [*September 27*] tripartite pact"<sup>24</sup> and that if such a demand is received "it would have to be carefully examined."

(Later in his telegram, however, Henry reported that one of his colleagues quoted the Counselor of the German Embassy at Tokyo as indicating that the Germans have asked the Japanese to move against Russia though possibly not on the basis of the tripartite pact—which Henry thought might be the Japanese Foreign Minister's "subtle way" of avoiding a frank reply.) In the event, Henry came away with the definite impression that Matsuoka is doing what he can "to calm the more excitable elements" and to avoid any move against Vladivostok at the present time, particularly in the light of the "surprising strength" of Russian resistance. He laid stress on reports of one of his

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<sup>24</sup> *Foreign Relations, Japan, 1931-1941*, vol. II, p. 165.

“most reliable” Japanese informants that the country is in no way—economically, financially, militarily or politically—prepared for an adventure against Russia and would like nothing better than to see the Chinese war settled as soon as possible.

It is the opinion of this informant, Henry went on, that the Japanese Government is convinced that a move against Russia at this time would [precipitate?] “an immediate conflict with the United States” and this it is understandably eager to avoid. While warning that if the chance presents itself of taking Vladivostok without risk the Japanese will probably move (and he implied that a further reason for postponing such action at this time is the weakening of Japanese military forces in the north following the signature of the Russo-Japanese pact), he does not expect any precipitate action.

Henry derived from his interview with Matsuoka with [*sic*] a definite feeling that the latter had been “disappointed” by the German attack on Russia, which he has been assured at the time of his Berlin visit was not contemplated—especially as the “signature of the Russo-Japanese pact had been made with German approval.” He even expressed himself to Henry as surprised that Germany had requested Bulgaria, rather than Japan, to represent German interests at Moscow. (To Ostrorog the reason is “obvious”: the Germans hope that the Japanese will enter the conflict.)

In comparing the foregoing with the Embassy’s telegram 808, July 5, 10 a. m.,<sup>25</sup> the Department will observe that Henry’s latest telegram is somewhat in contrast to views he reported earlier.

LEAHY

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741.933/91 : Telegram

*The Ambassador in China (Gauss) to the Secretary of State*

CHUNGKING, July 15, 1941—9 a. m.

[Received 9 : 50 a. m.]

293. Foreign Office yesterday released texts of notes exchanged between British Ambassador and Minister of Foreign Affairs in which British declared that when peace is restored in the Far East British Government will be ready to negotiate with China the abolition of extraterritorial rights, rendition of concessions, and revision of treaties on a basis of reciprocity and equality.

Sent to the Department. Repeated to Peiping and Shanghai.

GAUSS

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<sup>25</sup> Vol. IV, p. 995.

893.00/14780

*The Chinese Embassy to the Department of State*<sup>26</sup>

TRANSLATION OF TELEGRAM TO AMBASSADOR HU, FROM THE MINISTER OF FOREIGN AFFAIRS, CHUNGKING, JULY 21ST, 1941

In September, 1937, the Chinese Communist Party made a declaration to the effect that thenceforth the Chinese Communists would support the Central Government, adhere to the Three Peoples' Principle of the Kuomintang and obey the orders of the National Military Council in joint resistance against Japan. This declaration was reaffirmed after the outbreak of war between Germany and Soviet Russia.<sup>27</sup>

Recently, however, the Communist forces have again attacked the Government troops in Shantung under the command of General Yu Hsueh-chung, and also attacked Government units stationed in the region of Chung-tiao-shan (Shansi). In view of the possibility of Japan's pushing northward against Soviet Russia, or invading Yunnan in a westward drive, the Chinese High Command feels strongly that not only should every effort be made to avoid friction between the Government and Communist troops, but that co-operation between them should be strengthened in order to present a unified front against external aggression. It is the earnest hope of the Government that the force of public opinion will be sufficient to awaken the Communists to the necessity of abandoning their destructive course of action. The Central Government has no intention whatsoever of taking punitive measures against the Communists.

894.00/1080 : Telegram

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

PEIPING, July 24, 1941—6 p. m.  
[Received July 25—10:40 a. m.]

183. Stuart<sup>28</sup> has been informed by his Chinese contacts who are high placed in Tuihmgal [*local?*] puppet régime that General Ugaki<sup>29</sup> was considered for the position of Prime Minister when the new Japanese Cabinet was being formed but that the liberal element headed by Ugaki was not strong enough to obtain control of the Japa-

<sup>26</sup> Received in the Department about July 23.

<sup>27</sup> See telegram from the Counselor of Embassy in China, July 9, 2 p. m., p. 526.

<sup>28</sup> Dr. J. Leighton Stuart.

<sup>29</sup> Japanese Minister for Foreign Affairs, May–September 1938.

nese Government and that Matsuoka was let out to give the Japanese Government greater "flexibility" in interpreting and acting up to its international commitments; that there is much dissension in Japan and that the present heavy scale military activities are at least in part designed to combat rising internal discord; that Germany probably urged Japan to conclude a pact with Russia because she felt she needed no military assistance against Russia and hoped that such a pact would cause Japan to move southward and become involved with the United States. From another reliable source Stuart learns that General Itagaki has had an altercation with War Minister Tojo over Itagaki's transfer from Central China to Korea and that this transfer was caused by Itagaki's endeavors to enter into negotiation with Chiang Kai-shek which came to the attention of Wang Ching-wei and caused him to complain to the Japanese Government.

All of the foregoing was voluntarily related to me by Stuart in my office this morning. He reiterated his belief that the United States can best serve its own interests and those of China and the liberals in Japan by strong assistance to China.

Sent to the Department. Repeated to Chungking. Code text air-mail to Tokyo.

BUTRICK

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740.0011 P. W./455

*The Ambassador in China (Gauss) to the Secretary of State*

No. 82

CHUNGKING, July 24, 1941.

[Received August 20.]

SIR: With reference to my air mail despatch no. 43 of June 24,<sup>30</sup> reporting British military plans for cooperation with the Chinese in event of hostilities between Britain and Japan, I have now the honor to report that according to confidential information which has reached me recently, Generalissimo Chiang Kai-shek has approved the British plans with the exception that, regarding the proposed mobile guerrilla units, he is unwilling to agree to any arrangement which would put Chinese forces under command of British officers; such officers must function as advisers or instructors.

Respectfully yours,

C. E. GAUSS

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<sup>30</sup> Not printed.

740.0011 P. W./388

*President Roosevelt to the Acting Secretary of State*

WASHINGTON, July 29, 1941.

## MEMORANDUM FOR THE ACTING SECRETARY OF STATE

I note in a number of dispatches during the past week or ten days that Japanese troop or plane withdrawals are reported from several sectors on the Chinese front.

I think we should relay these reports to Gauss and the Military Attaché in Chungking for the information of the Chinese Government, with the suggestion that one or two powerful attacks on weakened Japanese positions might do real good at this time. Possibly you have done this already.

F[RANKLIN] D. R[OOSEVELT]

740.0011 P. W./388

*The Acting Secretary of State to President Roosevelt*

WASHINGTON, July 31, 1941.

## MEMORANDUM FOR THE PRESIDENT

Reference your memorandum of July 29, 1941 in regard to reports of withdrawals of Japanese troops and planes from certain occupied places in China.

The messages to which you refer were repeated to the Embassy at Chungking via naval radio by the sending officers. We have brought these reports orally to the attention of the Chinese Ambassador here and are today conveying to Ambassador Gauss by telegraph<sup>32</sup> the suggestion that he and the Naval and Military Attachés inform appropriate Chinese officials at Chungking of the reports in question.<sup>33</sup>

SUMNER WELLES

893.01/915 : Telegram

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

VICHY, August 8, 1941—6 p. m.

[Received 8:18 p. m.]

996. Embassy's telegram 802, July 3, 4 p. m. We learn today that the Japanese Ambassador has made a further *démarche* to obtain French recognition of the Nanking régime. We made inquiry of

<sup>32</sup> Telegram No. 175, August 1, 5 p. m., not printed.

<sup>33</sup> None printed; they came from Foochow, Hong Kong, Canton, and Peiping.

Lagarde <sup>34</sup> this afternoon and he told us that we could inform the Department that the French Government has rejected this suggestion and has no intention of recognizing Wang Ching-wei. (He admitted that if the pressure should become too strong there might be a reversal of this policy but insisted that for the moment the French are standing firm.)

LEAHY

893.00/14782a : Telegram

*The Secretary of State to the Ambassador in China (Gauss)*

WASHINGTON, August 9, 1941—3 p. m.

186. According to an Associated Press despatch dated Tientsin, July 27, the *Yung Pao* reported that the Chinese Communists had agreed to place themselves under Chungking's supervision and "to disband the New Fourth Army", in return for which the Central Government was said to have agreed to subsidize the Communists by more than 2,000,000 yuan per month and slightly to extend Communist territory. It was reported in a United Press despatch from Shanghai dated August 3 that, according to Chinese Communist sources there, the Central Political Council of the Chinese Communist party had at a recent meeting drawn up a political platform for the area under the jurisdiction of the Communist authorities at Yen-an providing for non-Communist representation in the administration of that area.

The Department would appreciate receiving by air mail your appraisal of the foregoing reports.

HULL

893.00/14789

*The Ambassador in China (Gauss) to the Secretary of State* <sup>35</sup>

No. 95

CHUNGKING, August 20, 1941.

[Received September 8.]

SIR: I have the honor to refer to the Department's telegram No. 186 of August 9, 9 [3] p. m. (received August 12) citing certain reports of developments in Kuomintang-Communist relations and instructing the Embassy to submit by airmail an appraisal of those reports.

The Embassy has been unable to disclose in Chungking any foundation for the *Yung Pao* report (Associated Press despatch of July 27 from Tientsin) that the Communists had agreed to disband the New Fourth Army and that the Chinese Government had in turn agreed to extend Communist territory and to grant the Communists a monthly subsidy of more than 2 million yuan. The Embassy is satisfied, from

<sup>34</sup> L. E. Lagarde, of the French Foreign Office.

<sup>35</sup> Drafted by John Carter Vincent, First Secretary of Embassy in China.



information and opinion obtainable here, that no factual basis for the report exists. The Department is no doubt informed that the *Yung Pao* is a Japanese owned or controlled newspaper. What purpose the editor felt would be served by publishing an unfounded report of the kind is not at all clear.

With regard to the United Press despatch of August 3 from Shanghai reporting that the Central Political Council of the Chinese Communist Party had drawn up a political platform providing for non-Communist representation in the administration of the area under its jurisdiction, the Embassy has ascertained that about one month ago the Communist authorities in Yen-an issued a statement in connection with forthcoming elections, proposing that all the people living in the Communist area, whether Communists or not, participate in the election of officials. The United Press despatch is thought to be a report of that development. It is not anticipated that the proposal to participate in the elections, if carried through and acted upon, will bring about any internal political changes of moment in Communist territory or have any real significance in Kuomintang-Communist relations.

In its telegram No. 306 of July 22, 4 p. m.,<sup>36</sup> reporting the publicity given, at Kuomintang instigation, to clashes between certain government forces and 18 Group Army troops (Communist) which had occurred a month earlier and were thought to have been settled, the Embassy stated that, although distrust and dislike characterized Kuomintang-Communist relations, an open rupture was not anticipated. In its monthly summary of political developments (telegram No. 334 of August 6, 11 a. m.<sup>36</sup>) the Embassy again expressed this thought, pointing out that fundamental differences of opinion and deep-seated personal animosities prevented a real united front; and that, while deterioration of relations was not anticipated, hopes of improvement were illusory. Such is the situation that obtains today and it is believed will continue to obtain unless some unforeseen development occurs to disturb the uneasy truce.

Since its inception following the detention and release of General Chiang Kai-shek in December 1936, and its initial announcement and implementation in September 1937, after the outbreak of Sino-Japanese hostilities, the so-called "united front" has been at best an unstable and unnatural alliance, giving slight promise of viability, and drawing what vitality it had from the fear and fact of Japanese aggression. The Chinese (Kuomintang) Government, hard pressed and committed to resistance, was prepared to accept the assistance of the Communist forces. During the first year and a half of hostilities there was ample outward evidence of a real united front in the face of a common and urgent danger. Such evidence however was limited in a large measure to the military field. Within the inner councils of the Kuomintang

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<sup>36</sup> Not printed.

there was little inclination to extend the united front to include the political and governmental field. Hence, during the past year or year and a half, with the abatement of the really active phase of hostilities, there has been recurring and increasing evidence of the fictional character of the united front.

This situation has arisen in large part it is believed from fundamental differences in conception of the meaning and intent of a united front. The leadership of the Kuomintang has laterally interpreted the term (whether sincerely or not makes no material difference) as meaning and warranting the subordination of the Communist Party to the Kuomintang and its unification with that party to the end that political uniformity might be achieved and the Communist Party would lose its identity. Indications are not lacking among Kuomintang officials of leanings toward one party conceptions of government. A training school is maintained to inculcate in the minds of promising young party members ideas not inconsistent with such conceptions. It is hardly an exaggeration to state that in the minds of many of the Kuomintang leaders democracy is interpreted and anticipated as a system under which everybody votes the Kuomintang ticket.

Opposed to this conception of unification and uniformity is the Communist Party conception of collaboration by distinct entities as the basic objective of a united front. Being by far the smaller of the two parties, the Communist Party must be constantly on guard to maintain its identity. Were the positions reversed there is little reason to doubt that the Kuomintang would have short shrift.

Thus it is not any fundamental difference with regard to the form of government that keeps the two parties apart; it is rather a fundamental difference with regard to the incidence of government, with regard to social concepts of government. The pattern is a familiar one.

With the foregoing circumstances and thoughts in mind, it becomes reasonably clear that there can be little hope of a real united front, that is, a united front grounded upon sincere political and military cooperation. Even though divergent social conceptions were insufficient to keep the parties apart, strong personal prejudice on the part of many of the Kuomintang leaders would effectively prevent real cooperation. Endeavors to bridge the gap between the older and controlling elements in the Kuomintang and the Communist leaders would, it is felt, prove as ineffectual as they were unwelcome. On the other hand, prevention of an open rupture is considered to be quite feasible so long as the common front against Japan is viewed as a necessity and outside assistance in maintaining that front is desired.

Once that necessity ceases to exist, the Kuomintang-Communist feud may be expected to flare up again, probably in the form of hostilities. The foregoing statement assumes a continuation of the present

Kuomintang leadership. There is a possibility that the more liberal younger element in the Kuomintang may become sufficiently influential to effect a bridging of the gap—might even through the adoption of needed social and agrarian reforms cut the ground from under the Communists and effect a relative degree of political unity in the country. This is in no wise an early prospect but it is worth bearing in mind when taking a long view of the situation. For the immediate future, it suffices that disruptive and weakening civil discord may be held in abeyance.

There is enclosed a translation, made by the Chungking representative of the Communist Party, of a Manifesto issued on July 7 by the Communist Party.<sup>37</sup> The Manifesto is an interesting statement of the Party's position and desires, but contains nothing in the way of a new approach to the problems discussed.<sup>38</sup> The portions included in inked brackets were deleted by the censor in Chungking before publication in the local Communist newspaper.

Respectfully yours,

C. E. GAUSS

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893.00/14790 : Telegram

*The Ambassador in China (Gauss) to the Secretary of State*

CHUNGKING, September 10, 1941—1 p. m.

[Received September 11—7:30 p. m.]

381. Peiping's telegram of September 4, to Chungking<sup>37</sup> regarding alleged Communist demands. In a conversation with officers of the Embassy on September 7, Chou En-lai, Communist liaison agent in Chungking, disclaimed knowledge of the presentation by the Chinese Communists of demands to Chiang Kai-shek. He asserted that there has been no significant change in Kuomintang-Communist relations in recent months, adding that there have been no negotiations between the Kuomintang and the Communists during the past 2 months and that he himself has not seen the Generalissimo since [the outbreak of] the Russo-German war. He declared that the National Government has not supplied [the] Communists with funds for 8 months and with supplies for about 2½ years. Full report will follow by despatch.<sup>37</sup>

Sent to Department, repeated to Peiping.

GAUSS

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<sup>37</sup> Not printed.

<sup>38</sup> The manifesto closed with the exhortations:

“Down with Japanese Imperialism!

Down with fascist enslavement!

Support the Soviet Union!

Long live the victory of China's resistance war!

Long live the victory of the world's anti-fascist united front!”

793.94/16842 : Telegram

*The Ambassador in China (Gauss) to the Secretary of State*

CHUNGKING, September 11, 1941—7 p. m.  
[Received September 11—12: 25 p. m.]

384. Supplementing my No. 383, September 10, 6 p. m.<sup>39</sup> I believe that we must realize that any material relaxation of political and economic pressure on Japan permitting her to concentrate her strength on China would arouse the widest resentment in this country and cause repercussions that might seriously weaken the determination to carry on resistance. Lease-Lend or other aid to China would not overcome that resentment.

The Generalissimo is undoubtedly thoroughly sincere in his determination to fight irrespective of any regional arrangement that may be made with Japan, and he would have the support of a substantial group of influential civil and military leaders.

However, in evaluating the present situation at Chungking and in China it must be borne in mind that there are considerable numbers of Chinese who feel sincerely that a continuance of resistance might not be in the best interests of China, in that China might not now fare badly in negotiations with Japan, and that ultimately in any circumstances China and Japan must arrive at some common understanding in the Far East. It is not difficult to perceive that the resentment attending some such regional *détente* as proposed—is [causing?] resentment against America and the democracies—might strengthen their influence in Government councils.

The Generalissimo and his supporters might not be able to prevail against a growth of such influence within the government; and the Generalissimo might retire and clear the way for a settlement. We must all bear in mind that there is the possibility that peripheral disaffection on the part of some provincial leaders such as Yen Hsi-shan<sup>40</sup> for instance might at any time weaken the position of the present government and the resistance.

While Japan is known to be withdrawing some of her forces from China, it is significant that the Chinese armies appear to be unable to take advantage of this situation on any front. After more than 4 years of resistance the Chinese armies are poorly equipped and scantily supplied and they are not capable of more than a continuing defensive in areas into which the Japanese cannot readily penetrate. Difficulties of terrain and of communications and supply preclude the probability of any present large scale Japanese offensive unless her armies are heavily reinforced. Meanwhile, however, Japanese air forces are

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<sup>39</sup> Vol. iv, p. 435.

<sup>40</sup> Commander in chief of Chinese second war area, with headquarters in Shansi Province.

wreaking unremitting havoc on the undefended cities and villages in Free China and the trade blockade is gradually impoverishing large areas, with resultant lowering of morale.

GAUSS

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793.94/16865 : Telegram

*The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State*

Moscow, September 23, 1941—7 p. m.

[Received 9:25 p. m.]

1701. For the President, the Secretary and the Under Secretary. In conversation with the Chinese Ambassador today he said that fighting in Hunan Province is still in progress and that the Japanese losses there have been particularly severe. He added that according to information received by him from his government while there had not as yet been any break in the Japanese lines the Chinese commanders did not believe the Japanese could continue to support the present scale of losses much longer but would retire.

In response to my inquiry the Ambassador said that Soviet deliveries of war material are continuing but on a much decreased scale as the Chinese Government, recognizing the Soviet position at the present time, had reduced its requests to a bare minimum—which is being met.

The Ambassador expressed the opinion that the Japanese would make no effort to occupy Thailand “unless and until the United States and Great Britain become seriously involved elsewhere.”

STEINHARDT

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793.94/17014

*The Ambassador in China (Gauss) to the Secretary of State*

No. 154

CHUNGKING, September 24, 1941.

[Received November 28.]

SIR: I have the honor to transmit a translation,<sup>42</sup> supplied by the International Department of the Central Publicity Board, of Generalissimo Chiang Kai-shek's message to the Chinese nation on September 18, 1941, the tenth anniversary of the Mukden Incident.

The speech affirms the unity of the four northeastern provinces with the rest of China, says that their riches must not be permitted to strengthen the forces of the aggressors, and announces China's determination to fight until they are again an unqualified part of China. Reference is made to the objectives of the anti-aggression powers, as

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<sup>42</sup> Not printed.

outlined in the Roosevelt-Churchill Eight Points,<sup>43</sup> and to America's leadership in recognizing and aiding China's part in the common struggle.

Respectfully yours,

C. E. GAUSS

793.94/16951

*The Military Attaché in China (Mayer) to the War Department*<sup>44</sup>

CHUNGKING, October 15, 1941.

The attack at Ichang was part of a general Chinese offensive, planned to use all troops in the V and VI War Zones to drive the Japanese east of the Han River and establish a defensive line along that river. Chinese would have numerical superiority, including artillery. The attack developed successfully and Chinese morale was high, but Chungking suddenly called off the entire operation and in spite of protests by their commanders, troops were ordered back to their previous positions. Apparently, political reasons accounted for this unexpected action: (1) the Chinese hope that the Japanese will start operations against the Russians in the Far East if the Soviet defense weakens in the west; (2) the Chinese wanted to wait and see the outcome of the U. S.-Japanese conferences.<sup>45</sup> Military reason: fear that the Japanese would shift rapidly from the Changsha area and strike vulnerable Chinese concentrations. In any event, the Chinese offensive is practically over. The Russians, from whom this story comes, were greatly disappointed at the outcome. They undoubtedly planned the operation and probably had advisers with front line troops. Their main interest, of course, is in seeing that the largest possible numbers of Japanese are contained in China.

MAYER

893.00/14810

*The Ambassador in China (Gauss) to the Secretary of State*<sup>46</sup>

[Extract]

No. 181

CHUNGKING, October 20, 1941.

[Received November 10.]

SIR: I have the honor to enclose for the Department's information copies of the text of an address by Madame Chiang Kai-shek,<sup>47</sup> which

<sup>43</sup> Declaration of Principles, known as the Atlantic Charter, by the President of the United States of America and the Prime Minister of the United Kingdom, August 14, 1941, Department of State *Bulletin*, August 16, 1941, p. 125.

<sup>44</sup> Code radiogram received by the War Department on October 16, 12: 58 a. m.; paraphrase transmitted to the Department of State, October 18.

<sup>45</sup> See vol. iv, pp. 1 ff.

<sup>46</sup> Signed for the Ambassador by the Second Secretary of Embassy (Drumright).

<sup>47</sup> Not printed.

was broadcast by transcription throughout the United States on October 10, 1941, on the occasion of the 30th anniversary of the founding of the Republic of China. Given in response to a request of United China Relief, it is understood that Madame Chiang's address was transcribed on a record at Chungking in the latter part of September, and that the record was flown to the United States in time to be broadcast over the networks of the National Broadcasting Company and the Mutual System on October 10, 1941.

Madame Chiang in this broadcast speech is particularly outspoken over what she regards as the failure of the democracies to accord China equality of status in the councils of those nations resisting aggression, and over the shipments of American materials to Japan.

She fails to take note of the changed situation following upon American "freezing" operations and restrictions on exports to Japan; and she touches but lightly on the extent of American aid to China.<sup>48</sup>

Respectfully yours,

C. E. GAUSS

893.24/11433

*Memorandum by Mr. John P. Davies, Jr., of the Division of Far Eastern Affairs*<sup>49</sup>

[WASHINGTON,] October 22, 1941.

The MID<sup>50</sup> report attached hereto and submitted by one of the Assistant Military Attachés in China<sup>51</sup> is a brief summary of the movement of munitions and commodities between the Soviet Union and China. It is believed that you will find it worth your time to read through the entire report.

It is estimated that since 1937 the Russians were able to supply the Chinese approximately 700 military aircraft and approximately 40,000 tons of other weapons and ammunition. The largest volume of traffic moved over the Alma Ata-Lanchow route during the closing weeks of 1940. Excluding Russian trucks in the Alma Ata-Hami section there were operating on the highway approximately 1,000 trucks of the Northwest Transportation Company. Also in operation were more than 350 trucks of other categories. As on the Burma Road, fuel was one of the greatest problems.

Inward bound traffic was almost entirely war materials and petroleum products. Trucks bound for Russia carried wool, tea, furs and tung oil. The maximum capacity of the Turkestan Road with equip-

<sup>48</sup> See also pp. 590 ff.

<sup>49</sup> Noted by the Secretary of State.

<sup>50</sup> Military Intelligence Division, War Department.

<sup>51</sup> Not printed; it was dated September 16.

ment existing at the end of 1940 was estimated to be approximately 18,000 tons each way annually.

Apparently the road and the trade which moved across it were inefficiently handled. The explanations for this situation were the same as those applying to inefficiency on the Burma Road: corruption, political intrigues and jealousies and plain incompetence.

The Soviet-German hostilities have meant that Russian supplies to China have been virtually terminated excepting for small quantities of munitions already contracted for but yet undelivered. As the Soviet Union is not expected to be able to spare motor fuel for transport to China, the trucks on the Turkestan highway are expected to discontinue service. The total reserves of gasoline in the entire northwest are estimated to be only 300,000 gallons.

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893.00/14816

*The Consul General at Hong Kong (Southard) to the Secretary of State*

No. 1036

HONG KONG, October 23, 1941.

[Received November 17.]

SIR: I have the honor to refer to this Consulate's telegram no. 437, October 22, 10 a. m.,<sup>52</sup> quoting a statement of the Hong Kong representative of Marshal Chang Hsueh-liang on the subject of the latter's release, and to its despatch no. 1035 dated October 23, 1941,<sup>52</sup> transmitting a memorandum of a conversation with the representative in Hong Kong of the Chinese "National Socialist Party" on the subject of that party and of the "Federation of Democratic Parties in China", and, further in the same connection, to submit herewith a copy of a memorandum prepared by Consul Ward of the staff of this office\* covering his conversation with the local representative of the North-eastern Faction, Mr. Chou Ching-wen.

*Summary of the Memorandum.* Mr. Chou stated that, although he had never been a soldier, he had been one of the original members of a secret anti-Japanese society formed in Hsian by the Young Marshal in 1936; that after the Hsian affair the Central Government discovered the existence of this society, and its members were forced to scatter, some of them coming to Hong Kong, where a new and expanded group was formed, its object being to procure the release of the Young Marshal by the Generalissimo. Mr. Chou is the head of the Hong Kong branch (which numbers about 100 hundred [*sic*] members, or a fifth of the total membership) of this group, and hence is regarded as the

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<sup>52</sup> Not printed.

\* This despatch was also prepared by Mr. Ward.—AES[outhard.] [Footnote in the original; memorandum not printed.]



Young Marshal's representative in this city. The Hong Kong branch owns two magazines and a book-store here, and through its publications has kept alive the issue of General Chang's captivity, advancing three arguments for his release: (1) that he could do much to lessen the tension between the Chinese Communists and the Kuomintang, since he has the confidence and good-will of the former without being himself one of them; (2) that he would make the most effective leader of the Northeastern Armies in any drive to recover Manchuria; and (3) that he would probably be able to procure the return to their original allegiance of former Northeastern officers who have gone over either to the Communists or to Wang Ching-wei. They are at present confident that they are near success, having received word from Chungking that the Young Marshal is now there, and is in conference with General Pai Ch'ung-hsi and other leaders, although General Ho and certain members of the Cheng Hsueh Hsi oppose his release.

*Comment.* There would appear to be little reason to question the sincerity or *bona fides* of Chou and the group he represents: they have one perfectly clear aim, and that is to procure the Young Marshal's freedom and his appointment to some post of real power and responsibility in which he could take his part in carrying to a successful conclusion the resistance of a united China against the Japanese. It is probable that without Chang and his Hsian Coup, neither unity nor resistance would ever have been possible, and to many Chinese the release of the hero of that thrilling *tour de force* would set the stage as nothing else could for the fitting end of the second act of the drama of modern China, and might even save the whole play from a tragic anticlimax at its close.<sup>53</sup>

Respectfully yours,

ADDISON E. SOUTHARD

798.94/16982

*The Navy Department to the Department of State*<sup>54</sup>

[WASHINGTON,] October 30, 1941.

Following was received this date from Naval Attaché, Chungking:

[Paraphrase.] Troops arriving daily Haiphong plus steady stream of supplies and material reported arriving at Formosa and Hainan indicate possible invasion Yunnan. Such operation while difficult would be feasible if executed in force. Chinese contention that it would be turning point in battle for Asia believed correct. Capture of Kunming would completely crush Sino resistance while penetration even to Mengtze would close Burma Road. Foreign Attachés here agree minimum requirement is 7 divisions and preferably 10.

<sup>53</sup> Marshal Chang's status was not modified thereafter.

<sup>54</sup> Noted by the Secretary of State and the Under Secretary of State.

893.00b/1119

*Memorandum by the Second Secretary of Embassy in China  
(Drumright)*<sup>55</sup>

[CHUNGKING,] November 8, 1941.

During the course of a call on Dr. Wang Shih-chieh, Minister of Publicity, Secretary General of the People's Political Council, and an acknowledged authority on Kuomintang-communist relations, on November 7, 1941, I took advantage of the occasion to query him in regard to the recent trend of relations between these two political groups.

Dr. Wang said that, broadly speaking, there has in recent months been no outstanding change in Kuomintang-communist relations: The National Government desires the Chinese communists to comply with its instructions, particularly in the military field; specifically the National Government still desires the transfer of all Chinese communist forces to north China. Pending an indication of compliance on the part of the Chinese communists, the National Government continues to adhere to its policy of furnishing no military and financial aid to the communists. The Chinese communists, for their part, Dr. Wang continued, continue to demand the release of General Yeh Ting of the New Fourth Army (now detained at General Ku Chu-tung's headquarters in the third war zone), the reconstitution of the New Fourth Army and the furnishing by the National Government of military supplies and money to the communists. In this relation, Dr. Wang stated that there had been conversations of a desultory nature between the two groups during the past few months, but none of a concrete nature. In reply to a question, Dr. Wang said that the communists had not of late made demands for the legal recognition of the Chinese communist party. Dr. Wang went on to say that although there had been no significant change in the Kuomintang-communist relationship in recent months, there were some minor points worthy of note. For one thing, there have been minor clashes during the past month (presumably October 1941) in north Kiangsu and southern Shantung between communist and Government military forces, the communist having attacked troops commanded by General Yü Hsueh-chung in Shantung and by General Han Te-chin in north Kiangsu. It is not known, Dr. Wang said, whether these clashes were deliberately provoked by the communists or whether they resulted from the propinquity of the two forces. It was Dr. Wang's own view, however, that the communists were still endeavoring to enlarge their sphere of influence in these two provinces, a condition which the National Government could not tolerate. In connection with the continued stationing of communist

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<sup>55</sup> Copy transmitted to the Department by the Ambassador in China in his covering despatch No. 211, November 13; received December 8.

troops in north Kiangsu and southern Shantung, Dr. Wang said that the National Government has not recently renewed its instructions to these troops to move north. He added that National Government troops have orders not to attack communist units unless they themselves are attacked.

Dr. Wang said that another point worthy of stress is that since the start of the Russo-German war the Chinese communists appear to have adopted a "softer" or "more polite" attitude toward the National Government. For example, Dr. Wang continued, the Chinese communists have ceased the publication in their press of the "nonsense" which they formerly printed about England and the United States drawing China into an "imperialistic war" against Germany and are now advocating all-out defense against fascism. Dr. Wang went on to say that communism has lost ground in China this year for two reasons: (1) the signing by Soviet Russia of a neutrality pact with Japan which disillusioned a great many of the Chinese intelligentsia with regard to the *bona fides* of Russia's motives and (2) the *volte face* of principles involved in the Chinese communists' policy since the start of the Russo-German conflict, that is, the complete reversal of Chinese communist policy from that of noninvolvement in the European conflict to all-out aid to Russia, which served to disillusion a great many of the Chinese student elements as to the genuineness of the principles advocated by the Chinese communists.

In response to an inquiry, Dr. Wang said that he could not definitely say whether the Chinese communists would participate in the coming session of the People's Political Council (scheduled to be held in Chungking from November 15, 1941). Dr. Wang added that the communists have not indicated that their delegates will not attend, but that they are too unpredictable a group to make a conclusive forecast regarding their intentions. Dr. Wang explained that in any event only two of the seven communist delegates to the People's Political Council are in Chungking and in a position to attend, namely, Tung Pi-wu and Mrs. Chou En-lai. Dr. Wang continued that some delegates of the People's Political Council are bent on solving Kuomintang-communist differences, and that an attempt may be made during the coming session to bridge the gap. It was apparent from Dr. Wang's comment that he had very little hope of an all-round settlement being reached in the near future. On the contrary, the tenor of his discussion suggested that he believed that Kuomintang-communist relations would continue indefinitely in their present status of what might be described as "suspended animation".

E[VERETT] F. D[RUMRIGHT]

793.94/17000 : Telegram

*The Ambassador in China (Gauss) to the Secretary of State*

CHUNGKING, November 18, 1941—5 p. m.

[Received November 20—9 : 10 p. m.]

452. In his inaugural address before the second plenary session of the People's Political Council, General Chiang dealt almost exclusively with the Chinese war of resistance and the international situation. He expressed confidence that the United States and Britain had no intention of dealing lightly with any of the aggressors, including Japan, and expressed a belief that now is the time to liquidate "the Japan incident". To avoid disaster, he pointed out two conditions which Japan must fulfill: (1) the abandonment of the policy of aggression, "withdrawal of all forces from Chinese soil including the northeastern provinces and similar withdrawal from Indochina" and (2) the abandonment of Japan-Axis alliance.

One of the seven Chinese Communist delegates attended the meeting of the Council.

The Foreign Minister and the Minister of War addressed the Council at closed meetings. It is understood that the Foreign Minister's report followed lines quite similar to the address by the Generalissimo and that the War Minister, in reporting on military affairs, stated that some of the best units of the Chinese Army had been transferred for the defense of Yunnan. In his speech the Generalissimo made only brief reference to [Japanese?] "Army's massing troops in Indochina with the objective of cutting China's lines of communication."

GAUSS

893.00/14832

*The Ambassador in China (Gauss) to President Roosevelt*<sup>56</sup>

CHUNGKING, November 19, 1941.

DEAR MR. PRESIDENT: When I called on you last April before leaving for my post, you asked me to write to you from time to time on the China situation.

The following paragraphs give in broad outline, unburdened by detail, my estimate of the present position and possibilities in China, viewed in the perspective of what I understand to be our immediate and urgent objective—to encourage the Chinese in continuing resistance against Japanese aggression.

<sup>56</sup> Transmitted to the Department by the Ambassador in China in his covering despatch No. 220 of November 19 (893.00/14827) ; received December 8. Forwarded to President Roosevelt on December 11.

*Political.* I am convinced that Generalissimo Chiang Kai-shek is thoroughly sincere in his determination to continue resistance to Japan. He is the inspiration and strength of the spirit of resistance; without the force of his leadership, unity in China would vanish and there would be no effective resistance to Japan. There is at present no outstanding military or civilian leader who could replace him; no one who could command the support and allegiance of the people, the Party, or the Army.

In addition to the new-found national spirit of the Chinese people, encouraged and directed through Generalissimo Chiang's leadership, there have been two important factors that have contributed largely to Chinese resistance:

(1) The unimaginative and repressive course that the Japanese Army has followed in occupied China. Those elements in free China which might have exerted a strong influence for making terms with Japan—and there can be no denying that they exist—have been silenced by the sheer stupidity of Japanese policy in occupied China.

(2) The hope and expectation, from the very beginning of the China Incident, that Japan would, sooner or later, clash with other Powers having interests in the Pacific and that in the resulting armed conflict China would be saved from Japan.

Most Chinese believe that no real peace can come until Japan is crushed by force of arms. At the same time they realize that China cannot accomplish this objective alone. Therefore they look for help in the form of hostilities between Japan and America, or Britain, or Soviet Russia.

Bearing in mind this attitude of the Chinese, it is not difficult to understand the dismay and apprehension evidenced here following reports of American-Japanese conversations at Washington exploratory of a possible basis for a peaceful settlement of the problems of the Pacific. Any *détente* between the United States and Japan which failed to solve the China problem satisfactorily to China would have repercussions adversely affecting Sino-American relations, the Generalissimo's leadership, and China's will to continue resistance.

The Generalissimo and his supporters are anxious for greater recognition of China's co-partnership with the democratic nations in the fight against aggression. It is trite but it is nevertheless true that "face" plays a large part in shaping Chinese actions and reactions. Whatever we can do, quite apart from material assistance to China, to give "face" to those in this country now in control of policy would be well worth while in sustaining the will to resistance.

Relations between the Kuomintang Government and the Chinese communists are severely strained. The main communist area in China is literally quarantined by Government troops. No military supplies have been shipped to the communist forces for a year or more, and even medical supplies have not been permitted to enter the com-

munist area. Viewed in the light of this situation, Chiang's assurance to me when I first met him that there would be no collapse of the "united front" can only mean that there would be no open clash between the opposing forces. Chou En-lai, the official communist party representative at Chungking, told me recently that relations with the Government are on a very unsatisfactory basis. Unable to foresee any change for the better, he did not however anticipate a change for the worse. He asserted that Chinese communist resistance against Japan would continue.

Deep seated personal animosities, as well as fundamental differences in social concepts, keep the communists and the Kuomintang apart. Common adherence to the policy of resistance to Japan prevents an open break. Hence, while hostilities continue with Japan, I believe that civil warfare will be avoided.

There is undoubtedly need for political and social reform in China. My estimate of the present dominant elements in the Kuomintang does not lead me to confidence in their ability or desire to effect substantial reforms. Politically, they have a "one party" concept of government; and socially they are not liberal. The communists, equally (if differently) unsuited to the task, have however pointed the way toward reform in the field where it is most needed—land tenure and district or local administration. There exists in the Government an element which, if given a chance, might be able to break the hard shell of conservative leadership and at the same time cut the ground from under the communists through effecting reforms along democratic lines.

*Military.* When after the valiant defense of Shanghai the Chinese finally retired westward, the Generalissimo's modern German-trained army had been practically wiped out, and most of its equipment was lost or destroyed. The Generalissimo set himself at once to the task of building a new army which, taking positions commanding the routes into the mountainous regions of western China, has thus far been successful in maintaining resistance to any further substantial Japanese encroachment. The Chinese, having little more than small arms, but possessing numerical superiority, have been a match for the Japanese in these inaccessible areas where support for the Japanese from their heavy artillery and mechanized equipment is not practicable.

The Chinese forces may be expected to maintain their present defensive position in western China, and they are not likely to be dislodged unless the Japanese direct much greater strength to the settlement of the China Incident, pouring in heavy reinforcements of troops and augmenting their present air force in this country.

The Chinese cannot be expected, however, in their present state of training and equipment to move down on to the plains and give battle to the Japanese.

I do not believe that it would be practicable for us—or that time would permit us—to endeavor to equip and train a Chinese army for any major large scale offensive against the Japanese.

What we can hope to do is deliver to the Chinese materials in sufficient quantities to enable them to continue to contain the large Japanese forces now in China. The Chinese reserves of small arms and ammunition are stated to be running low. They have arsenals but they need raw materials. They also need pack artillery and anti-aircraft guns. These items, in addition to motor transport vehicles and gasoline for their operation, are I believe the principal military needs under our lend-lease program. This however is a problem for study by the American military mission. The immediate attainable objective is to keep Chinese forces in effective opposition.

Japan continues to attack free China from the air quite successfully, and there is no substantial defense against such operations. Lieutenant Colonel Chennault (U. S. Army, Retired), who is now developing and training an American volunteer aviation unit in Burma for use in China, tells me that nothing spectacular should be expected from his efforts. He will have accomplished much if he is able to place a force in the air capable of opposing attacks on the Burma road by Japanese planes. If he were able to organize one or more bombing squadrons they would serve a very useful purpose in harassing Japanese forces in China. When an American air force starts operations in China we may expect the Japanese to concentrate heavily on its destruction. It is imperative therefore that the American force have superior planes in sufficient force to cope with such an attack.

*Economic.* The financial-economic situation is serious. On the one hand the productive capacity of free China falls far short of being able to produce sufficient consumer goods for the public and the army, and on the other hand currency inflation is proceeding at an alarming rate. These two factors, principally the latter, have caused prices to pyramid until they are now from twelve to fifteen times pre-war levels.

There is a monthly government deficit of over a half billion Chinese dollars which is being met largely through bank loans involving the issuance of new paper currency. The ratio between government expenditures and revenues is about ten to one.

The usual sources of Government revenue have fallen largely into Japanese hands. The market for Government bond issues is limited; almost nonexistent.

Belated study of the problem is now being made, but it must be admitted that the Government is not strong, experienced, or determined in financial and economic matters. The Generalissimo himself has but limited grasp of these problems, and the present Minister of Finance has given little evidence of being able efficiently to solve them.

Sir Otto Niemeyer, the British economist, is in Chungking as the head of a British mission to study the problems. He tells me that he does not see that there is a great deal that he can accomplish; but he may be able to make some substantial recommendations.

It appears (1) that government expenditures might be reduced, perhaps as much as twenty-five percent, through reforms in the government and the disbanding of unneeded troops; (2) that revenues might be increased by levying higher taxes on landlords; and (3) that agricultural and small industrial production might be increased through the investment of small amounts in land reclamation and small factory projects such as those fostered by the Industrial Cooperative movement and through the release of farm labor now doing service in or for the army. These things could be done if there were a will to come to grips with the "vested interests" of the military leaders, the politicians, and the landlords. In the meantime, finance officers search for other ways to slow down inflation.

The foregoing is not a hopeful picture, but I have the impression that the economic situation, bad as it is, will not cause an early break in the resistance front.

*Burma Road.* Material aid to China is dependent at present upon the amount of cargo that can be moved over the Burma road. There has been some improvement in this traffic but the organization of the road and provision for maintenance of transport have been delayed. There are a number of political problems related to the operation of the road. The Chinese alone can solve them. When this finally has been done the road administration, with the assistance of American technical and mechanical personnel, should be able to increase the monthly average tonnage above 20,000 tons.

*Burma Railway.* It is the expectation that the facilities of the Burma road will be supplemented by the construction of the Burma railway, for which we have provided certain materials and equipment under the lend-lease program. The Chinese will require about one year to complete the roadbed of the China section of the railway but rails and ties cannot be laid until the Burma section is constructed by the British, who estimate that two years will be required for the completion of their section. Efforts are being made to convince the British that more rapid construction of their section may be feasible.

*Air Transport.* Several thousand tons of cargo might also be brought in each month by transport planes if such planes were available. I understand that a limited number of such planes are to be provided for the purpose next spring.

*Threat to the Burma Road and Yunnan.* The present very real anxiety that the Japanese may be preparing for an invasion of Yunnan with the objective of cutting the Burma Road route "points up" the whole question of Chinese resistance and our assistance. Whether



or not the Chinese are right in expecting an invasion of Yunnan, the possibility of such a move makes imperative the taking of all possible precautionary measures. Whether or not the consequences of a successful invasion would be as dire in terms of Chinese resistance as is being predicted, they would most certainly be serious. Whether or not the Chinese armies might be able to halt such an invasion without the assistance of the Anglo-American air units that have been requested, it is clear that such units, if they could be released and maintained for service in Yunnan, would be able to play a great, if not decisive, role in stopping the Japanese and in discouraging them from further ventures southward. In this connection it is pertinent to note that the Japanese quite probably will concentrate heavy air attacks on the Burma road in China if they do not undertake the land invasion that is feared and air forces are the only effective means of protecting the road from such attacks. These are simply considerations to be duly weighed with other heavy considerations that I realize go to determine decisions with respect to the allocation of the materials of war that we have and are producing.

I believe that it is important—indeed vital—that we give China all the support we can in her fight against Japanese aggression. At the same time I believe that it is important that we bear in mind that the defeat of Japanese aggression does not necessarily entail, as many Chinese think, our crushing Japan militarily. The complete elimination of Japan as a force in the Far East would not be conducive either to order or prosperity in this area.

Respectfully yours,

C. E. GAUSS

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740.0011 European War 1939/17598

*The Chinese Embassy to the Department of State*<sup>57</sup>

DECLARATION OF WAR ON JAPAN

Japan's national policy has always aimed at the domination of Asia and the mastery of the Pacific. For more than four years, China has resolutely resisted Japan's aggression regardless of suffering and sacrifice in order not only to maintain her national independence and freedom, but also to uphold international law and justice and to promote world peace and human happiness.

China is a peace-loving nation. In taking up arms in self-defence, China entertained the hope that Japan might yet realize the futility of her plan of conquest. Throughout the struggle all other powers have shown utmost forbearance likewise in the hope that Japan might one day repent and mend her ways in the interest of peace in the entire Pacific region.

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<sup>57</sup> Received in Department on morning of December 10.

Unfortunately Japan's aggressive propensities have proven to be incorrigible. After a long and fruitless attempt to conquer China, Japan, far from showing any sign of penitence, has treacherously launched an attack on China's friends, the United States of America and Great Britain, thus extending the theatre of aggressive activities and making herself an arch enemy of Justice and World Peace. This latest act of aggression on the part of Japan lays bare her insatiable ambition and has created a situation which no nation that believes in international good faith and human decency can tolerate.

The Chinese Government hereby formally declares war on Japan. The Chinese Government further declares that all treaties, conventions, agreements and contracts concerning the relations between China and Japan are and remain null and void.

CHUNGKING, December 9, 1941.

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740.0011 European War 1939/17598

*The Chinese Embassy to the Department of State*<sup>58</sup>

DECLARATION OF WAR ON GERMANY AND ITALY

Since the conclusion of the Tripartite Pact in September, 1940, Germany, Italy and Japan have unmistakably banded themselves into a bloc of aggressor states working closely together to carry out their common program of world conquest and domination. To demonstrate their solidarity Germany and Italy successively accorded recognition to Japan's puppet regimes in northeast China and Nanking. As a consequence, China severed diplomatic relations with Germany and Italy last July.

Now the Axis Powers have extended the theatre of aggressive activities and have thrown the whole Pacific region into turmoil making themselves the enemies of international justice and world civilization. This state of affairs can no longer be tolerated by the Chinese Government and people.

The Chinese Government hereby declares that as from midnight of December 9, 1941, a state of war exists between China and Germany and between China and Italy. The Chinese Government further declares that all treaties, conventions, agreements, and contracts concerning relations between China and Germany and between China and Italy are and remain null and void.

CHUNGKING, December 9, 1941.

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<sup>58</sup> Received in Department on morning of December 10.

740.0011 P. W./974 : Telegram

*The Ambassador in China (Gauss) to the Secretary of State*

CHUNGKING, December 11, 1941—10 a. m.

[Received 5:21 p. m.]

485. By proclamation dated December 9th the National Government of China "formally declares war on Japan" and by separate proclamation same date declares that "a state of war exists" between China and Germany and Italy "as from midnight December 9".

GAUSS

893.00/14827 : Telegram

*The Secretary of State to the Ambassador in China (Gauss)*

WASHINGTON, December 16, 1941—4 p. m.

303. For the Ambassador from the President. In view of the disruption of mail service, I am acknowledging by telegraph the receipt of your letter of November 19 in which you presented an estimate of the situation in China. I found your letter of interest and of value, and I want you to know that during these critical days when the United States and China are fighting side by side against common enemies you and the gallant Government to which you are accredited are very much in my thoughts.

HULL

740.011 Pacific War/1527

*The Military Attaché in China (Mayer) to the War Department*<sup>59</sup>

CHUNGKING, December 20, 1941—11:22 a. m.

121. There are many near relations of Chinese leaders in Hongkong and the imminent fall of that place will put these in jeopardy and they will probably be used by the Japanese as hostages to force the Chungking Government to surrender. The prospective loss of the smuggling trade to free China will be a serious blow, as well as the loss of Americo-British face. Good news of some sort is seriously needed in Chungking.

MAYER

<sup>59</sup> Telegram received by the War Department on December 20, 2:08 p. m.; paraphrase transmitted to the Department of State, December 22.

893.00/14833 : Telegram

*The Ambassador in China (Gauss) to the Secretary of State*

CHUNGKING, December 24, 1941—6 p. m.

[Received December 27—2: 20 a. m.]

529. Session of the Central Executive Committee of the Kuomintang adjourned yesterday issuing a manifesto of which a summary of points of special interest follows:

(1) Endorsement of the eight point Atlantic Charter as coinciding with peoples' three principles of Sun Yat Sen and pledge of collaboration and solidarity of purpose in carrying war to a successful peace based on those principles;

(2) Call for effective mobilization of national strength behind, and subordination of all military economic educational and social consideration to war efforts;

(3) Demand for more thoroughgoing execution of Government's wartime policies—specifically (a) completion of system of representative local government and effective use of nation's talent and intellect, (b) strengthening of economic control including price stabilization and elimination of hoarding and speculation, (c) institution of government machinery to deal exclusively with land registration and the equalization of land ownership, and (d) improvement of methods of conscription for military and labor service in connection with fuller mobilization of national man power. In conclusion the manifesto reaffirms faith in peoples three principles as basis of national policy and as guide to victory.

Changes made in occupants of Cabinet and party posts will be reported upon separately.

GAUSS

893.00/14834 : Telegram

*The Ambassador in China (Gauss) to the Secretary of State*

CHUNGKING, December 29, 1941—3 p. m.

[Received December 30—7: 37 a. m.]

545. Reference our 529, December 24, 6 p. m. The Embassy has been officially notified that, during the absence of T. V. Soong, Chiang Kai-shek, President of the Executive Yuan, will concurrently perform the duties of Minister for Foreign Affairs. Chinese and foreign observers do not expect Soong to return to China to take up his post. Quo Tai-chi appears to be eliminated for the time being as a result of internal and petticoat politics.

Chen Yi, formerly Governor of Fukien and a Japanese educated military officer, has been appointed to the responsible post of Secretary General of the Executive Yuan replacing T. F. Tsiang, American educated, former Ambassador to Russia, who was regarded as one of

the most able and energetic younger officials of the government and whose action in endeavoring to reduce the budget incurred the disfavor of the politicians. Tsiang, however, remains as head of the Political Affairs Department of the Executive Yuan and there are reports that he may be appointed Vice Minister for Foreign Affairs temporarily. O. K. Yui, former Mayor of Shanghai, political Vice Minister of Finance, is also mentioned for that appointment. Chu Chia-hua, Minister of Organization of the Kuomintang, has been appointed concurrently Vice President of the Examination Yuan. His appointment suggests more rigid party control of government personnel. He is German educated and is considered by some to have pro-Axis leanings. Admiral Shen, lately Governor of Shantung, succeeds General Chen as Minister of Agriculture and Forestry. Liu Shan-ching, formerly superintendent of National Police and subsequently Minister of Interior, becomes Vice President of the Control Yuan.

The foregoing changes give little suggestion of any strengthening of the government for an all out war effort or to meet the economic difficulties which will now increasingly confront China. With other indications, they suggest rather a tendency toward a conservation and perhaps passive attitude in regard to military operations and pressing internal problems and a strengthening of illiberal elements preoccupied with considerations of personal and clique influence in national administrative fields. These elements appear inclined to favor a wait and watch policy toward the international scene. The Central Executive Committee authorized the Generalissimo to adjust present laws and ordinances and enact practical measures for strengthening resistance and it may be hoped that this increased authority may in some measure serve to counteract other tendencies. Dr. Kung, Minister for Finance, is still ill and his Ministry continues to be faltering and ineffective, the two Vice Ministers apparently being in a position to assume little responsibility or authority.

GAUSS

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**DECISION TO WITHDRAW UNITED STATES MARINES AND NAVAL FORCES FROM CHINA; INCOMPLETE WITHDRAWAL BEFORE OUTBREAK OF WAR WITH JAPAN**

893.0146/917 : Telegram

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

SHANGHAI, August 14, 1941—4 p. m.

[Received August 15—11:05 a. m.]

1083. Rear Admiral Glassford<sup>60</sup> with the concurrence of the Commanding Officer of the Fourth Marines<sup>61</sup> at Shanghai recommended

<sup>60</sup> Rear Adm. William A. Glassford, Jr., U. S. N., commander of the Yangtze Patrol.

<sup>61</sup> Col. Samuel L. Howard, USMC.

late yesterday to the Commander in Chief of the Asiatic Fleet<sup>62</sup> the withdrawal of American Marines from China. Asked before the despatch of the recommendation whether it had my concurrence I replied in the affirmative. Admiral Glassford and Colonel Howard feel that the position of the Marines both here and in North China is becoming increasingly untenable from a military point of view. I concur in this view and I believe that the developments in the Far East during the past 2 months have made the position of the Marines also more untenable from a political point of view. In the case of an open break with but little or no forewarning the withdrawal of Marines would be difficult if not impossible. Administration and facility of the Marines at Shanghai is well known to the Department and to the Ambassador, but briefly, among the main factors, it might be pointed out that their functions are now becoming more and more those of a police force, thus increasing the possibility of serious incidents. Their presence apparently has not been a deterrent to the Japanese in implementing their economic policies in this area. Also the strength of the force would be wholly inadequate in the case of military operations directed against them by an organized military force. It is especially requested that Admiral Glassford's recommendation be kept strictly confidential.

Sent to the Department, repeated to Chungking and Peiping.

LOCKHART

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811.30 Asiatic Fleet/941 : Telegram

*The Ambassador in China (Gauss) to the Secretary of State*

CHUNGKING, August 16, 1941—11 a. m.

[Received August 17—5:30 p. m.]

351. Reference Shanghai's 1083, August 14, 4 p. m. The American Marines were originally despatched to China for the protection of American citizens resident there. In my opinion it follows that a major consideration in connection with proposals now to withdraw our forces should be the safety of the remaining Americans in China whom [*who?*] have good and sufficient reason for continuing [to live?] and work here. The presence of our Marines in China, their conduct, and the manner in which their commanding officers have met the problems confronting them, has been one of the most important factors in insuring the safety of our nationals during past years.

I do not believe that the Marines should be withdrawn from China unless and until it becomes evident to the American Government that relations with Japan have deteriorated to the point where a rupture appears inevitable, when, if the Marines are withdrawn, facilities

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<sup>62</sup> Adm. Thomas C. Hart.

should also immediately be afforded for the withdrawal of Americans who do not elect to remain on their own responsibility.

I would dislike to see us scuttle prematurely. At this isolated point and with the limitations on information available to me, I am not in a position to judge whether the time has arrived for withdrawal. If such withdrawal takes place, we may be certain that the situation in Shanghai will deteriorate rapidly whether or not hostilities between the United States and Japan ensue, and the position of Americans in China generally will be adversely affected.

Sent to the Department, repeated to Peiping and Shanghai.

GAUSS

893.0146/8961

*Memorandum by the Assistant Chief of the Division of Far Eastern Affairs (Adams)*

[WASHINGTON,] August 20, 1941.

#### QUESTION OF WITHDRAWAL OF AMERICAN MARINES FROM CHINA

Reference Shanghai's telegram no. 1083, August 14, 4 p. m., Chungking's telegram no. 351, August 16, 11 a. m., and paraphrase of a naval telegram left at the Department of State by Secretary Knox<sup>63</sup> on August 19.<sup>64</sup>

*Admiral Glassford recommends, Colonel Howard concurs, and Consul General Lockhart concurs:* that the American marines be withdrawn from China.

*Admiral Glassford's recommendation* is based on his conviction that "despite Japanese Navy opposition, the Japanese Army will not long be restrained from taking over the International Settlement["], that because of general deterioration in the local situation increasing demands are being made on the Fourth Marines to support the International Settlement police, which facts, he thinks, increase the chances that the marines may be involved in a serious clash, and that "there are generally grave potentialities in the present situation".

*Admiral Hart says,* "I incline to support the above recommendation although I realize that many factors must be weighed in making a decision on this question." It should be noted that the reasoning given relates especially to the situation at Shanghai and the Fourth Marines located there; it does not contain *express* mention of the situation in north China and the small contingents of marines located there. Also, that Admiral Hart merely *inclines* to support the recommendation.

<sup>63</sup> Frank Knox, Secretary of the Navy.

<sup>64</sup> Not found in Department files.

*Mr. Lockhart*, in expressing his concurrence, says that in the case of an open break (with Japan) with but little or no forewarning, the withdrawal of marines would be difficult if not impossible; that the presence of the marines at Shanghai has not been a deterrent to the Japanese in implementing their economic policies in that area; and that the strength of the contingent would be wholly inadequate in the case of military operations directed against them by an organized military force. (Mr. Lockhart's comments are accurate but they are neither comprehensive nor penetrating. Taken by themselves, they do not weigh enough to tip the scales against the many considerations which can be advanced and which should be weighed against them.)

The American Ambassador, Mr. Gauss, who, from long experience, knows his China better than do any of the four officers mentioned above, and who has far greater responsibility in regard to the general political situation than have any of those officers, calls attention to the function of the marines, states that a major consideration in connection with proposals now to withdraw our forces should be the safety of the remaining Americans in China, states that the presence and the conduct of the said marines has been one of the most important factors in ensuring the safety of our nationals during past years, says that he does not believe that the marines should be withdrawn unless and until it becomes evident to the American Government that relations with Japan have deteriorated to a point where a rupture appears inevitable, says that if and when the marines are withdrawn facilities should be afforded immediately for the withdrawal of Americans who do not elect to remain on their own responsibility, expresses aversion to seeing us "scuttle prematurely", and affirms that if the withdrawal takes place "we may be certain that the situation in Shanghai will deteriorate rapidly whether or not hostilities between the United States and Japan ensue", and that "the position of Americans in China generally will be adversely effected".

The mission of the American armed forces in China is to provide special protection for American nationals. Incidental to the protection of life comes protection of property, but protection of property as such is not a primary objective. Those forces are in no sense expeditionary forces. They are expected to protect lives but they are not expected to hold positions regardless of hazards. They would be expected to repel threatened incursions of mobs or of disorganized or unauthorized soldiery, but they would not be expected to hold a position against a responsibly directed operation of or occupation on the part of the armed forces of another country acting under the orders of their appropriate authorities. Situations may arise in which, for the protection of lives, the logical procedure will become that of evacuation. In such a situation the function of the armed forces would



become that of assisting in the making of arrangements, of providing armed escort, facilities and general assistance in the activities of evacuation.

With regard to the general situation affecting American-Japanese relations, the United States is committed to assisting Great Britain, China and other states engaged in resisting aggression. Japan has embarked upon a course of aggression in areas of the Far East which include China. The course being pursued by Japan has resulted in the taking by the Government of the United States of a series of acts designed to protect American interests and to indicate disapproval of Japan's aggressions. The latest of such acts was the "freezing" of Japanese assets in the United States.<sup>65</sup> Relations between Japan and the United States may be described as strained and tense.

The situation in north China is reasonably quiet. The only military activities there at present are sporadic raids by guerrillas and efforts by Japanese military forces to suppress guerrilla activities.

At Shanghai the Japanese military forces have been making persistent efforts to encroach upon the International Settlement both through their own agencies and through local Chinese agencies under their control. There is believed to exist real danger that, given the slightest encouragement in the matter of developments unfavorable to Occidental interests, the Japanese may attempt to assume full military control over the International Settlement and control of the Chinese courts functioning there.

There are American, French and Italian military detachments ashore in China. The American detachments consist of 162 marines at Peiping, 16 at Chinwangtao, 111 at Tientsin and approximately 900 at Shanghai. The French have 43 men at Peiping, approximately 400 at Tientsin, Shanhaikuan, Tangku and Chinwangtao, and approximately 1070 at Shanghai. The Italians have 37 armed men at Peiping, approximately 150 at Tientsin, Tangku and Shanhaikuan, and 200 at Shanghai.

The Shanghai Municipal Council depends, for the maintenance of order, upon a well-organized police force numbering between five and six thousand armed men, including some 500 Occidentals, 300 Japanese, 500 Sikhs and about 4500 Chinese, supplemented (a) by the Shanghai Volunteer Corps consisting of Americans, British, Japanese, Russians, and other nationals numbering probably less than 2000 persons under the command of a professional military officer, and (b) by the armed forces of foreign countries. Experience has shown that the Shanghai police force and the Shanghai Volunteer Corps alone are not able to withstand Japanese encroachments. The presence

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<sup>65</sup> See Executive Order No. 8832, July 26, 1941, *Foreign Relations, Japan, 1931-1941*, vol. II, p. 267.

ashore at Shanghai of the American marine detachment has given the police force and the Volunteer Corps of the International Settlement a reinforced assurance and confidence, in the carrying on of their responsibilities, far out of proportion to the mere numerical strength of the American marine detachment.

Withdrawal of the American marine detachments in China would give rise to much speculation. In some Chinese quarters the action would be hailed as indicating weakness; in other Chinese quarters the action might be taken to indicate that the United States was clearing the decks for further positive action. It is believed that British and Dutch public opinion would be similar to public opinion amongst the Chinese.

The initial Japanese reaction would probably be one of joy over the prospect of getting rid of American forces in China under any circumstances. This might be followed in some quarters by a reaction of sober uneasiness. The Japanese military would in all probability very shortly take advantage of the withdrawal of the marines by assuming control over the International Settlement at Shanghai and over the Legation Quarter at Peiping and by further perfecting and consolidating their economic grip upon occupied China.

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811.30 Asiatic Fleet/941

*Memorandum by the Assistant Chief of the Division of Far Eastern Affairs (Adams)*<sup>66</sup>

[WASHINGTON,] August 26, 1941.

This memorandum is intended to supplement and amplify the confidential memorandum of August 20, 1941 entitled "Question of Withdrawal of American Marines from China."

With regard to the question of the possible withdrawal of American Marines ashore in China, consideration should be given to the problem of arrangements for the carrying-on of the duties now being discharged by those Marines.

In as much as the American Marines are stationed in areas surrounded by Japanese-occupied areas, it may be assumed that the duties now being discharged by the Marines would, in the event of their withdrawal, be taken over by the Japanese. Regardless of whether the Japanese could be reasonably expected to carry out faithfully any arrangement that might be made with them with respect to the taking over by them of the duties of the American Marines, there would be obvious advantages, from the viewpoint of the areas concerned, to an

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<sup>66</sup> Initialed by the Assistant Chief of the Division of Far Eastern Affairs (Mackay); notation by the Adviser on Political Relations (Hornbeck)—"I am not sure that local negotiations would suffice."

orderly transfer of responsibility under locally made arrangements, and it is suggested that, in case it be decided to withdraw the Marines, such withdrawal should be preceded by local, informal and unofficial arrangements with the Japanese at Shanghai, Peiping and Tientsin. The small station at Chinwangtao could probably be closed without formality in the discretion of the senior Marine officer in North China.

The United States Government has in China five small, specially constructed river gunboats which are not structurally suitable for voyages at sea. One of these vessels, the U. S. S. *Tutuila*, is at Chungking and may be eliminated from this discussion. The other four are in Japanese-occupied territory. The *Luzon*, flagship of the Yangtze flotilla, is usually at Shanghai. Either the *Guam* or the *Oahu* is usually stationed at Hankow, the other vessel being at some intermediate river port or at Shanghai. The U. S. S. *Mindanao* is usually stationed at Canton. In connection with discussion of the question of withdrawal of the American Marine forces ashore in China, there naturally arises the problem of the four above-mentioned river gunboats in Japanese-occupied territory. They present, because of their greater mobility, somewhat less difficulty in regard to withdrawal than do the American Marines stationed ashore in China. While these vessels were not designed for voyages at sea, those in the Yangtze area could by selecting suitable weather, work their way down the China coast to Hong Kong and, with the U. S. S. *Mindanao*, from there to Manila.

There has now been received, through naval sources, a message from the Naval Attaché at Chungking, under date of August 19, 1941,<sup>67</sup> to the effect that Chinese Intelligence Service had information, dated August 6, that the Japanese have all plans made for occupying the International Settlement by a *coup* in the form of a surprise night operation involving, *inter alia*, capture of the American Marines by two battalions of Japanese garrison troops. There was added in the message the statement that there was no evidence that decision had been reached or date fixed for such an operation. The statement was also made that the plan is probably the same as one evolved some two years ago. There has also been received, through the War Department, a message from the Military Attaché at Chungking under date of August 19,<sup>67</sup> to the effect that information in regard to Japanese plans for the seizure of the International Settlement and French Concession at Shanghai were made available by the Chinese Intelligence Service apparently for propaganda purposes; that if the Japanese Government would not authorize seizure of the International Settlement and French Concession at Shanghai, the Japanese army proposes to blockade those areas as was done at Tientsin two years ago, incidents to be created to justify such action.

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<sup>67</sup> Not printed.

In view of the strained relations between the United States and Japan it would be surprising if the Japanese Army had not, as a matter of military preparedness, worked out some kind of "war plan" for the taking over, if and when, of the International Settlement. The American Government has received previous reports in regard to such a plan. While it seems improbable that the Japanese would in the immediate future precipitate a rupture of relations with the United States by taking organized military action against the American Marines in China, the possibility that such an attempt *might* in some circumstances be made should not be entirely eliminated from consideration. FE <sup>67a</sup> does not regard such action as *likely* to be taken in the near future. Provocative action such as that envisaged in the Military Attaché's message described above would have to be dealt with in a manner governed by the circumstances attending such provocative action.

In considering the question of the possible withdrawal of American armed forces from China, there should be borne in mind the fact that those forces may reasonably be described as under present conditions the keystone in the whole structure of the Occidental position in Japanese-occupied China. Their withdrawal would inevitably, whether or not hostilities with Japan ensued, be followed by collapse of the Occidental position. With this consideration in mind it seems obvious that decision to withdraw American forces from Japanese-occupied China should not be made until it becomes apparent that a rupture of relations between the United States and Japan is probably inevitable. There is some danger that such waiting might result in the internment not only of the American Marines ashore but of the three gunboats in central China and of the gunboat in Canton and Hong Kong waters. The course which the Government of the United States has outlined for the United States would seem to have become definite enough by now to make the question of rupture between the United States and Japan dependent upon Japanese action. The United States is aligned against Hitlerism. If Japan should undertake to implement unreservedly its alignment with the forces of aggression, then a rupture between the United States and Japan would probably occur. Unless the United States should itself deliberately disrupt relations with Japan, which it is believed that the United States will not choose to do, Japan, because of its knowledge of its own plans, will know before the United States that a rupture of American-Japanese relations is going to take place and will have made preparations to execute promptly plans made in accordance with that knowledge. It may be that the first intimation that the Government of the United States will have that a rupture with Japan

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<sup>67a</sup> Division of Far Eastern Affairs.

is inevitable will be some overt act on the part of Japan too late for the orderly withdrawal of the American forces ashore and the American gunboats in China. It is believed, however, that the importance of the steady role which the American forces in China are playing, their service in maintaining communications, and their potential assistance in connection with civilian withdrawals, justifies this Government in assuming the risks involved in retention of the American forces in China in their present position until the last practicable moment.

Recommendation was made in the memorandum of August 20, referred to above, that decision on the question of withdrawal of the American Marines ashore in China be held in abeyance pending certain developments in the field of high policy. Recommendation is now further made that plans be made to afford facilities for the withdrawal of American nationals in Japanese-occupied China, and thereafter to withdraw in an orderly manner the American Marines ashore in accordance with the confidential memorandum of August 20, 1941, mentioned above, and to withdraw at the same time the U. S. S. *Luzon, Guam, Oahu and Mindanao.*

The further recommendation is made that decision to carry these plans into execution be not made until a conclusion shall have been reached that a rupture between the United States and Japan has become inevitable.

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811.30 Asiatic Fleet/944

*Memorandum by the Assistant Chief of the Division of Far Eastern Affairs (Adams)*<sup>68</sup>

[WASHINGTON,] September 10, 1941.

Reference Mr. Brandt's attached memorandum of September 8<sup>69</sup> in regard to possible withdrawal of Americans, including marines, from China covering further memoranda on the same subject.

There is offered for consideration the suggestion that FE be authorized to discuss the matter orally with Captain Schuirmann of the Navy Department<sup>70</sup> and to suggest to him that the Navy not make any definite plans in regard to which information might become public at present, but that the Navy Department keep in mind the question of affording Navy transport accommodations for American civilians in China prior to or at the time of the execution of any decision to withdraw the American Marines ashore in China.

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<sup>68</sup> Initialed by the Chief of the Division (Hamilton) and the Secretary of State.

<sup>69</sup> Not printed; George L. Brandt was Chief of the Special Division.

<sup>70</sup> Assistant in the Office of the Chief of Naval Operations.

893.0146/886

*Memorandum by the Chief of the Division of Far Eastern Affairs  
(Hamilton) to the Secretary of State*

[WASHINGTON,] September 15, 1941.

MR. SECRETARY: I believe that there is no need for us to interpose objection to the Commander in Chief's proposal to reduce the number of Marines at Shanghai from 857 to 800 and those in north China from 260 to 200.

If you concur, I shall so inform Captain Schuirmann with the request that this move be carried out in such a way as to minimize in so far as practicable publicity.<sup>71</sup>

M[AXWELL] M. H[AMILTON]

811.30 Asiatic Fleet/954

*The Chief of Naval Operations (Stark) to the Secretary of State*

Serial No. 029713 (SC)EF16

WASHINGTON, October 3, 1941.

SIR: Enclosed herewith is a copy of the Commander-in-Chief, United States Asiatic Fleet, letter of August 28, 1941 covering his analysis of the factors which it appears necessary to examine in reaching a decision on the question of withdrawal of U. S. Naval Forces from China.

It is believed that this letter will prove of value to the State Department in its consideration of the question of withdrawal of U. S. Naval Forces from China now under discussion.

Attention is invited to the proposals contained in paragraph 5 of Admiral Hart's letter which are an alternative to a complete withdrawal. The State Department's comments on these recommendations would be appreciated.

Respectfully,

H. R. STARK

[Enclosure]

*The Commander in Chief, U. S. Asiatic Fleet (Hart), to the Chief of Naval Operations (Stark)*

S/A16-1(S-97) U. S. S. "HOUSTON," Flagship, August 28, 1941.

Subject: Withdrawal of U. S. Naval Forces from China.

1. During the past few months, the Commander in Chief has watched the position of the U. S. Naval Forces in China, particularly that of the Yangtze Patrol, the Fourth Marines and the Marine

<sup>71</sup> Capt. Schuirmann was so informed on September 16. Notation by President Roosevelt "O.K. F.D.R."

Forces in North China, steadily deteriorate. On one occasion he recommended that the two Yangtze River Gunboats capable of making the voyage be withdrawn to the Philippines. That he has refrained from repeating that recommendation and from making a similar recommendation with respect to our Marines in Shanghai and North China has been due solely to the circumstance that first, the weakness of their military position is so obvious that it would be presumptuous to infer that the Department was unaware of it; and second, the pros and cons on the subject of their withdrawal go deeply into the field of high policy, concerning the aims and methods of which the Department is more completely informed than is the Commander in Chief. That he has now decided to set forth his views on the subject is because he believes that time has come when all the elements bearing on the position of those forces must be closely examined, and when it should be made clear, beyond any possible misapprehension in any quarter, that every military consideration calls for their withdrawal. In other words, no single military advantage accrues to us by maintaining the Gunboats and Marines in China, for, in the event of war with Japan they would be quickly contained or destroyed, probably without being able to inflict even a comparable loss on the enemy.

2. The Commander in Chief is fully aware, however, that there exist other weighty considerations affecting the question of the withdrawal of those forces. He is also aware that the usual conclusion which heretofore has been reached, after weighing these latter considerations, is that to withdraw would be to commit a serious tactical error in the realm of international politics and diplomacy. It is not intended to imply that this conclusion is necessarily incorrect, or is the result of an improper evaluation of the factors involved; but it is believed that in certain quarters there may be a tendency to regard such conclusion as being, under any and all circumstances, correct beyond any possibility of error; whereas, as a matter of fact, being a deduction based on many intangibles, it is inherently subject to error, and, being derived from changing values, requires periodical reexamination.

3. The principal factors which it appears necessary to examine in reaching a decision on this question appear to the Commander in Chief to be:

- (a) Protection of lives and property of our nationals.
- (b) The question of loss of national prestige.
- (c) The abandonment of our business enterprises.
- (d) The adverse effect on the morale of the Chungking Government.

4. The Commander in Chief's views on these factors are as follows:

- (a) *Protection of Lives and Property of Our Nationals.*

The basic reason for the presence in China of our armed forces has long been the protection of the lives and, incidentally the property, of

our nationals; not against the *organized* armed forces of a recognized authority but against mob action, banditry and other forms of lawless violence. It cannot be maintained that the danger from those sources no longer exists, but it is not a great danger in the cities where our Marines are now stationed because those locations are also the scenes of Japanese troop concentrations, i. e., organized forces. Approximately one-third of the total number of United States nationals now residing in the occupied areas are where they cannot possibly receive the slightest benefit from the presence, for instance, of our Marines in Shanghai, Peiping and Tientsin. Incidentally, those nationals in outlying areas have, for some time, fared no worse than those in the "protected" spots. The fact is that the presence in China of our Marines for the purpose of "protecting the lives and property of U. S. Nationals" has become a matter of theoretical rather than practical value. The same situation also applies to the presence of our gunboats.

The Commander in Chief does not discount the possibility of the development under Japanese guidance of a widespread and extremely violent campaign against U. S. (and British) nationals. Unless, however, Japan were at war with us, or expected shortly to be, her guidance in such a campaign would have to be undercover and we could demand protection for our nationals in those spots such as Shanghai, Peiping and Tientsin, where Japanese armed forces are garrisoned; and it is probable that our demands would be met for the time being. If we were at war with Japan, our gunboats and Marines, far from being able to afford protection to our nationals, would be in at least equal jeopardy. So long as it contributes to the fulfillment of their mission, the Commander in Chief would be the last to infer that our armed forces in China should not accept equal, and even greater risks than our nationals whom they are protecting; but the conditions have become such that the presence of our forces in China actually contributes so little to the protection of the lives and property of our nationals that if the question of their withdrawal were to be decided solely upon that point, he sees no logical grounds for other than an affirmative answer.

(b) *The Question of Loss of National Prestige.*

The question of loss of national prestige incident to the withdrawal of forces concerns two main factors: (1) Is it an action that is treacherous or in contravention of a solemnly given pledge or: (2) Is it a surrender to international blackmail; that is, does it represent the relinquishment under threat of a favored position to which one is entitled by treaty or other international agreement, and thus brand our nation as being lacking in either the means or the spirit to defend its rightful place in the world?



Since the only treaties involved in the case are those which give us the *right* to maintain our armed forces, but impose no obligation upon us to do so, the first of the two factors presented above does not exist.

On the surface, however, it appears that by the withdrawal of our forces we would be inviting the charge of capitulation in the face of danger and of being lacking in either the courage or the means to defend our rights. In order to determine whether we need concern ourselves with this prospect in coming to a decision on the question of withdrawal certain questions need be answered: Is the charge true? Although the charge is false, does the chance it may be held true in certain quarters entail a risk, for the avoidance of which we are willing to sacrifice a great deal more than would be represented by the total loss of the armed forces involved?

As we have both the means and the intention to maintain our position and our rights in the face of aggression, the charge that our withdrawal from China would be *correctly* interpreted as a spineless capitulation and an invitation to further pressure is patently false. If correctly interpreted, the withdrawal of our forces from China would represent the liquidation of an untenable military position in preparation for an armed conflict; and it should have a sobering effect wherever it is properly evaluated. It will have such effect on many Japanese.

It is, however, hardly possible to predict how "official" Japan would regard this move; but this is of importance to us only if we are not ready to meet the situation that might possibly be created if she interpreted our action as a sign of weakness. To the Commander in Chief, this appears to be the only important element in the consideration of the effect of withdrawal upon the national prestige.

The Commander in Chief realizes that the nature of the opposition we are prepared to meet in the Pacific is conditioned by the progress of the European war; but he doubts the ultimate wisdom of any policy that fails to regard Japan as fully as implacable an enemy of the democratic front and the "four freedoms" as Germany and Italy, or which allows her to strengthen her position in the hope that she may not use her new vantage point to gain another. It is not believed that it is a part of the national policy to retreat indefinitely in the face of Japanese pressure in the Far East, but rather that there is some point beyond which we have determined that she shall not advance unresisted. If this is true, then there seems little purpose in allowing any consideration of a possible adverse interpretation by Japan to deter us from any action which is in itself clearly non-provocative and non-aggressive. It is only in the event that we wish to create the fiction of our determination to resist Japanese aggression, when in reality such determination does not exist, that any importance can be attached to

the maintenance in China of our armed forces insofar as the question of national prestige is concerned.

Those who are concerned lest the withdrawal of our forces entail the loss of national prestige in the eyes of Japan, or others, would do well to ponder for a moment our dilemma in the event of: (1) The Nanking Government, at a time especially embarrassing to us, demanding their withdrawal and being seconded therein by Japan, or: (2) The occurrence, likewise at a time peculiarly inconvenient for us, of an incident between the members of a Japanese armed service and our own of such nature that every conception of national prestige demands redress.

Although the Commander in Chief believes that either or both of the above events may well come to pass, he does not offer them as reasons in justification of withdrawal unless it is our policy to avoid being placed in a dilemma by Japan by the simple, but eventually disastrous, method of keeping out of her way. But all should realize to what ends we may be forced in the matter. At the present time the question of whether the withdrawal of our forces involves the loss of national prestige is probably debatable. The Commander in Chief believes it does not, but he realizes that a skilled propagandist could make some use of such an issue in Japan, in China and even in the United States. The time may come, however, when it is no longer debatable, when we have to withdraw or fight, and when to withdraw would be a national disgrace; and we may expect that time to come when we are least able to act as we should like.

To recapitulate, the Commander in Chief believes that the withdrawal of our armed forces would create no hazards to our national prestige that would not at least be equaled by those incident to retaining our forces there. There is no doubt whatever that the loss of considerable forces in China, at the beginning of a war, would involve a most serious loss of prestige which we might be some time in regaining.

*(c) The Abandonment of Our Business Enterprises.*

There is not much doubt that the withdrawal of our forces would be accompanied by vociferous complaints from the United States business concerns which are still holding on in the occupied territories. The fact remains, however, that those business enterprises are steadily being strangled, and the presence of our armed forces is now contributing little, if anything, to their survival. It might reasonably be argued that the process of strangulation would be hastened by their withdrawal; but nothing in the record of the past four years indicates that our business enterprises will be saved if only we maintain our armed forces in China. The Commander in Chief believes that the salvation of our business enterprises will require other, and far more

vigorous, measures; and that if, and when, we take such measures the presence in the occupied areas of our present inadequate forces will contribute nothing to our success.

*(d) The Adverse Effect on the Morale of the Chungking Government.*

It will be recalled that the withdrawal of the British garrisons from Shanghai, Peiping and Tientsin, and of the British gunboats from the Yangtze River was regarded in Chungking as an act of desertion. It is realized that the continuation of China's resistance to Japan is a vital factor in the present world situation; and the Commander in Chief would not recommend the adoption of any course of action which, through its adverse effect on the morale, or on the financial and economic position, of the National Government, would result in any consequential and irreparable diminution of their will or ability to continue their resistance.

It is probable that the withdrawal of our armed forces from the occupied territory, particularly from Shanghai, would, at least temporarily, have an adverse effect on the morale of those Chinese in that city who are still loyal to the Chungking régime and whose financial and industrial activities may be contributing substantially to the economic strength of free China. The Commander in Chief realizes that he is unable to estimate with much assurance of correctness either the magnitude of their contribution to the cause of continued Chinese resistance, or the severity of the blow that would be dealt them by the withdrawal of our forces. It is precisely for this reason that he has any hesitation in recommending an immediate withdrawal. It would seem that, in view of our pledge to assist China to the limit of our ability, there is no logical reason why their morale would suffer any severe damage from the withdrawal of our Gunboats and Marines. It must be admitted, however, that the Chinese viewpoint must be reckoned with, however illogical such viewpoint may be.

5. As revealed in the foregoing paragraphs, it is the Commander in Chief's belief that, except for the possibility that it would result in a lessening of China's will to continue her resistance to Japan which we could not readily offset, every other consideration points to the wisdom of a withdrawal. It is believed that a fairly accurate evaluation of the "morale" factor can, and should be made, and its proper weight in the decision on withdrawal should be assigned. Unless it is determined that it is a considerably weightier factor than is apparent, the Commander in Chief favors the withdrawal of all of our armed forces. If the Department is convinced that a complete withdrawal could create a reaction in China, Japan, or the United States, which it is most desirable to avoid, but agrees that the maintenance of considerably smaller "token" forces would serve the national interests equally well, the following action is recommended:

(1) withdraw *Luzon* and *Oahu*,  
 (2) withdraw Marines from Tientsin and Chinwangtao, and  
 (3) decrease the Fourth Marines to the minimum number required to support the contention that the question of evacuation of Sector Cast <sup>71a</sup> is not raised by our action. The Commander in Chief estimates a force of two (2) companies would serve this purpose, but withholds a definite recommendation as to numbers pending the receipt of suggestions on this point from the Commanding Officer, Fourth Marines and the Commander Yangtze Patrol.

6. The urgency of delivery of this document is such that it will not reach the addressee in time via the *next available* officer courier. The originator therefore authorizes the transmission of this document by Pan American Lock Box from Cavite, P. I. to San Francisco, California, and by registered mail within the continental limits of the United States.

7. It is hereby certified that the originator considers it to be impracticable to phrase this document in such a manner as will permit a classification *other than* secret.

THOS. C. HART

893.0146/917

*The Secretary of State to the Secretary of the Navy (Knox)*

WASHINGTON, October 25, 1941.

MY DEAR MR. SECRETARY: The receipt is acknowledged of Admiral Stark's letter of October 3, 1941, enclosing a memorandum dated August 28, 1941, from the Commander in Chief of the United States Asiatic Fleet in regard to the question of the withdrawal of American naval forces from China.

Officers of this Department have given Admiral Hart's memorandum careful consideration, and evidence of that consideration has been embodied in a memorandum, copies of which I send you in duplicate herewith. Previous memoranda referred to in this memorandum have already been made available informally to certain officers of the Navy Department.

In reply to the express request made in your letter under acknowledgement, I may say that, without passing upon or assuming responsibility for the details of fact and of comment set forth in any of the memoranda above mentioned, I find myself in accord with the general purport of and the specific suggestions made in the memorandum which I am sending you here enclosed. I feel that it would be inadvisable at this time to add unnecessarily to the many factors affecting the political equilibrium in the China situation, especially at Shanghai, by making an overt withdrawal of an important stabilizing instru-

<sup>71a</sup> Sector C.

mentality, namely, the United States forces now stationed in China. I am not overlooking the risks involved, which are of several kinds and which must be weighed each against others. Keeping in mind several objectives, I believe that our total interest would best be served and at the same time the purposes which Admiral Hart has in mind could in substantial measure be achieved by following the procedure suggested in the memorandum copies of which I give you herewith for your consideration.

In conclusion, I feel that the points set forth in the paragraph beginning at the middle of page 8 of the memorandum<sup>72</sup> should be kept constantly in mind, and, toward insuring coordination and appropriate cooperation in regard to decisions the execution and effects of which necessarily concern both your Department and this Department, I suggest that there be continuous conference and collaboration between officers whom you might name to represent you and officers whom I am prepared to name to represent me for that purpose.

Sincerely yours,

CORDELL HULL

[Enclosure]

*Memorandum by the Assistant Chief of the Division of Far Eastern Affairs (Adams)*

[WASHINGTON,] October 15, 1941.

COMMENT ON MEMORANDUM FROM THE COMMANDER IN CHIEF, U. S. ASIATIC FLEET, TO THE CHIEF OF NAVAL OPERATIONS

Subject: Withdrawal of U. S. Naval forces from China, dated U. S. S. *Houston*, Flagship, August 28, 1941.

A. The signer of the present memorandum has seen during the past thirteen years many memoranda on the subject of withdrawal of American armed forces from China and he regards the memorandum now under reference, by Admiral Hart, as the most fully balanced, the most comprehensive, and the most objectively composed of any that he has seen of those prepared outside of the Department of State. The signer of the present memorandum has participated in many discussions and much correspondence regarding this subject, other participants having been officers of the Department of State, officers of the Navy, officers of the Army, personnel of the White House, et cetera. He is familiar with most, he believes, of the words that have been uttered and the action that has been taken on this subject during the past thirteen years.

It will be recalled that for practically a century the United States has maintained some naval forces in Chinese waters; that even before

<sup>72</sup> Paragraph beginning "Whatever may be decided," p. 574.

1900 we had a small force of marines as a guard at the Legation in Peking; that in 1900 we landed an expeditionary force which took part in the relief of the Legations; that after 1900 we, along with other nations, enlarged our guard force at Peking; that in the Protocol of 1901 we assumed, along with other nations, certain special obligations regarding the Legation quarter in Peking and the keeping open of a highway (actually or constructively) from Peking to the seacoast; that in 1912 we sent the 15th Infantry, U. S. A., from Manila to Tientsin for a special purpose; that we maintained that force at Tientsin until 1938; that in 1928 we landed and stationed at Shanghai a force of marines; that in 1932 we reinforced this force, from Manila, with additional marines and troops; that, having thereafter reduced the force at Shanghai, we again reinforced that force in 1937; that in 1938 we withdrew the 15th Infantry from Tientsin, split the marine force which we then had at Peking, left approximately one-half of that force at Peking and placed the other half at Tientsin; and that since 1939 we have pursued a policy of reducing by technical attrition the aggregate number of the contingents of marines at Peking, at Tientsin and at Shanghai. Whereas in 1938 we had of landed armed forces at those three points in China well over 3,000 officers and men we have at those three points now a total of approximately 1,200. It has been the observation of the undersigned that, among officers of the Department of State and the Foreign Service, officers of the Navy, and officers of the Army there is, in general, haziness and variety of concept regarding the appropriate function and the expressed mission of the American Armed Forces, both afloat and landed, in China; but that, among officers of each and all of these services who have given special attention to the question, and especially among those who have conferred together on the subject, there is a community and a substantial unanimity of understanding and opinion regarding this matter. The official understanding today is that none of these forces are in China for a military (or naval) purpose; that these forces are there to assist in the carrying out of a particular feature of American foreign policy, namely, that of protection, under rule of reason, of the lives and, incidentally, but only incidentally, the property of American nationals; that in connection with that function there is necessarily involved a contribution to the maintenance of the prestige of the United States; that, just as questions of high policy had to be and were taken into consideration when these forces were sent to various points, and as such questions have had to be and have been taken into consideration at intervals throughout the period of the maintenance of those forces and their augmentation or their diminution at the said points, so, such questions have to be and are and will be taken into consideration in connection with the question of their withdrawal, if and when, from those points; that the presence of those forces has a

psychological effect probably far greater than its physical effect; that those forces have, in action, on many occasions made substantial contribution toward preventing outbursts of disorder, toward safeguarding the persons and the property of American nationals, toward making possible continuance of legitimate activities of American nationals, toward placing obstacles in the way of illegitimate activities by and on the part of political and military agents of certain foreign countries, toward maintenance of communications between the American Government and its authorized representatives and agents, toward facilitating orderly and safe exodus by American nationals from points which in certain periods of emergency have had to be evacuated, et cetera. These are appropriate functions of those armed forces and are illustrative of the scope and the limitations of the specified mission of the said forces.

B. With express reference to Admiral Hart's memorandum:

1. Admiral Hart states that ". . . no single military advantage accrues to us by maintaining the Gunboats and Marines in China . . ." <sup>73</sup> This view is concurred in by the undersigned. It may be said, however, that it has never been intended that any *military advantage* should accrue to us from the maintaining of gunboats and landed armed forces in China.

2. Admiral Hart states that he realizes that there are other weighty considerations which affect the question of withdrawal; that in his opinion we should not rest forever upon conclusions at sometime in the past arrived at; and that in the light of changing values the question "requires periodical re-examination." The undersigned concurs in this opinion. It may be stated, however, that the question has been and is subjected to periodical re-examination. It is believed that this question has been re-examined during recent years at least, on an average, two or three times every year. Most recently it came up for re-examination some five or six weeks ago, on the basis of suggestions, recommendations and opinions from the Commander of the Yangtze patrol, the Commander in Chief, the Consul General at Shanghai, the Ambassador at Chungking, and officers of the Navy Department and of the Department of State. At that time, the Commander of the Yangtze patrol had recommended without qualification that, in view of possibly impending developments at Shanghai, there should be an immediate and complete withdrawal of the landed armed forces; the Consul General, without much discussion, had given his indorsement; the Commander in Chief had indicated that he inclined favorably but was withholding judgment. The Ambassador, with a reasoned estimate of the situation, recommended withholding a decision to withdraw until it should become clear that, on the side of caution, with-

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<sup>73</sup> Omissions indicated in the original.

drawal was imperative. Officers of the Navy Department and of the Department of State considered both the facts in the situation and those in other situations, discussed questions of high policy, and gave attention to questions of policies already in effect and details of operations in the event that a withdrawal were decided upon in principle. The matter was laid before the Secretary of State. It is believed that the Secretary of State discussed the matter with the President. Indication came from the Secretary of State that it was desired that the matter of a decision be held temporarily in abeyance.

3. Admiral Hart names four "principal factors" which it appears necessary to examine in reaching a decision. To the four factors thus named there may be added the following: effect upon the future of the International Settlement and the French Concession at Shanghai; probable advantage to Japan through seizure of and acquisition by the Japanese army of banks, banking business, property in general and control of the port at Shanghai.

4. Admiral Hart discusses at length and decisively the four "principal factors" which he has mentioned and he expresses opinion that except for a possible "adverse effect upon the morale of the Chungking Government" he does not find these factors weighing heavily against the considerations which point toward the advisability of making an immediate withdrawal. It is believed that there are several questions which, in this part of the memorandum, Admiral Hart has not taken into consideration. First are the two additional factors mentioned above. The probability is that withdrawal of the U. S. Marines from Shanghai would be followed shortly if not immediately by an outright occupation of the Settlement (and in all likelihood the French Concession) by Japanese armed forces. Before, during and immediately after that development there would probably be a substantial exodus of Chinese and foreign persons who have reason to fear the presence and control of such armed forces. In such event, it is altogether likely that the Japanese would take complete control of whatever they consider it to their advantage to possess at Shanghai. By such a step Japan would acquire new resources for the financing and carrying on of military operations in China or elsewhere. That the continued presence of the American Marines could prevent such developments if, notwithstanding their presence, the Japanese wished to make such moves, no one would contend. But, thus far, the presence of the Marines, with the American flag and the American uniform, has been a symbol of American armed strength and potential capacity to back up an assumed national policy of affording protection. Withdrawal of those forces would be taken as a signal either of an intention soon to use armed force on a large scale or of an intention to abandon our position in and with regard to China. In either event it would be a disturbing move, for worse or for better, in a situation



where there are delicate balances and a precarious equilibrium. Any contemplated step which is likely or certain to have these consequences and this character must of necessity be given the thoughtful consideration of those whose responsibility it is to make decisions of high policy.

Whatever may be decided with regard to the question of a withdrawal in principle, there are certain points which need carefully to be taken account of in connection with an operation of withdrawal. (1) If a withdrawal is to be made, we should first discuss the matter with the British Government and inform that Government of our reasoning and our intentions. (This, because of treaty obligations and of diplomatic commitments in the form of "gentleman's agreements"). (2) When a withdrawal is definitively decided upon, we should give reasonable notice of intention before the withdrawal actually takes place—with an interval of perhaps as much as five or six weeks. (This, for the benefit of our civilian nationals and our other official establishments). (3) We should enter into a discussion with the Japanese (representatives of other powers perhaps participating) at Shanghai with a view to an orderly taking over, if possible, by Japanese armed forces of the sector in the International Settlement in which our armed forces have been performing their protective mission. We should perhaps extend this procedure to take care of the situations at Peiping and at Tientsin. (4) We should arrange to leave on duty at Shanghai, at Peiping and at Tientsin details of marines sufficient to continue the maintenance of our establishments of radio communication at those points. (5) We should, while making these arrangements, take into consideration the question of the future of our diplomatic establishment, in the Legation quarter, at Peiping. (6) In connection with the question of removal of naval vessels, we should consider in detail the present location and functions of each of the river gunboats in relation to the nearest diplomatic or consular establishment. (7) There may also be some other details to which we should give thought. We should envisage a substantially altered situation as regards our problem and our methods of affording "protection" and maintaining communications and giving visible evidence of our policy in regard to international law and certain of our treaty rights and obligations. We should consider attempting to arrange for further—and early—evacuation of more of our nationals.

5. Admiral Hart takes a position as follows: "If the Department [Navy] is convinced that a complete withdrawal could create a reaction in China, Japan, or the United States, which it is most desirable to avoid, but agrees that the maintenance of considerably smaller 'token' forces would serve the national interests equally well, the following action is recommended:

- (1) withdraw *Luzon* and *Oahu*,
- (2) withdraw Marines from Tientsin and Chinwangtao, and
- (3) decrease the Fourth Marines to the minimum number required

to support the contention that the question of evacuation of Sector Cast is not raised by our action. The Commander in Chief estimates a force of two (2) companies would serve this purpose, but withholds a definite recommendation as to numbers pending the receipt of suggestions on this point from the Commanding Officer, Fourth Marines and the Commander Yangtze Patrol."

C. One of the strong impressions made by Admiral Hart's admirable and thoughtful memorandum is that it does not present any new *evidence* (factual data) bearing upon and throwing light on the subject of a supposed or assumed urgent need, from the point of view of risks, et cetera, for withdrawing the forces under reference at this moment (now) rather than at some later moment.

In considering the question of possible urgent need for withdrawal of these forces from China in order to reduce risks, there should be borne in mind the circumstance that Admiral Hart's memorandum is dated August 28. Although nearly two months have since gone by, we have no information indicating that in the interval these forces have encountered any increased difficulty in the performance of their functions and no information indicating that the situation at Shanghai is now more tense or more symptomatic of an early crisis than it was at the end of August or for sometime prior thereto. In this connection it is perhaps pertinent to recall that in the course of consideration at intervals during recent years of possible reduction or withdrawal of American armed forces from China, suggestions have been advanced on several occasions that probably the last opportunity for unobstructed removal of such forces was (on each such occasion) close at hand. A "last opportunity" has not thus far developed. It is, of course, realized that it does not follow that the apprehended crisis may not some day (even soon) develop, but it is believed that what we know regarding current developments—including the most recent developments relating to the Japanese Cabinet—still leaves room for doubt that the long feared "crisis" is at this moment imminent.

D. On August 20, 1941, there was prepared in the Department a confidential memorandum dealing with the "Question of Withdrawal of American Marines from China" and on August 26, 1941 there was prepared a supplemental confidential memorandum in regard to the same question. In those memoranda the point was made that, under conditions now existing in China, the American naval forces (gunboats and marines ashore) there play an extremely important role in the maintenance of the Occidental position in Japanese-occupied China. It was indicated that the withdrawal of those forces, if and when, would, whether or not there come hostilities with Japan, be followed inevitably by a substantial impairment of the Occidental position in

Japanese-occupied China. Recommendation was made that plans be formulated for further withdrawal, first, of American nationals in Japanese-occupied China; for withdrawal thereafter in an orderly manner of the American Marines ashore in China; and for the withdrawal at the same time of the U. S. S. *Luzon*, *Wake* (formerly *Guam*), *Oahu* and *Mindanao*. The further recommendation was made that these plans be *not* put into execution until a conclusion should have been reached that a rupture between the United States and Japan was inevitable.

In further reference to the importance of the presence in China now of the American naval forces (marines and gunboats) there the following comment is offered:

In Peiping the presence of the small American marine detachment (along with French and other detachments) has in all probability for some months past made possible the continued maintenance of the integrity of the Legation quarter.

At Shanghai the presence of the American marine force ashore, and their assumption (along with other "foreign" forces) of what are, in effect, police duties in a part of the International Settlement, have bolstered the resistance of the authorities of the International Settlement to Japanese aggression; have helped to enable Chinese courts in the International Settlement to continue to function; have helped to enable American and other banks to continue to deal in the currency of the Chinese National Government; and have thus put a brake upon Japan's economic advance toward domination of the area. The fact that the currency of the Chinese Government has continued in circulation in the very important Shanghai area has had and is having a material influence toward the maintenance of loyalty to the Chinese Government on the part of Chinese in the lower Yangtze valley; also, the continued existence of an important industrial and commercial area independent of Japanese control has enabled American and other non-Japanese business firms to continue to carry on their activities at least after a fashion.

In other words, the chain of cause and effect is that the American marine detachment ashore at Shanghai contributes substantially to a continuance of the independent status of the International Settlement which in turn not only affords protection to American and other Occidental interests but helps to make possible activities which in their turn affect in considerable measure, and in a desirable manner from our viewpoint, the political attitude of a large number of Chinese.

E. A careful reconsideration of all aspects of the general situation as it affects relations between the United States and Japan, and of the local situation at Shanghai, leads to the conclusion that there emerges from such reconsideration no conviction that there is reason or need

to depart at this moment from the recommendations made in the confidential memorandum dated August 26, 1941 referred to above.

It is noted that Admiral Hart states that if it should be decided that a complete withdrawal at this time is inadvisable but that smaller "token" forces in China would serve the national interest, he favors:

- (1) Withdrawal of the *Luzon* and *Oahu*;
- (2) Withdrawal of Marines from Tientsin and Chinwangtao;
- (3) Decrease of the Fourth Marines to the minimum number required to support the contention that the question of evacuation of "Sector Cast" is not raised.

Admiral Hart withholds a definite recommendation as to numbers pending receipt of suggestions from the Commanding Officer of the Fourth Marines and from the Commander of the Yangtze Patrol.

On October 7 the American Consul [General] at Shanghai reported <sup>75</sup> that as of October 1 the American force at Shanghai numbered 801 men. On October 8 the American Embassy at Peiping reported <sup>75</sup> that the American Marine force in North China had been reduced from 16 officers and 271 men as of September 1 to 16 officers and 188 men as of October 1.

Officers of this Department who have given special study to the question are inclined to doubt whether the number of Marines who would remain in China if the tentative recommendations of the Commander in Chief of the United States Asiatic Fleet should be carried out would be sufficient to discharge the responsibilities which would be theirs, especially at Shanghai. However, if the Commander in Chief should, on the basis of suggestions which he may have received from the Commanding Officer of the Fourth Marines and from the Commander of the Yangtze Patrol, and after taking into consideration the facts presented and opinions expressed in this memorandum, decide that it is feasible to effect reductions in the number of American naval forces (marines and gunboats) in China along the lines of his recommendations, it is not believed that this Department would wish to interpose objection to the carrying out of the Commander in Chief's recommendations.

If further reduction in the number of marines ashore in China should now or in the near future be decided upon, query is raised whether such reduction—down to a certain minimum—might not best be accomplished without attracting attention, and therefore without possible adverse political repercussions, by the simple process of natural attrition through non-replacement or only partial replacement of men whose terms of foreign service expire.

It is fully realized by the undersigned and by officers present with whom matters above dealt with have been discussed now and pre-

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<sup>75</sup> Telegram not printed.

viously that there has been, is and will be involved in maintaining American armed forces in China some amount of risk, and that no one can predict with absolute assurance that continued acceptance of this risk will not (nor that it will) result in some highly unfortunate encounter, and that we should not lightly persevere in the taking of such risk. However, it is believed that, on balance, the advantage to the United States of having maintained our armed forces in China during the past ten years (when at all times there has been involved some degree of such risk), to say nothing of the period of thirty years preceding and the whole period of more than a hundred years during which we have had American naval vessels in Chinese waters, substantially overtops the sum total of the cost, risk being considered the most important item therein, which has attended the keeping in China of the said forces. It is further believed that, also on balance, the calculable advantage of avoiding a disturbance of the situation such as withdrawal of those forces at this time would involve outweighs the envisageable risk which is involved in pursuing the stand-pat course, with qualifications, suggested above. Without a one hundred percent withdrawal (i. e., not even leaving behind details to maintain radio communications and perform custodial duties—e. g. at Peiping), there must continue to be some risk. The landed forces have been reduced during the last three years from a total of approximately 3,000 to a total of approximately 1,000. This number can be further reduced without a decided upon and obvious withdrawal. That procedure, it is believed, would for the present best meet the needs of the situation.

This memorandum is and should be understood to be an expository contribution, the contents of which in no way commit the Secretary of State or the Department of State.

[WALTER A. ADAMS]

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893.0146/893a : Telegram

*The Secretary of State to the Ambassador in China (Gauss)*

WASHINGTON, November 6, 1941—7 p. m.

259. Public announcement will be made in Washington shortly that the Government of the United States is giving consideration to the question of withdrawal of the American Marine detachments now maintained ashore in China at Peiping, Tientsin, and Shanghai.<sup>76</sup>

Sent to Chungking. Repeated to Shanghai and Peiping.

HULL

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<sup>76</sup> The Department on November 7 informed the Ambassadors in China and Japan (telegrams No. 261 and No. 722, respectively) that a White House press release stated: "The President said today that the Government of the United States is giving consideration to the question of withdrawal of the American Marine detachments now maintained ashore in China at Peiping, Tientsin, and Shanghai." (893.0146/894a, 894b)

893.0146/813

*The Department of State to the British Embassy*<sup>77</sup>

## MEMORANDUM

Reference is made to the note of the British Embassy to the Department of State (no. 392) of August 9, 1940,<sup>78</sup> in which the British Government informed the Government of the United States of its decision to withdraw for service elsewhere the British military garrisons which had hitherto been maintained in China at Shanghai, Peiping, and Tientsin.

The Government of the United States is now giving consideration to the question of withdrawal of American Marine detachments which it has maintained ashore in China at Shanghai, Peiping, Tientsin, and Chinwangtao. For the confidential information of the British Government it may be stated that in considering this question the Government of the United States has in mind the necessity which compels it to mobilize the defense resources of the United States.

The foregoing information is made available to the British Government in accordance with understandings which officials of the Government of the United States have with officials of the British Government in reference to exchange of information and comment relating to the subject under discussion.

WASHINGTON, November 7, 1941.

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893.0146/893a/Suppl : Telegram

*The Secretary of State to the Ambassador in China (Gauss)*

WASHINGTON, November 7, 1941—7 p. m.

262. Reference Department's 259, November 6, 7 p. m. The President, State Department and Navy Department have approved the recommended withdrawal of marines from China, excepting those required for maintenance, communications and custodial duties, subject to the working out and execution by the State and Navy Departments of a plan for orderly withdrawal along lines as follows: The State Department has informed the British Embassy at Washington of our tentative intentions and will soon notify that Embassy of our decision.<sup>79</sup> Public announcement of decision will then be made in

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<sup>77</sup> Handed by the Assistant Chief of the Division of Far Eastern Affairs (Adams) to the First Secretary of the British Embassy (Denning) on November 7 at 11 a. m. Mr. Denning said he "assumed that the British Embassy would be notified as soon as the Government of the United States had reached a decision in the matter," and he was given an affirmative reply.

<sup>78</sup> *Foreign Relations*, 1940, vol. iv, p. 416.

<sup>79</sup> Memorandum handed on November 14 by the Assistant Chief of the Division of Far Eastern Affairs (Adams) to the First Secretary of the British Embassy (Denning) (893.0146/916a).

order that civilian nationals and others may have as much notice as practicable before withdrawal occurs. Thereafter withdrawal of the marines should be effected as soon as practicable.

The recommendation of the American Consul at Shanghai (in consultation with the senior American naval officer present there) and the recommendation of the Embassy at Peiping (in consultation with the senior American naval officer there) are requested in regard to the following points: (a) date of withdrawal of marines; (b) question of conclusion of arrangement at Shanghai for performance after withdrawal of the functions now performed under defense scheme by marines; (c) consideration of function which each gunboat performs in connection with nearest diplomatic and consular office and question of withdrawal of gunboats; (d) number of personnel to remain for communication purposes and custody of Government property at Shanghai, Tientsin, Peiping, including legation establishment, and points where gunboats now furnish communications for American Government (this personnel to be attached to Embassy or to the Consulate concerned); (e) shipping needed to be sent to Shanghai and Chinwangtao for evacuation of marines and also for the evacuation of civilians who may wish to depart.

It is desired that publicity in regard to the foregoing be controlled from Washington.

The Navy Department is sending to Admiral Hart a message along the lines of this telegram.

Sent to Chungking. Repeated to Peiping and Shanghai.

HULL

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893.0146/893 : Telegram

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

PEIPING, November 10, 1941—11 a. m.

[Received 4:59 p. m.]

343. The American community at Peiping has reacted favorably to the President's remarks that consideration is being given to the withdrawal of the Marines from Peiping, reasoning that they would be ineffective because of smallness of numbers in any military engagement and that it would be a shame to incur any serious risk of their internment.

Sent to the Department. Repeated to Chungking, Tientsin, Shanghai and Manila for Commander-in-Chief Asiatic Fleet.

BUTRICK

893.0146/894 : Telegram

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

SHANGHAI, November 13, 1941—11 a. m.

[Received 1:30 p. m.]

1665. Department's 262, November 7, 7 p. m. to Chungking. I regret the delay in replying to the Department's telegram but it was so badly garbled that repetition of the entire message was necessary.

1. Admiral Glassford received a similar message several days ago and he will present his recommendations to Admiral Hart. I concur in his recommendations.

2. Recommendations of Admiral Glassford and this office are summarized below:

(a) Replying to [telegram?] plans for termination of leases, disposal of property and equipment are ready and can be put into operation at short notice. Marines and equipment can be moved from Shanghai within 5 days after transports arrive. However, date for despatch of transports will presumably depend on the duration of the interval the Department desires between the announcement that the marines will be withdrawn and the actual withdrawal. I do not believe that any aspect of the local situation makes it necessary to delay the departure of the marines.

(b) Question of American defense sector has been informally discussed by Admiral Glassford with Colonel Howard, the Commandant of the Shanghai Volunteer Corps, the Settlement authorities and myself. It is proposed that Colonel Howard should simply inform the officer commanding the Japanese forces of the date of the departure of the Fourth Marines after that date has been determined. It is hoped that the Japanese will not attempt to take over the American sector or to redistribute the remaining defense forces (Japanese and Italian) but will allow the Settlement police, supported by the Shanghai Volunteer Corps, to assume responsibility for the maintenance of law and order. If the Japanese insist on a meeting of the defense committee it might be suggested at that time that all defense sectors be abolished and that the police and volunteers be left in control. Any information indicating Japanese plans or intentions regarding this matter will be promptly reported.

(c) Flag ship of commander of the Yangtze Patrol sailed from Shanghai. Other vessels of the Yangtze Patrol have been making occasional trips up river, protecting American interests, maintaining communications and carrying supplies for American organizations and individuals. Admiral Glassford plans to withdraw all units except the United States steamship *Wake* which will remain here temporarily to maintain communications. However, retention of *Wake* at Shanghai for that purpose is not necessary so far as this office is concerned in view of the fact that it is planned to establish a radio station in the Consulate General using navy equipment.

(d) It is proposed temporarily to keep at Shanghai one quartermaster, one radio man and one supply man. To maintain communi-



cations at Hankow, Nanking, and Shanghai Admiral Glassford proposes to leave one radio man each at Hankow and Nanking and four at Shanghai. I recommend that these radio men be authorized to assist in code work if necessary.

(e) Approximately 70 Americans are booked to leave Shanghai on President Line vessels tentatively scheduled to sail end of this month but schedules and accommodations are very uncertain. It is difficult to estimate the number of Americans who may wish to evacuate from the Shanghai consular district but it is believed that the number will not exceed 300. If the Department should urgently advise all Americans to evacuate many more would no doubt want to leave. The figure mentioned would be increased if the Philippines however decided to repatriate Filipinos of whom there are approximately 400 residing in Shanghai at the present time. Commercial vessels or transports are also required to move 57 officers and 744 men of the Fourth Marines. It would be helpful in connection with arrangements for evacuating American citizens to be informed as far in advance as possible when evacuation ships will be despatched.

Sent to the Department. Repeated to Chungking and Peiping.

STANTON

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893.0146/896a : Telegram

*The Secretary of State to the Ambassador in China (Gauss)*

WASHINGTON, November 14, 1941—2 p. m.

267. Reference decision of the Government of the United States to withdraw the American marine detachments which it has maintained ashore in China.

With regard to the withdrawal of the marine detachments from Peiping, Tientsin and Chinwangtao, please inform the Minister for Foreign Affairs that the United States Government hereby makes reservation of its rights under the Final Protocol signed at Peiping on September 7, 1901.<sup>80</sup> The Embassy at Peiping should send a communication in the same sense to the Senior Ambassador for the information of the Protocol Powers.<sup>81</sup> The Consul General at Tientsin should notify the Senior Consul at Tientsin, for the information of his colleagues representing Protocol Powers, of the withdrawal of the marine detachment at Tientsin and should make a similar reservation of rights.<sup>82</sup>

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<sup>80</sup> *Foreign Relations*, 1901, Appendix (Affairs in China), p. 312. The Ambassador in China so informed the Chinese Minister for Foreign Affairs (Quo Tai-chi) in a formal note dated November 17 (893.0146/909).

<sup>81</sup> This was done by the Counselor of Embassy in China (Butrick), at Peiping, on November 17 (893.0146/901).

<sup>82</sup> The Consul General at Tientsin (Caldwell) on November 17 sent notices of reservation of rights to the appropriate consular authorities of the protocol powers except those of Austria, Hungary, Germany, and the Soviet Union (893.0146/897).

It is suggested that the commanding officer of the United States Marine Forces in North China should take steps to notify his military colleagues in the Diplomatic Quarter at Peiping, as well as in Tientsin and Chinwangtao, in regard to the withdrawal of the marine detachments at those places.<sup>83</sup>

Sent to Chungking. Repeated to Peiping, Shanghai and Tientsin. Peiping repeat to Tokyo.

HULL

893.0146/896b : Telegram

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

WASHINGTON, November 14, 1941—2 p. m.

985. Reference withdrawal Marine detachments. In accordance with an understanding arrived at between the State and Navy Departments, it is desired that the American Consulate General promptly send appropriate notification to the senior consul and to the chairman of the Shanghai Municipal Council of the decision of the American Government to withdraw the Marine detachment at Shanghai. It is understood that the Navy Department is instructing the commanding officer of the American Marine detachment to send appropriate notification to the other members of the Shanghai Defense Force Committee. It is believed that any arrangements that may be considered to be desirable for supplementing the Shanghai municipal police in the area known as Sector C may best be arranged locally by the Municipal Council in consultation with the consular body.<sup>84</sup>

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

HULL

893.0146/896c : Telegram

*The Secretary of State to the Ambassador in China (Gauss)*

WASHINGTON, November 14, 1941—3 p. m.

268. The President today made a statement to the press that the Government of the United States has decided to withdraw the American Marine detachments now maintained ashore in China at Peiping, Tientsin, and Shanghai, and that it is expected that the withdrawal will begin about November 25 and will be completed shortly thereafter.

<sup>83</sup> This was done by the commanding officer of the United States Marine Forces in North China (Ashurst) on November 28 (893.0146/907).

<sup>84</sup> In telegram No. 1727, November 19, 2 p. m., the Consul at Shanghai (Stanton) indicated that the Department's instruction had been carried out in every detail (893.0146/898).

Sent to Chungking. Repeated to Peiping, Shanghai, and Tientsin. Peiping repeat to consular offices in Manchuria, including Dairen. Shanghai repeat to Hong Kong and all consular offices in Japanese occupied China. Hong Kong repeat to Saigon and Hanoi.

HULL

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893.0146/895 : Telegram

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

PEIPING, November 15, 1941—4 p. m.

[Received 10 : 40 p. m.]

351. The Department's 262, November 7, 7 p. m. to Chungking. Colonel Ashurst has completed his survey of the Marine establishments in North China and is today making to Admiral Hart his recommendations in which I concur. Briefly they are as follows: (a) Withdrawal within 30 days after official notice to withdraw is received if no unforeseen complications are encountered in obtaining rail transportation; (b) Sentinels to remain: One radio operator at Tientsin and in Peiping three radio operators and six men for custodial service; (c) One ship to carry approximately 200 Marine personnel and 50 civilians, 2,500 cubic tons Marine equipment, 50 tons civilian baggage and maximum 2,500 tons civilian household effects if latter permitted.

The number of civilians who will depart with the Marines will be affected by the cost of transportation and I recommend that every effort be made to afford cheap transportation—at the cost of substance on a naval vessel or at a reduced fare on a commercial vessel, that obtainable through an adjustment by the Maritime Commission of operating differentials. There are 652 American nationals, including 46 Filipinos, in the Tientsin consular district, which includes Peiping. If meanwhile Department advises civilians to withdraw or world conditions take a more serious turn, a somewhat larger number than that estimated above will desire to leave.<sup>85</sup>

Sent to the Department, repeated to Chungking and Shanghai.

BUTRICK

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893.0146/896 : Telegram

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

SHANGHAI, November 15, 1941—4 p. m.

[Received 10 p. m.]

Reference Shanghai's 1665, November 13, 11 a. m. Admiral Glassford has received the following information from the commander of

<sup>85</sup> See also pp. 397 ff.

the Italian forces in Shanghai, who recently saw Admiral Makita, commander of the Japanese naval landing party and senior defense force commander. According to the Italian commander, Admiral Makita informed him that if and when the Fourth Marines are withdrawn he believed that a meeting of the Defense Committee should be called; that the Japanese in all probability will propose that they take over Sector C (American defense sector); that Admiral Makita did not mention Sector B (all the downtown business section); that the Japanese would probably reject any proposal to abolish all [defense] sectors because they wished to retain Sector A (north of Soochow creek), but that Admiral Makita personally was not in favor of disturbing the international status of the Settlement, and that the Japanese Embassy at Nanking held the same view. Admiral Glassford also learned that the Italians would like to include within their defense sector that portion of the American sector in which the Italian Consulate General is located.

Admiral Glassford thinks it possible that the Japanese might [want to redistribute the remaining defense forces?] Italian [and Japanese?].

The Embassy's instructions regarding this problem would be very much appreciated.

Sent to Chungking; repeated to the Department and Peiping.

STANTON

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893.0146/899 : Telegram

*The Ambassador in China (Gauss) to the Secretary of State*

CHUNGKING, November 17, 1941—3 p. m.

[Received November 20—9:20 p. m.]

Your [*Shanghai's*] November 15, 4 p. m. See last paragraph of the Department's no. 985, November 14, 2 p. m., to the Consulate General. The Embassy shares the view that the matter is one for the Municipal Council in consultation with the consular representatives.

You will recall that the so-called defense scheme for the Shanghai areas was not called into operation at the outset of the Sino-Japanese conflict and that, in consultation with the consular representatives concerned and the Municipal Council, our Marines and the other non-Japanese forces simply acted in support of the police in the areas not involved in the conflict between Japanese and Chinese forces.

The Defense Committee, as contemplated by the defense scheme, was never formally or officially called into being and vested with the authority contemplated by the scheme. It seems to me that it is entirely without authority to allocate sectors to any forces at this time.

It is desirable that no Japanese forces enter areas of the Settlement south of Soochow Creek. Their presence there would certainly pro-

voke increased terrorism endangering all foreign and Chinese interests. While such areas are not now entirely free from terrorism, such activities have been much more rampant in the areas under Japanese occupation.

I trust that any proposals to introduce Japanese forces into the Settlement areas south of the Creek will be opposed by the Council and the interested numbers [*members?*] of the Consular Body, who might well take the position that if support is required by the police in the area known as Sector C it may be forthcoming from the Volunteer Corps.

If the Japanese enter the area in the face of such opposition, I believe that the Council and if possible the Consular Body should record formal objection to such entry.

Sent to Shanghai. Repeated to Department and to Peiping.

GAUSS

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811.30 Asiatic Fleet/954½

*Memorandum by the Assistant Chief of the Division of Far Eastern Affairs (Adams)*

[WASHINGTON,] November 18, 1941.

Captain Schuirmann telephoned to Mr. Adams and gave the following information:

(1) The Navy has decided to withdraw the USS *Luzon* and USS *Oahu* from China and to withdraw the Commander of the Yangtze patrol.

(2) The Navy is closing its purchasing office at Shanghai.

(3) The SS *Madison* is scheduled to sail from Shanghai on November 26 and the SS *Harrison* on November 28. Passenger accommodations on these vessels are being sold as usual and the naval authorities are keeping the American Consul General at Shanghai informed.

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893.102S/2556 : Telegram

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

SHANGHAI, November 21, 1941—4 p. m.

[Received November 25—8 a.m.]

1746. At the special meeting of the Shanghai Municipal Council held on November 18 it was unanimously agreed to inform the Defense Committee that upon departure of the marines the Council would assume responsibility for the preservation of law and order in Sector C and that the Council proposed to place primary responsibility for the maintenance of law and order in both Sectors C and B upon the Shanghai Municipal Police who in case of necessity might require the

assistance of the Shanghai Volunteer Corps. The Secretary and Commissioner General was instructed by the Council to communicate the decision of the Council to the Defense Committee and also to state that in the event of a great emergency the Council hoped it might also be able to rely on the assistance of other defense forces in the International Settlement. The above was communicated to the Defense Committee on November 19.

In a communication dated November 19 Admiral Makita, commander of the Japanese naval landing party, requested that following the withdrawal of the Fourth Marines the "defense of Sector C shall be placed in charge of the Shanghai Municipal Police and the Shanghai Volunteer Corps for the time being". Admiral Makita added that "The Japanese force will stand ready at all times to give any assistance which is deemed necessary from the standpoint of maintaining peace and order". Although this letter is dated November 19 it was not actually received by the Council until this morning.

Sent to the Department, repeated to Chungking and Peiping.

STANTON

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893.0146/904 : Telegram

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

SHANGHAI, November 28, 1941—4 p. m.

[Received December 3—2: 11 a. m.]

1791. First contingent of American Marines sailed yesterday afternoon on *President Madison*. Colonel Howard with remaining contingents sailed this afternoon on *Harrison*. Stirring scenes of farewell took place at the customs jetty upon the departure of the Fourth Marines. Diplomatic, consular, military and naval representatives of various foreign governments were present to bid Colonel Howard and his staff farewell. There was also a large turnout of members of foreign and Chinese communities.

Sent to the Department, repeated to Chungking and Peiping. Code text by air mail to Tokyo.

STANTON

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893.102 S/2563 : Telegram

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

SHANGHAI, November 29, 1941—10 a. m.

[Received December 3—6: 18 a. m.]

1795. Reference Shanghai's 1646 [1746], November 21, 4 p. m. Following the departure of the United States Fourth Marines the Shanghai Provisional Council has assumed responsibility for the

maintenance of law and order in Sector C. The Municipal Police have also assumed similar responsibilities in Sector B and have relieved the Shanghai Volunteer Corps who have been on duty in this sector for the past year.

Sent to the Department. Repeated to Chungking and Peiping.

STANTON

811.30 Asiatic Fleet/962 : Telegram

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

SHANGHAI, November 29, 1941—noon.

[Received December 2—5:59 a. m.]

1798. Admiral Glassford and staff left last night aboard the U. S. S. *Luzon* for Manila. The *Luzon* was accompanied by the U. S. S. *Oahu*. U. S. S. *Wake* arrived from Hankow yesterday afternoon. Under orders issued by Admiral Hart the *Wake* has been partly decommissioned and is to remain in Shanghai to maintain radio communications.

Sent to the Department. Repeated to Chungking, Peiping and Manila.

STANTON

811.30 Asiatic Fleet/961 : Telegram

*The Ambassador in China (Gauss) to the Secretary of State*

CHUNGKING, December 1, 1941—noon.

[Received December 1—9:10 a. m.]

477. Reference Department's 276, November 28, 5 p. m.<sup>86</sup> In my opinion plans should be made for decommissioning the *Tutuila* in event of American-Japanese hostilities. This gunboat would be exposed at Chungking to Japanese air attacks against which her armament would be useless.

The gunboat now furnishes following essential services to the Embassy: radio communications; services of medical [officer], which under present conditions here are important; and facilities for bringing in official supplies and equipment and as space permits food supplies for the Embassy personnel and attachés on the Navy truck convoy between Lashio and Chungking over the Burma Road. These essential services could be continued after the ship is decommissioned by transferring personnel and equipment to the control and supervision of the Naval Attaché.<sup>87</sup>

GAUSS

<sup>86</sup> Not printed.

<sup>87</sup> On December 15 the Department of State informed the Navy Department that the question of decommissioning the *Tutuila* was entirely a military matter except for such essential services as had been furnished the Embassy at Chungking (811.30 Asiatic Fleet/963).

893.0146/906: Telegram

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

WASHINGTON, December 2, 1941—3 p. m.

228. Department is informed that the Navy Department is chartering S. S. *President Madison* for one trip from Chinwangtao to Manila for the purpose of transporting to Manila the American marine detachments at Peiping, Tientsin and Chinwangtao together with civilians who may wish to sail on the S. S. *President Madison*. The Navy Department states that it is expected that the *President Madison* will arrive at Chinwangtao on or about December 10 and will sail from Chinwangtao some 3 days later. The Navy Department stated that Admiral Hart is keeping the American diplomatic and consular officers concerned promptly and fully informed in regard to the matter.

Sent to Peiping. Repeated to Chungking, Shanghai, and Tientsin. Peiping repeat to Tokyo, Mukden and Harbin.

HULL

893.0146/918

*The Ambassador in China (Gauss) to the Secretary of State*

[Extracts]

No. 221

PEIPING, December 4, 1941.

[Received August 26, 1942.]

SIR: I have the honor to refer to the Department's telegraphic instruction no. 267 of November 14, 1941, 2 p. m. to the Embassy at Chungking in regard to the withdrawal of the United States Marine Forces in North China . . .

The Department will notice that in notifying the Senior Ambassador of the withdrawal, I have used the word "temporary". While the reservation of rights under the Final Protocol of November [September] 7, 1901 in itself would doubtless serve as sufficient basis for any desired return of American forces in North China so long as the Protocol is in force, I nevertheless deemed it advisable at the risk of redundancy, to provide specifically for any desired return of the troops by referring to their withdrawal as "temporary" and I trust my action will meet with the Department's approval.

Respectfully yours,

For the Ambassador:  
RICHARD P. BUTRICK  
*Counselor of Embassy*



740.0011 Pacific War/694 : Telegram

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

SHANGHAI, December 8, 1941.

[Received December 7—7: 22 p. m.]

Received telephone call at 4:15 this morning. A Japanese naval officer stated, "A state of war exists between my country and yours and I am taking control of *Wake*". All communications with *Wake* cut off and no further information is available regarding her. H. M. S. *Petrel*, small British gunboat, blew up at about the same time. Japanese in control of waterfront but have not taken over Settlement or French Concession. City quiet.

All confidential codes and papers destroyed, including those aboard *Wake* except ditof [*sic*].

STANTON

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**EFFORTS BY THE UNITED STATES TO PROVIDE FINANCIAL ASSISTANCE AND WAR MATERIAL FOR CHINA<sup>67</sup>**

893.51/7187

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

No. 738

CHUNGKING, January 2, 1941.

[Received January 18.]

Subject: Opinion of Vice Minister of Finance Regarding China's Financial Condition.

SIR: I have the honor to refer to a conversation between Mr. Y. C. Koo, Vice Minister of Finance, and an officer of the staff of this Embassy regarding the financial condition of the Chinese Government. During the interview the above-mentioned official expressed his personal opinion that China needs additional American financial advisers to assist the Government in utilizing the new loans and to aid the country in conducting economic warfare against Japan.

Mr. Koo expressed considerable satisfaction over the American and British loans and stated that it is his personal opinion that the financial position of Government is stronger now than it has been for some time. According to him the consistent attempts of Japan to weaken the national currency and undermine the Chinese economic system almost met with success and were as serious, if even not more so, than the military operations. The two new loans, in addition to the fact that China has been able to resist Japan for almost three years and a half, leaves no doubt in the Vice Minister's opinion that the country is in an excellent position to hold out for another year.

<sup>67</sup> Continued from *Foreign Relations*, 1940, vol. iv, pp. 636-715.

In connection with this Anglo-American assistance he stressed, however, that Japan will undoubtedly direct new economic measures against China in the hope of nullifying any benefits which may be derived from the loans. It is therefore necessary that every effort be made by the Chinese Government to obtain the maximum advantage from the loans and at the same time combat Japan with economic warfare as well. He considers the establishment and early operation of the stabilization fund of utmost importance and stressed the necessity of American assistance and advice in this matter if the fund is going to be operated properly.

With regard to the Japanese economic warfare, Mr. Koo referred to German economic advisers in Japan and in particular to a person who recently arrived there who is believed to have been the second man in the Reichsbank and an expert on economic warfare. The presence of this official leads the Chinese Government to assume that Japan is contemplating additional economic measures against China. The Vice Minister felt that if additional measures are taken against this country his Government will not know how to retaliate and will have to depend solely on the recent financial assistance to help it survive which will weaken the nation's financial position again. Rather than continually absorb these repeated Japanese attacks at the expense of weakening the financial and economic position of the country, he proposes that China retaliate by starting economic warfare against Japan which will help counteract all such enemy moves. At present he is convinced that China can accomplish something in that way and claims it is only along these lines that his country can win the struggle. The difficulty of conducting such a policy, however, rests in the fact that China lacks men with sufficient training to compete with the German experts who are directing Japanese policy. The Vice Minister elaborated at considerable length on this topic and said that he has been giving it closer attention than any official since the conflict started and as a result of his observations and studies he has reached the conclusion that China must have the assistance of expert economic advisers who can assist the country in counter economic warfare. He requested that his remarks be made known to the Department and that they be given serious consideration. The above statements are Mr. Koo's personal views and as far as is known do not represent the official attitude of the Government. It is not at all improbable, however, that Mr. Koo intends to make suggestions along these lines to his superiors. Mr. Koo's closing remark was: "We deeply appreciate the valuable assistance you have given us in the form of loans but unfortunately we need more. We now require American brains to show and to help us use the money to the best advantage."

Mr. Koo is considered one of the ablest younger men in the Government and his opinion is highly regarded by the Generalissimo. In addition to holding the position of Vice Minister of Finance he is Manager of the Farmers Bank of China and Director of the Central Planning Board which is commonly referred to as the "Brain Trust of China." Not only is he noted for his ability but also for his honesty and opposition to official graft and corruption.

It is felt that his opinions regarding the present financial position of the National Government present a clear and correct picture. He might be over optimistic in believing that American advisers would accomplish all he thinks they could in preserving China's financial position and waging economic warfare against Japan. However, he is correct in feeling that the Chinese are rather dazed by some of Japan's moves and the mere presence of foreign advisers with whom the Chinese could discuss some of their problems—would have a splendid psychological effect. On the other hand, there seems little doubt that foreign advice would be extremely helpful at this time when there is a certain amount of dissatisfaction with officials in high positions and an apparent lack of harmony.

Respectfully yours,

NELSON TRUSLER JOHNSON

800.8890/752

*Memorandum by Mr. Alger Hiss, Assistant to the Adviser  
on Political Relations (Hornbeck)* <sup>88</sup>

MEMORANDUM FOR MR. HORNBECK

[WASHINGTON,] January 4, 1941.

Subject: Relationship of shipping provisions in the Neutrality Act <sup>89</sup> to suggested replacement of British merchant vessels in the Pacific by United States vessels—possible effect of such replacement upon Chinese imports of arms and other munitions.

The press has recently suggested the possibility that American merchant vessels might take over the Pacific routes now maintained by British lines, thus freeing British tonnage for Atlantic shipping needs. If this proposal is to be given serious consideration—especially if British-controlled shipping (i. e., Norwegian, Dutch, Belgian, Greek, et cetera) is to be included in the shipping to be "replaced"—thought should be given to its possible effect upon Chinese imports of

<sup>88</sup> Initialed by the Adviser on Political Relations and noted by the Secretary of State and the Under Secretary of State (Welles).

<sup>89</sup> Approved November 4, 1939; 54 Stat. 4.

arms, ammunition, and implements of war. This problem will be discussed in the remainder of this memorandum.

Section 2 (a) of the Neutrality Act of 1939 provides that it shall be unlawful for any American vessel to carry any passengers or any articles or materials to any state named as a belligerent in any proclamation issued under Section 1 (a). Burma is included within the proclamations by virtue of the naming of the United Kingdom in the applicable proclamations. Section 2 (g) provides in effect that section 2 (a) shall not apply to transportation to any port on the Pacific or Indian Oceans by American vessels of any materials except *arms, ammunition or implements of war*. Under these provisions no American vessel may transport any arms, ammunition or implements of war to Rangoon, the only seaport through which China can now receive supplies from the outside world.

It follows from the above situation that so long as Section 2 (g) remains unamended, each American vessel which may replace a non-American vessel in the Pacific area will *ipso facto* eliminate a potential or actual carrier of arms to China. Care should, therefore, be taken, in connection with any replacement of British Pacific shipping with American vessels that may develop, to see that sufficient non-American shipping is left available for the transportation of arms to China from China's various suppliers of such goods.

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893.51/7178

*The Chinese Ambassador (Hu Shih) to the Secretary of State*

WASHINGTON, January 6, 1941.

SIR: I have the honor to inform you that the Chinese Government has authorized the conclusion of loans totalling U. S. \$100,000,000, half of which would be made available to the Chinese Government by the United States Treasury for the purpose of stabilization of the Chinese currency, and the other half to the Central Bank of China by the Export-Import Bank and guaranteed by the Chinese Government. As part of the arrangements for the latter loan, the Chinese Government has further authorized the National Resources Commission to enter into sales contract with the Metals Reserve Company for the sale of tin, wolfram and antimony having an aggregate sales price of U. S. \$60,000,000 and to assign the proceeds thereof to secure the repayment of the loan to the Export-Import Bank.

I am instructed to state that the following individuals, as representatives of the several parties to the proposed loan agreement and sales contract, have been invested with due authority to negotiate the terms and to execute any and all documents necessary or convenient in connection with or to effect the agreements and sales contract con-

cerning the above-mentioned loan, namely, for the Republic of China, Dr. T. V. Soong, Member of the National Government; for the Central Bank of China, Dr. Kan Lee, Commercial Counsellor of the Chinese Embassy; and for the National Resources Commission, Mr. C. H. Wu, Secretary of the Foreign Trade Office of the National Resources Commission. All documents executed by them under this authority will be legally valid under the laws of the Republic of China.

I shall be grateful if you will be so good as to transmit the above information to the appropriate authorities, including the Treasury, the Export-Import Bank of Washington and the Metals Reserve Company.

Accept [etc.]

HU SHIH

893.5151/804 : Telegram

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

SHANGHAI, January 6, 1941—2 p. m.

[Received January 7—5:25 a. m.]

14. Opinion is strongly reiterated among foreign, including American, banks and among vested interests generally at Shanghai that it would be a serious error for the Chungking authorities to yield to the section of political thinking which favors scuttling Shanghai as of no further value to Chinese financial strategy, such as would be the case if all support were removed from the national yuan in the Shanghai foreign exchange market. Having expended so much effort thus far in maintaining the prestige of the Chinese currency at Shanghai, it is contended that any such action would nullify much of the advantages of past effort besides virtually forcing all interests here into an abandonment of face with regard to resistance against the encroachments of the Nanking régime.<sup>90</sup> An American banker expresses the view that stabilization funds are not likely to be drawn upon in the near future except to support an excess of imports, and expressed the opinion that a fund of United States dollars 50,000,000 under present conditions should last at least for a year and a half for that purpose, and that once speculators realize there is a powerful control they will not be likely to attempt raids.

He also expressed the view that the heavy drain on exchange reserves in the past was due to support being maintained at too high a rate (which may have been done deliberately at one stage to permit certain interests to get their capital out), but that these past errors need not be repeated. He states with emphasis that the *fapi* still

<sup>90</sup> Japanese-sponsored "government" under Wang Ching-wei.

enjoys an enormous prestige. Furthermore, it is reiterated that Shanghai continues as the financial center of China, despite its beleaguered position in some respects, and it is predicted that disaster to the Chinese national currency here will be sharply reflected in the Chinese controlled areas, hence no abandonment of the position here should be considered except in extremity, particularly as the concentration of capital investment at Shanghai in industrial plant and otherwise must serve as a source for rehabilitation after the war. Its abandonment would further Japanese aims to destroy American interests and loyal Chinese position here and could be of no advantage to either Chinese aims or to the American position. Another American banker expresses the view that the American fund following [*designated?*] for stabilization should be employed to keep trade open and functioning and in later stages, if it becomes necessary, to institute a licensing or allotment system for specific necessary imports at a pegged or official rate and to allow a black market to exist at levels under those rates. It is suggested that both Treasury and Commerce be informed of the foregoing.

Sent to the Department. Repeated to Peiping, Chungking. By air to Tokyo.

LOCKHART

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893.516/726 : Telegram

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

SHANGHAI, January 6, 1941—5 p. m.

[Received January 7—3:40 p. m.]

17. Reference Department's 688, December 31, 7 p. m.,<sup>91</sup> new central reserve bank.

1. Heads of National City Bank, Chase Bank and the American Express Company state that recently verbal agreement was reached between local American and British banks that they would have nothing to do with the new bank or currency to be issued by it and that none of these banks contemplates opening accounts in the new currency. It is felt by British and American bankers that the new currency will, for some time at least, experience difficulties because it will be competing against both Japanese military scrip and Chinese national currency. However, on the basis of experience with the Federal Reserve Bank currency in North China and with military yen scrip in the east Central China region, despite their attitude toward these currencies, foreign banking circles regard it as inevitable

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<sup>91</sup> *Foreign Relations*, 1940, vol. iv, p. 564.

that the new currency in time will develop a position for itself and that eventually they may be obliged to make adjustments to meet changed circumstances.

2. According to the Commercial Counselor of the British Embassy, British attitude remains unchanged. He stated that it was his [belief?] British banks will have nothing to do with the new bank or its currency and confirmed that agreement to adopt a common attitude was reached at a recent meeting of the local General Exchange Bankers Association.

3. As to the Chinese banks, they were instructed by the Chungking authorities about December 21, 1940 not to accept or to deal in any other currency, such action being placed in the category of treason. It is the will and desire of the local Chinese banks to observe these instructions but they may be subject to some definite compulsion and terroristic pressure. It is pointed out especially that the Chinese Courts in the French Concession have been given over to the Nanking régime's control and that Chinese in that concession may for the same reason be obliged to face a decision of these courts making refusal to accept the new notes punishable. The concession authorities may also be prevailed upon to accept the new notes as legal tender for tax payments as was done in the British Concession at Tientsin. Chinese banks are skeptical of the ability of the authorities of the International Settlement long to resist similar pressure from Nanking, especially if backed by the Japanese.

4. The leading Chinese commercial bankers for some time past have had plans of their own for meeting the anticipated menace as follows: (firstly) to endeavor to placate the Nanking authorities by making deposits of nominal amounts with the new Central Reserve Bank as was done in North China; (secondly) if further pressure of circumstances force it, to open accounts for depositors in the new currency; (thirdly) if the pressure is too great and if these banks are confronted with demands for large deposits or for subscriptions to shares of the new bank or to loan issues of the Nanking régime, they are prepared to close their banks.

5. The local Chinese banks have been pessimistic as to the ultimate outlook for *fapi* in the Shanghai region, believing that the new currency will ultimately succeed, especially if the Sino-Japanese conflict continues for a further long period as seems likely. But in view of announcements of an American fund for stabilization, they now seem to believe that the Chungking authorities at least for the present, if necessary, will support the *fapi* on the Shanghai market. Prior to the Washington announcements, they were expecting drastic action, even with Chinese abandonment of stabilization efforts at the time of launching of the new bank and its currency.

See also my telegram No. 14 January 4 [6] and despatch No. 85 of December 9, 1940 <sup>92</sup> re Chinese currency situation.

Sent to the Department. Repeated to Peiping and Chungking. Code text by air mail to Tokyo and Nanking.

LOCKHART

893.51/7184

*The British Embassy to the Department of State*

AIDE MÉMOIRE

The Chinese Government recently approached His Majesty's Government in the United Kingdom with certain suggestions regarding the question of air assistance for China. His Majesty's Ambassador <sup>93</sup> has now been instructed to speak to General Chiang Kai-shek <sup>94</sup> on the following lines:

It has already been made clear to General Chiang Kai-shek that their own war needs make it difficult for His Majesty's Government to furnish him with armaments. This is particularly so in the field of aviation where it is impossible for the British authorities to spare either aircraft or personnel. On the other hand His Majesty's Government understand that the Chinese Government are anxious to remove the Loiwing Aircraft Factory from its present situation in Yunnan close to the Burma frontier where it is subjected to bombing by the Japanese, to a safer locality. His Majesty's Government are anxious to assist the Chinese Government as far as possible and will therefore gladly permit,

(a) the removal of machinery from Loiwing to a site in India where it could be used for the manufacture or assembly of aircraft for the Chinese Government. These steps could perhaps be taken in conjunction with the scheme already being discussed with Mr. Pawley of the American Intercontinental Aircraft Corporation and manager of the Loiwing factory for the production of aircraft in India for the Indian Government.

(b) the export to China of military as well as civil aircraft from India together with transit facilities in Burma if necessary provided that military aircraft are not in a condition to engage in hostilities en route. To comply with this condition it will be necessary that no ammunition or bombs be carried and that guns and bomb racks should not be fitted before departure. This stipulation is intended to meet as nearly as possible the requirements of the 1923 Hague draft rule of aerial warfare. <sup>95</sup>

<sup>92</sup> Despatch not printed.

<sup>93</sup> Sir Archibald J. K. Clark Kerr.

<sup>94</sup> President of the Chinese Executive Yuan (Premier).

<sup>95</sup> See article 46 of draft convention contained in the General Report of Commission of Jurists to Consider and Report upon the Revision of Rules of Warfare, *Foreign Relations*, 1923, vol. 1, pp. 67, 83.



(c) the assembly but not the manufacture in Burma of civil or military aircraft so far as adequate facilities for such assembly exist and the export of aircraft under their own power to China subject to conditions specified in (b).

(d) the entry into British territory of Chinese pilots, combatant or civilian, to fly aircraft to China subject to conditions in (b).

Sir Archibald Clark Kerr has been instructed to impress upon General Chiang Kai-shek how important it is that no publicity should be given to the matter and that the site of the factory in India and all details of the scheme should be kept strictly secret for as long as possible.

If General Chiang Kai-shek welcomes His Majesty's Government's proposal and is willing to accept the conditions attached thereto, the Ambassador is given discretion to suggest that the Chinese Government should authorise Mr. Pawley to negotiate the necessary arrangements direct with the Government of India as regards the transfer of the Loiwing factory and to get into direct touch with the Government of Burma as regards the assembly of aircraft at Rangoon.<sup>96</sup>

WASHINGTON, January 7, 1940 [1941].

893.248/202

*The Consul at Rangoon (Brady) to the Secretary of State*

No. 397

RANGOON, January 8, 1941.

[Received January 30.]

SIR: I have the honor to report that 66 American training planes for China are to be assembled in Rangoon, the British Government having approved a recommendation by the Governor of Burma that the required permission be granted. The planes consist of 36 North American and 30 Ryan trainers, and they will be assembled at the Rangoon airport by 90 Chinese workmen from the plant of the Central Aircraft Manufacturing Company at Loiwing, China. It is expected to have the work completed within the next three months.

The assembled planes will be flown from Rangoon to destinations in China by Chinese pilots. Use will be made of emergency landing fields between Rangoon and Lashio in making the flights.

The planes to be assembled in Rangoon, and which are now at this port, form part of 100 American trainers (50 North American and 50 Ryan) sold to the Chinese Government by Harvey Greenlaw, an American representing North American Aviation, Incorporated, and the China Airmotive Company, Federal Incorporated, at a reported price, c. i. f. San Pedro, California, of \$2,300,000. The cost of the

<sup>96</sup> The British Embassy on January 7 had "not yet communicated" to Dr. T. V. Soong the views set forth in the *aide-mémoire*.

North American planes, which are advanced trainers, was given as \$1,800,000, and that of the Ryan machines, as \$500,000 (despatch no. 321, of June 24, 1940<sup>97</sup>). Thirty-four of the 100 planes were shipped, several months ago, to the factory of the Central Aircraft Company at Loiwing, China, for assembly there, and several of the assembled planes were damaged when the factory was bombed by the Japanese on October 26, 1940.

*British Action Possible Precedent.*

Chinese interests hope that the British permission for the assembly of training planes in Rangoon will serve as a precedent for similar action in connection with future operations of this kind. They have particularly in mind the possibility of being able to assemble fighting planes here, in the event that present efforts to obtain such planes from the United States are successful.

[Here follows brief report of Japanese air raid at Yunnanyi, on the Burma Road about 200 miles from Kunming.]

Respectfully yours,

AUSTIN C. BRADY

841.248/813

*The Secretary of the Treasury (Morgenthau) to the Secretary of State*

WASHINGTON, January 10, 1941.

DEAR CORDELL: At a conference held in your office on December 23rd, at which were present Secretary Stimson, Secretary Knox, and I, there was discussed the allocation of the 300 extra Curtiss P-40 pursuit planes to be produced this spring over and above those already on order.

As the United States Army Air Corps was understood not to be interested in this extra production, it was generally agreed that the bulk of these planes should go to the British—say 150 to 200. Suggested destinations for the remainder included China, Greece, and South America. However, after considerable discussion it was agreed that the allocation should be limited to China and Great Britain: that Great Britain should give up 100 planes to the Chinese out of her January, February, and March deliveries and receive in compensation 300 in May, June, and July—a net gain to her of 200 planes.

This proposal was presented to the British Government and has been agreed to by them as a basis of operations. Likewise the Chinese Government is prepared to receive its allotted number of planes in this and the next two months. In view of these decisions, none of the 300 Curtiss P-40s discussed is now available to other purchasers.

Sincerely,

H. MORGENTHAU, JR.

<sup>97</sup> Not printed.

893.797/95

*The Navy Department to the Department of State*

[WASHINGTON,] January 13, 1941.

The following message was received from the Assistant Naval Attaché at Chungking<sup>98</sup> under date of January 12, 1941:

The Generalissimo is most anxious to have American Commission operate the Burma Road. He wants highway and motor vehicle maintenance, traffic handling, road construction and associated problems administered by a group of experts one of whom will be in charge, in order that this man may collaborate with the southwest network's newly appointed Chinese director. We are promised full executive authority and absolute cooperation, nor will he allow the slightest interference from the Sino groups which are in operation at this time. He has asked Soong to make the same request. He is not interested in just advice, what he wants is action.

Chiang informs us that his pilots cannot operate the latest type of planes and he wants similar assistance in aviation at once. He wants to train a special group of Sino pilots selected from the list which he has at present, and would like to have this handled by a group similar to that of the Jouett Mission,<sup>99</sup> he would also like to have us coordinate the ground control and superintend the operations. When it was pointed out that possibly the rest of the Chinese air force would oppose this politically, he absolutely guaranteed that this would not be the case.

893.154/307

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

No. 747

CHUNGKING, January 13, 1941.

[Received January 31.]

SIR: I have the honor to enclose for the confidential information of the Department copies of a memorandum<sup>1</sup> which Major James M. McHugh, U. S. M. C., Assistant Naval Attaché, has given me of a conversation which he had with General Chiang Kai-shek on January 11, in the course of which the latter expressed the hope that the United States would be disposed to send to China missions for the purpose of assisting the Chinese Government in the organization of transportation over the roads now operating between China and Burma and in the southwest,\* and in the organization of the Chinese air force. Copies of Major McHugh's covering communication to the Director of Naval Intelligence of the Navy Department, dated January 13,

<sup>98</sup> Maj. James Marshall McHugh, U. S. Marine Corps.

<sup>99</sup> Col. John H. Jouett (U. S. Army Reserve) was head of the Central Aviation School at Hangchow until June 1935; see despatch No. 10115, June 10, 1935, from the Consul General at Shanghai, *Foreign Relations*, 1935, vol. III, p. 224.

<sup>1</sup> Not printed.

\* See my despatch No. 720, December 11, 1940 "Transportation Conditions on Burma Road". [Footnote in the original; despatch No. 720 not printed.]

1941, are also enclosed.<sup>2</sup> I agree thoroughly with the comment which Major McHugh made to the Generalissimo in regard to the functions of advisers in these fields in the past. I feel, however, that the presence of such missions would be of great help materially and morally, and would be very useful indeed provided the Chinese Government is prepared to back up their recommendations and see that they are carried out. It would not be helpful if such plans as the Chinese Government may have should fail merely because we felt that they would fail and therefore refused to help. I recommend that such a mission or missions be sent as evidence of our good will. The experience that they would obtain would be worth while and there is always the possibility that the Government may be in a position to give them the police assistance necessary to their successful functioning. Personally I have no doubt that the Generalissimo is serious in his desire to make the work of such mission or missions successful.

Respectfully yours,

NELSON TRUSLER JOHNSON

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893.1541/139 : Telegram

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

[Extract]

CHUNGKING, February 3, 1941—3 p. m.

[Received February 3—10 a. m.]

56. . . .

3. General Chiang Kai-shek informed me on January 29th that he had placed Yu Pei-feng, who has had much experience in communications activities, in charge of transport activities on the Burma Road as from February 1, and he expressed the conviction that the amount of traffic along the Burma route, which has been disappointingly little during recent months, would show rapid improvement. I am also reliably informed that T. L. Soong has been relieved of the directorship of the Southwest Transportation Company, having been replaced by an engineer named Ching. JOHNSON

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893.515/1526

*The Financial Counselor of the British Embassy (Pinsent) to the Adviser on International Economic Affairs (Feis)*

WASHINGTON, February 19, 1941.

DEAR FEIS: Our Ambassador at Chung King telegraphed to London on the 5th February that Chiang Kai Shek had remarked that, in order to make proper use of credits which the British and United

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<sup>2</sup> Not printed.

States Governments were granting for currency purposes, the Chinese Government suggested discontinuing the support of the market in Shanghai. Chiang Kai Shek asked for a fresh expression of the British Government's view in the light of the present situation in Shanghai.

A reply was telegraphed from London to Chung King on the 11th February, in the following terms:—

“We should consider it a fatal mistake to reverse the policy of supporting FA-PI unless and until some other constructive policy can be adopted in its place. We doubt if such constructive policy can comprise exchange control in China, which would not be effectively administered under existing conditions in China.”

Yours sincerely,

JERRY PINSENT

033.1193 Currie, Lauchlin/18b : Telegram

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

WASHINGTON, February 24, 1941—1 p. m.

48. Your 75, February 22, noon.<sup>3</sup> For Currie<sup>4</sup> from the President.

In case Ambassador Johnson and you feel that a useful purpose would be served thereby, I should be glad if you would, pursuant to the Generalissimo's request, introduce Baker to him in your name. The American Red Cross here has been consulted and is prepared to release Baker from the work which he is doing on behalf of the Red Cross. The new position and the work of the American Red Cross should of course be kept entirely separate and if Baker accepts the new position he would do so and would function in that position in his capacity as a private American citizen.

HULL

033.1193 Currie, Lauchlin/20 : Telegram

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

CHUNGKING, February 28, 1941—noon.

[Received February 28—10:35 a. m.]

78. Department's 17, January 23, 6 p. m.<sup>5</sup> Messrs. Currie and Despres<sup>6</sup> left Chungking by air February 27 for Hong Kong and

<sup>2</sup> Not printed; it reported that Generalissimo Chiang Kai-shek wished to put Dr. John Earl Baker in charge of the Burma Road at least temporarily. Dr. Baker was American Red Cross expert on Chinese transport problems.

<sup>4</sup> Lauchlin Currie, Administrative Assistant to President Roosevelt, on a mission in China.

<sup>5</sup> Not printed.

<sup>6</sup> Emile Despres accompanied and assisted Dr. Currie in his mission and was the special representative of the Director of the Research Branch, Office of Strategic Services.

expect to leave Hong Kong March 2 by clipper for the United States. I feel that their visit was valuable: (a) because it gave the Chinese an opportunity to review their own position; (b) it was concrete evidence of a desire on our part to be helpful. There is no doubt that the Government, under instructions from the Generalissimo, made every effort to give Currie all of the information that he asked for. The Ministries of Finance, War, Economic Affairs and Communications were especially helpful.

JOHNSON

845C.7793/8

*The Department of State to the British Embassy*

AIDE-MÉMOIRE

Reference is made to the *aide-mémoire* left by Mr. Butler of the British Embassy with Mr. Hornbeck on February 17<sup>7</sup> and to Mr. Butler's conversation with Mr. Hornbeck on February 24,<sup>7a</sup> in regard to the proposed construction of a railway between Lashio, Burma, and Kunming, China.

This Government has noted with interest that the British Government is prepared, provided it obtains satisfactory assurances from the Chinese Government in regard to certain matters, to provide the finance required to enable the Government of Burma to construct the sections of the proposed railway from Lashio to the Chinese frontier and to ask the Government of Burma as a matter of urgency to complete the necessary surveys in Burma and start the construction of the sections already surveyed.

It is noted that the British Government has stipulated that, if at any stage rails, bridging material and other steel needed for the Burma section cannot be provided from sterling sources as required, the Chinese Government shall finance the purchase from dollar sources with their dollars. This presumably would involve dollars made available by this Government under credits to the Chinese Government. The question whether credits made available to the Chinese Government by this Government may appropriately and advisedly be used for this purpose (or for the purchase of materials for construction of the Chinese section) is being taken up with other interested agencies of the Government, and the Department of State will expect to communicate further with the British Embassy following the receipt by it of the views of those agencies.

With regard to that stipulation in the British proposal which makes the British Government's consent to and approval of the project under consideration contingent upon acceptance by the Chinese Gov-

<sup>7</sup> Not printed.

<sup>7a</sup> Memorandum of conversation not printed.

ernment of the settlement of a boundary dispute between the British and the Chinese Governments "on the lines of the offer already made by the Government of Burma", this Government desires that any attitude which it may take with regard to the Burma-Yunnan railway project be not construed as expressing approval of or as assenting to such a stipulation.

WASHINGTON, February 28, 1941.

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845C.7793/8

*The Secretary of State to the Secretary of the Treasury (Morgenthau)*

WASHINGTON, February 28, 1941.

MY DEAR MR. SECRETARY: There are enclosed copies of an *aide-mémoire* left with the Department of State by a member of the staff of the British Embassy on February 17, of a memorandum of conversation on February 17 between the Chinese Ambassador and an officer of the Department of State, of a paraphrase of a telegram dated February 19, 1941, from the American Consul at Rangoon to the Department of State, and of a memorandum of conversation between Mr. Butler, Minister-Counselor of the British Embassy, and an officer of the Department of State,<sup>8</sup> in regard to the proposed construction of a railway between Lashio, Burma, and Kunming in China. There is enclosed also a copy of this Department's preliminary reply of this date to the British Embassy.<sup>8a</sup>

The project outlined in the British Embassy's *aide-mémoire* raises a number of considerations, among which may be mentioned the following: (1) The statements made in paragraph numbered five of the British Embassy's *aide-mémoire* and the information communicated to the Department by the Chinese Ambassador indicate that the cost of the purchase of materials for the construction of the proposed railway would have to be met, at least in considerable part, from funds made available to the Chinese Government by the Government of the United States. The Government of the United States has made available to the Chinese Government various loans and credits for certain purposes. There is raised the question whether these loans and credits could be appropriately utilized to purchase materials for the construction of the China section of the proposed railway, should the Chinese Government so desire. There is raised the further question whether these loans and credits could be appropriately used for supplying steel materials to be used in the construction of the British section of the proposed railway, should the Chinese Government so desire. (2) It would seem important to estimate whether the pro-

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<sup>8</sup> None printed.

<sup>8a</sup> *Supra*.

posed railway could be completed within a period of time which would make utilization of the railway important to China's defense effort or whether completion would take so long as to make it likely that the railway would be useful mainly as a peace-time enterprise. It would also seem important to consider, even should completion of the railway require an extended period of time, the favorable psychological effect which the undertaking of the project at this time would have upon Chinese morale. (3) This Government is of course following a policy of rendering to the British Government and to the Chinese Government all appropriate and practicable assistance.

An early expression of your views in regard to point numbered one above, together with such further comment as you may feel in position to offer, would be appreciated.

A similar letter is being sent to the President of the Export-Import Bank.

Sincerely yours,

For the Secretary of State:  
SUMNER WELLES,  
*Under Secretary*

033.1193 Currie, Lauchlin/23

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

[Extracts]

No. 802

CHUNGKING, March 3, 1941.

[Received March 22.]

SIR: I have the honor to refer to my telegram no. 78, dated February 28, 12 noon, regarding the visit of Mr. Lauchlin Currie and Mr. Emile Despres and to submit as of possible interest to the Department the following remarks relative to their sojourn in Chungking.

The Generalissimo sent Mr. Hollington K. Tong, Vice Minister of the Central Publicity Board, to Hong Kong to meet Mr. Currie and accompany him to Chungking. The Chinese Government provided a special plane and the party arrived at the Chungking airport on Friday morning, February 7. They were met by Mr. Drumright, Second Secretary of Embassy, and Major McHugh, Assistant Naval Attaché, and officials from the Ministries of Foreign Affairs, Finance, Economic Affairs and Communications. Following introductions to the members of the reception committee, Mr. Currie and Mr. Despres were brought to my house by Mr. Drumright and Major McHugh. I had a luncheon party that day to which all members of the Embassy staff were invited.

After luncheon I took Mr. Currie to call on the Generalissimo. Mr. Currie presented President Roosevelt's personal greeting to General Chiang Kai-shek.



On Saturday, February 8, I accompanied Mr. Currie on official calls on the various Ministers and other high-ranking officials. On February 12 we were received by Mr. Lin Sen, Chairman of the National Government of China.

The Chinese Government provided Mr. Currie with the best available quarters in Chungking and after spending his first three days as my guest he moved into the house provided by the Government. Every effort was made by the Government to provide all possible comforts and conveniences for the visitors. They were also assigned two motor cars for their personal use.

On Monday, February 10, Mr. Currie began his discussions. The first several days were spent interviewing bankers and officials of the Ministry of Finance. Among the numerous persons interviewed the first few days were Dr. H. H. Kung, Minister of Finance; Mr. Hsi Te-mou, General Manager of the Central Bank of China; Mr. Y. C. Koo, General Manager of the Farmers Bank of China; Mr. Hsu Pai-yuan, Assistant General Secretary of the combined office of the Central Bank of China, Bank of China, Bank of Communications and the Farmers Bank of China; Mr. Hsu Kan, Vice Minister of Finance; Mr. K. P. Chen, Chairman of the Shanghai Commercial and Savings Bank; and Mr. Tsuyee Pei, Manager of the Hong Kong branch of the Central Bank of China, who flew to Chungking from Hong Kong at the request of Mr. Currie.

Following the above interviews conversations were continued with Dr. Wong Wen-hao, Minister for Economic Affairs, various other officials in the Ministry of Economic Affairs, Mr. Chang Kai-ngau, Minister of Communications; Mr. Peng Hsueh-pei, Vice Minister of Communications; Mr. W. Tan, Managing Director of the Yunnan-Burma Highway Transport Administration; General Ho Ying-chin, Minister of War; General Pai Chung-hsi, Deputy Chief of the General Staff; General Shang Chen; Mr. T. F. Chiang, Director of the Department of Political Affairs, Executive Yuan; and other high-ranking military observers.

Among other persons with whom Mr. Currie had extended conversations were Mr. F. B. Lynch, American Advisor to the Central Bank of China; Mr. J. Freeman, American Advisor to the Central Bank of China; Mr. W. Wesselius, American National Red Cross; Mr. Frank Price, Professor of Theology at the Nanking University now at Chengtu; and Mr. G. Stein, an Austrian refugee economist who now publishes a news letter on Far Eastern affairs.

The above list does not include all the officials and other persons whom Mr. Currie saw and many of those mentioned above were interviewed several times.

Mr. Currie had several long discussions with the Generalissimo and was the guest of General and Madame Chiang Kai-shek from Saturday, February 15 to Monday, February 17.

Mr. Currie received the leading American missionaries at a tea one afternoon. Among those attending were Mr. G. Fitch, Secretary of the Y. M. C. A.; and Dr. Hawk and Mr. W. A. McCurdy of the Methodist Episcopal Mission, Chungking.

Mr. Currie had the opportunity of having a long talk with Mr. Chou En-lai who is the Chinese communist liaison officer in Chungking. As of possible interest to the Department the following facts are related regarding this interview. Mr. Currie expressed a desire to see Mr. Chou En-lai but since he was an official guest of the Chinese Government he considered it inadvisable to see Mr. Chou without consulting the Generalissimo. He spoke to Mr. Hollington Tong, Vice Minister of Publicity and one of General Chiang's closest confidants, about the proposed meeting and although Mr. Tong saw no objection he suggested that the matter be mentioned to the Generalissimo. During a visit to the Generalissimo the following day Mr. Currie broached the subject and General Chiang said that he had no objection whatsoever to Mr. Currie meeting Mr. Chou but he thought it would be better if Mr. Chou did not call on Mr. Currie and suggested that the meeting be arranged to take place somewhere else. The British Ambassador, Sir Archibald Kerr Clark Kerr, had spoken to Mr. Currie about Chou En-lai a few days before and offered to have him to tea if Mr. Currie desired to meet him. After receiving the Generalissimo's approval of such a meeting Mr. Currie spoke to Sir Archibald and the following day he and Mr. Chou were invited to tea at the British Embassy. There were no other guests besides Mr. Currie, Mr. Chou and Mr. Despres. Lady Clark Kerr joined them later for a few minutes. Upon returning from the tea Mr. Currie remarked to Mr. Macdonald and Major McHugh that he did not find Mr. Chou particularly radical and that he considered him interesting and sympathetic. In order to avoid any publicity or speculation by the press regarding the reasons for this interview extreme caution was taken to see that Mr. Currie's meeting with Mr. Chou En-lai was not made public.

I assured Mr. Currie upon his arrival that all the facilities of the Embassy were at his disposal and not to hesitate to call upon any member of the staff for assistance. Second Secretary Macdonald and Major McHugh, Assistant Naval Attaché, spent their entire time with Mr. Currie and Mr. Despres during their visit here and assisted them in receiving visitors, collecting data and performing any other duties that helped facilitate their mission.

The Chinese Government made every effort to assist Mr. Currie in obtaining the information he desired. The Generalissimo told Mr. Currie to let him know at once if there was any difficulty in obtaining data and that he would see to it himself that it was forthcoming. Dr. H. H. Kung detailed one of his special secretaries to assist Mr. Currie and the Central Bank of China likewise detailed one of its officials from the Economic Research Department to be of whatever assistance he could. Numerous statisticians and government officials worked late into the night preparing data. Several officials remarked that memoranda had been prepared in a few days for Mr. Currie that ordinarily would have taken several weeks or months.

Mr. Currie's visit undoubtedly accomplished a good purpose. All members of the Chinese Government feel more confident of the future as they look upon Mr. Currie's visit as definite evidence that the United States is seriously interested in China's future and is determined to continue giving additional assistance.

The visit of Mr. Currie and his investigations may be compared in a way to an audit since it brought to the attention of the Chinese Government more clearly many of the weaknesses and problems facing the nation. An excellent opportunity was afforded for a thorough check-up of the country's present state of affairs and the chance to discuss major problems with an economic expert. During the past several months China's economic position has been the country's greatest worry and officials have been uncertain as to what course they should pursue. There has been a growing feeling that American expert advice was essential. In this connection I wish to refer to my despatch no. 738, dated January 2, 1941, entitled "Opinion of Vice Minister of Finance regarding China's Financial Condition".

Mr. Currie's visit has given the Government considerable encouragement and undoubtedly Mr. Currie has given the officials valuable advice which they unquestionably appreciate.

Respectfully yours,

NELSON TRUSLER JOHNSON

893.00/14610

*Memorandum by Mr. George Acheson, Jr., of the Division of Far Eastern Affairs*

[WASHINGTON,] February 13, 1941.<sup>sb</sup>

It is suggested that the Chinese Ambassador and Mr. T. V. Soong be requested to call at the Department and that questions be raised and comment be made to them orally along lines as follows:

<sup>sb</sup> Revised March 6, 1941.

What progress is Mr. Soong making in connection with the various matters which are related to his visit to this country?

As both the Ambassador and Mr. Soong are aware, the Government and people of the United States have a profound interest in the welfare and progress of China and are desirous of furnishing assistance to China, as to other countries which are resisting armed attack, in every way that is appropriate and practicable. As the Ambassador and Mr. Soong are also aware, the demands upon this Government for assistance are extremely heavy and, until our defense program is under full operation, will probably continue to be greater than our capacity. Meanwhile, the officers of this Government are exerting themselves to be helpful to China, as there exists a strong likelihood that the inter-relation of developments in Europe and Asia may bring about in the not distant future a period of acute crisis in anticipation of which it is essential that those countries which are taking measures of self-defense against aggression not relax their efforts.

In connection with the question of the maintenance and preservation of routes of communication into China, we have noted reports in the press of transportation difficulties connected with matters of organization and operation, apart from difficulties caused by military action. These reports have concerned both the so-called Burma Road and the route to west China from Mirs Bay. In connection with the Burma Road, these reports have contained mention of alleged inefficiency in the mechanical and administrative operation of the transport systems and mention of alleged lack of cooperation among the various Chinese authorities who have charge of that system. We have noted that the Chinese Government has taken steps to obtain the services of Mr. John Earl Baker in connection with transportation problems. As regards the question of defense of bridges and other vital points, reports have contained mention of the lack of effort on the part of the Chinese military forces to protect those points by defense in the air or by well-planned anti-aircraft defense. In connection with the Mirs Bay route, there have been reports, both official and press, that large quantities of supplies were abandoned by withdrawing Chinese forces.

Current reports refer to Japanese military operations in the Pakhoi region apparently aimed at further disruption of communications. The reports indicate a lack of Chinese resistance.

We have also been concerned over reports of dissension between the Kuomintang and the Chinese Communist forces. Chinese unity has, as the Ambassador and Mr. Soong are aware, comprised one of the principal factors in our policy toward China for many years and this Government's interest in the progressive maintenance of Chinese unity continues. Indeed, the importance of the maintenance of Chi-

nese unity cannot be overestimated at the present serious juncture in world affairs.

It might be remarked, incidentally, that there appears to have grown in this country a belief, engendered by news correspondents and others sympathetic to China, that in the hostilities between China and Japan the latter already stands in the position of loser. In our opinion this assumption is based more upon wishful thinking than upon concrete fact. It seems obvious that, while the Japanese may not have won, they have not yet been defeated by the Chinese. The purpose of making mention of this particular matter is to indicate, in the friendliest way, that it occurs to us that it would be in our opinion most unfortunate if Chinese leaders should become overconfident or complacent and as a result should relax the magnificent efforts which they have over a long period and under adverse conditions put forth in resisting armed attack upon their country. We wish to stress our opinion that an even more critical juncture in world affairs may occur, and it is obvious that the struggle against aggression in the Far East and elsewhere has not yet been won. We believe wholeheartedly that the cause in which we believe will win, but we attempt to view the entire picture with a sense of realism and objectivity. We accordingly must realize that continuing and even greater effort on the part of all who have common interest in that cause will be necessary before the day we anticipate will come.

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893.00/14610

*Memorandum of Conversation, by the Chief of the Division of  
Far Eastern Affairs (Hamilton)*

[WASHINGTON,] March 7, 1941.

Mr. Hornbeck and Mr. Hamilton asked the Chinese Ambassador and Mr. T. V. Soong to call. Mr. Hornbeck explained that we thought that it might be mutually helpful to have a general talk with the Ambassador and Mr. Soong in regard to the general political situation in the Far East and the projects in which Mr. Soong was especially interested.

Mr. Hornbeck read excerpts from Chungking's telegram no. 91, March 6, 3 p. m.,<sup>10</sup> quoting excerpts from an address delivered on March 5 by Chiang Kai-shek. Later Mr. Hornbeck gave the Chinese Ambassador a copy of the text of the excerpts.

Mr. Soong referred to the Burma-Yunnan railway. He intimated that the dispute between the Burmese and Chinese authorities in regard to the boundary had revolved about a silver mine on the border. He said that in view of the critical situation the Chinese Government

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<sup>10</sup> Not printed.

was prepared to accept the British (Burmese) contention in regard to the boundary. He said that the Chinese Government was agreeable to making available to the British the Chinese Government-owned rails which the Chinese Government had purchased abroad and which were now at Rangoon. He also said that the Chinese Government had proceeded with a considerable amount of construction work on the Chinese side of the railway.

Mr. Soong said that the Chinese Government was investigating the practicability of building in addition another highway into China, the proposed route being from Calcutta into Sikang. Mr. Soong remarked that this route would of course be farther away from Indochina and thus less likely to be bombed than the Burma highway.

With regard to currency stabilization arrangements between the American and Chinese Governments, Mr. Soong said that he imagined that the Treasury Department was awaiting the return to this country from Chungking of Mr. Currie.

With regard to the Communist situation in China, both the Ambassador and Mr. Soong made rather extended comments. Neither seemed to feel that the situation was especially serious. Mr. Soong said that some weeks before he had cabled the Generalissimo that it would be unfortunate for there to be created abroad an impression that there was disunity in China. The Ambassador gave a lengthy account of the antecedents and causes of the recent clashes. Mr. Hornbeck remarked that the effects of dissension between the Communists and the Chinese Government were more important than the causes, and Mr. Hamilton stated that this country was of course very much interested in China's unity and stability.

Mr. Soong stated that 36 P-40 airplanes had already been shipped to China, that another 36 would be shipped by the middle of this month, and that the route of shipment was around the Cape of Good Hope and across the Indian Ocean.

With regard to Russian assistance to China, Mr. Soong said that their information was that this assistance was continuing. He added that the reports of dissension between the Chinese Communists and the Chinese Government had not resulted in any diminution of Soviet aid to China. He said that a new Soviet military adviser had recently arrived in China to replace a Soviet adviser who had left some time ago.

During the course of this conversation, Mr. Hornbeck and Mr. Hamilton brought up at various times and in various connections the points mentioned in the attached memorandum of February 13, revised March 6.<sup>11</sup>

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<sup>11</sup> *Supra.*

The conversation terminated with all present expressing agreement that it was helpful to have such interchange of information and comments.

M[AXWELL] M. H[AMILTON]

893.5151/828

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

[Extracts]

No. 315

SHANGHAI, March 7, 1941.

[Received April 3.]

SIR: I have the honor to refer to this office's special financial radiogram No. 249 of March 3, 1941,<sup>13</sup> in which was mentioned the announcement of the Chungking financial authorities to the effect that exchange facilities at Chungking were to be increased and that the Central Bank of China had been instructed to resume foreign exchange operations to meet all requirements for legitimate purposes, and to elaborate in greater detail the reactions to this announcement in Shanghai financial circles.

*Summary:* Chungking's vague announcement was interpreted at first to indicate that exchange would no longer be supported at Shanghai, though later reassuring statements to the effect that the measure is precautionary were accepted. Chinese bankers have outlined the various technical problems involved in establishing a new exchange market in Chungking without adverse effects upon the markets at Shanghai and Hong Kong. The Chinese bankers at Shanghai naturally associate the new move with Dr. Lauchlin Currie's visit to Chungking.

Local financial circles have naturally assumed that Dr. Lauchlin Currie's visit to Chungking had for its purpose the determining of a method by which the American currency stabilization credit of US \$50,000,000 might be used to the greatest effectiveness in strengthening China's currency during the national emergency. Hence the announcements from Chungking above enumerated, made immediately after Dr. Currie's departure from Chungking, were naturally interpreted here as constituting part of the stabilization scheme possibly now mutually agreed upon by the Chinese and American financial authorities.

Respectfully yours,

FRANK P. LOCKHART

<sup>13</sup> Not printed.

893.516/746 : Telegram

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

WASHINGTON, March 18, 1941—6 p. m.

175. Information has been received to the effect that the puppet bank in Central China has not yet pressed for full membership in the clearing house but has requested the opening of a current account in Chinese currency for receiving and paying checks; and that it is felt that once the account is opened it would be difficult to resist a further demand.

In the opinion of the Department it is of course highly desirable that the puppet bank be not granted membership in the clearing house or any other facilities for receiving and paying checks. The matter would seem to be one for decision principally by Chinese banks at Shanghai, but it might serve a useful purpose if you would make known informally and discreetly the Department's views in regard to this matter to American bankers at Shanghai, who might in turn pass the word on to their British and Chinese banking contacts. It is also suggested that you inform your British colleague.

WELLES

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793.94/16548

*Press Release No. 123 Issued by the Department of State  
on March 22, 1941*

The following is the text of a message from Chiang Kai-shek to the President, dated March 18, 1941:

"The people of China, whether engaged in fighting the aggressor or toiling in the fields and workshops in the rear in support of the defenders, will be immeasurably heartened by your impressive reaffirmation of the will of the American people to assist them in their struggle for freedom from foreign domination, and in the resumption of their march towards democracy and social justice for all."<sup>14</sup>

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893.248/215 : Telegram

*The Acting Secretary of State to the Consul General at Hong Kong  
(Southard)*

WASHINGTON, March 22, 1941—4 p. m.

63. For Lieutenant Colonel Mayer<sup>15</sup> from War Department.

Your 99, March 15, noon,<sup>16</sup> one hundred American planes are being

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<sup>14</sup> For President Roosevelt's address on March 15, see Department of State *Bulletin*, March 15, 1941, p. 277.

<sup>15</sup> Military Attaché in China.

<sup>16</sup> Not printed.



allotted by the British to China. War Department knows nothing of date of shipment or American pilots. Additional information will be furnished when available.

Sent to Hong Kong. Repeated to Chungking.

WELLES

893.154/315 : Telegram

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

CHUNGKING, March 24, 1941—10 a. m.

[Received March 24—9:56 a. m.]

109. Department's 64, March 21, 7 p. m.<sup>17</sup> I read substance thereof to Baker<sup>18</sup> yesterday who stated that he thought it premature to discuss proposal now. For the Department's information Baker stated that he had had satisfactory meetings with Generalissimo and heads of Southwest Transportation Company and China Transportation Company, that he had gone over the recent report on the Burma Road by General Yu Fei-peng<sup>19</sup> and that he was today beginning his inspection of the road from here to Lashio by starting with the Chungking terminal facilities. He stated that he expected to assume his title on May 1 after personally informing himself of the road and its needs.

JOHNSON

893.516/747 : Telegram

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

SHANGHAI, March 24, 1941—2 p. m.

[Received 2:30 p. m.]

329. Department's 175, March 18, 5 [6] p. m. The Department's views were informally and discreetly communicated to the heads of the two leading local American banks who will in turn convey the information to the Chinese clearing house officials. It is pointed out, however, that the terrorism there [*threatened?*] by the Chungking agents here and the counter terrorism perpetrated over the week-end by the Nanking régime as mentioned in my 321, March 22, 1 p. m. and 328, March 24, 1 p. m.,<sup>20</sup> have forced many responsible officials of the Chinese Government Banks here as well as some of the leading com-

<sup>17</sup> Not printed.

<sup>18</sup> John Earl Baker, American Inspector General-designate of the Yunnan-Burma Highway Transport and Engineering Supervisory Commission, in process of formation.

<sup>19</sup> Minister of Transport and Supplies Board, Chinese National Military Council, from 1937; chairman of the Yunnan-Burma Highway Transport and Engineering Supervisory Commission on completion of organization about May 1941.

<sup>20</sup> Neither printed.

mercial bankers into hiding, as they are not only fearful of their lives but wish to avoid being captured and held as hostages.

Four of the staff of the Bank of Communications, Shanghai Branch, were seized yesterday and are being held by the régime. Hence the situation, it is feared, has gone too far for representations such as those suggested by the Department to have any effect. It is believed that Chinese bankers and clearing house officials will not be in position to continue to refuse as things now stand.

One American banker believes American Embassy should exert its influence with the Chungking authorities to induce them to cease terroristic acts in Shanghai which can only result in counter-terrorism and in speeding the very results which the Chungking financial authorities apparently desire to avoid.

It would appear the welfare of the whole community here, Chinese and foreign, would best be served if terroristic acts on both sides should cease as a very serious situation has arisen.

Sent to the Department, repeated Peiping, Chungking, code text by air mail to Tokyo.

LOCKHART

793.94/16660

*Memorandum by the Legal Adviser (Hackworth) to the Chief of the Division of Far Eastern Affairs (Hamilton)*

[WASHINGTON,] March 25, 1941.

MR. HAMILTON: It is undoubtedly true that a declaration of war by Japan against China would give the former many more belligerent rights on the high seas than she is now exercising, including the right of visit and search.

It is my understanding that American vessels are not now carrying arms, ammunition and implements of war to Rangoon for transshipment over the Burma Road because of prohibitions in the Neutrality Act<sup>21</sup> making it unlawful for them to carry such articles to a belligerent port. China and Japan not having been declared to be belligerents under the Neutrality Act, the carriage of such articles in American vessels directly to China is not unlawful. If there were a declaration of war by Japan, the President would undoubtedly be under the necessity of issuing a proclamation under section 1 of the Neutrality Act if he should find that such action "is necessary to promote the security or preserve the peace of the United States or to protect the lives of citizens of the United States". Sections 2 (a) and (c) of the Neutrality Act prohibiting American vessels from going to belligerent ports and requiring the passage of title to goods destined

<sup>21</sup> Approved November 4, 1939; 54 Stat. 4.

to belligerent countries would not be applicable under section 2 (g) of the act to ports "on the Pacific or Indian Oceans, including the China Sea, the Tasman Sea, the Bay of Bengal, and the Arabian Sea, and any other dependent waters of either of such oceans, seas, or bays" but American vessels could not carry arms, ammunition and implements of war to China after the issuance of a proclamation by the President.

The Lend-Lease Bill <sup>22</sup> does not modify the Neutrality Act as far as these provisions of that act are concerned. The only way to avoid the consequences of a declaration of war, so far as the Neutrality Act is concerned, would be for the President to decline to issue a proclamation. He has the authority to do this by failing to find that it is necessary to accomplish the purposes stated in section 1 of the act.

GREEN H. HACKWORTH

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845C.7793/10 : Telegram

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

CHUNGKING, March 26, 1941—11 a. m.

[Received March 26—9:40 a. m.]

115. 1. The Embassy on March 19 issued a visa to C. Y. Tu, Director General and Chief Engineer of the Yunnan-Burma Railway, for the journey to the United States. Mr. Tu is scheduled to leave Hong Kong today via clipper for Honolulu whence he will travel by ship. According to the Vice Minister for Communications, Mr. Tu is bearing plans and specifications for the Yunnan-Burma Railway and is to contact T. V. Soong immediately on arrival in the United States with a view to an approach to the American Government for funds to assist in construction of the railway. The Vice Minister has informed the Embassy that the Chinese Government desires to construct the railway as soon as possible even though it is estimated that 2 years will be required to complete it for the Burma highway is held to be inadequate for China's transport requirements.

2. The Chinese Counselor of the British Embassy yesterday confirmed reports that the British Government will on the other hand commence construction on the extension of the Burma railway from Lashio to the Yunnan border. He said that the Chinese Government had insisted on extension of the railway and that agreement had been given as a gesture of good will notwithstanding the difficulties of construction, a conviction that the line will prove to be an economic liability and will not be completed in time to be of use to China during the present conflict, and the difficulty of obtaining rails. Informant

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<sup>22</sup> Approved March 11, 1941; 55 Stat. 31.

said that in return for British agreement to extend railway China had consented to delimitation of Yunnan-Burma border in the area where the railroad is to cross the frontier although the boundary remains unfixed between northern Burma and China. He estimated that cost of construction of Burma extension would amount to 2¾ million pounds<sup>23</sup> and would take about 2 years to build.

JOHNSON

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893.24/1041½

*Memorandum by Mr. Lynn R. Edminster, Special Assistant to the Secretary of State*

[WASHINGTON,] March 27, 1941.

By pre-arrangement I attended the conference called by General Burns<sup>24</sup> in his office (Room 2050, Munitions Building) at 3 p. m. today at which Mr. T. V. Soong, purchasing agent for the Chinese Government, was scheduled to present the needs of the Chinese Government for supplies from this country which might be furnished under the Lend-Lease Act. I may say, parenthetically, that Harry Hopkins<sup>25</sup> had requested General Burns, acting on his behalf during his absence, to get in touch with the Chinese to see what their needs were; and that General Burns had suggested that I be present from the State Department in my capacity as liaison officer for the Department in connection with the working out of detailed plans for the administration of the Lend-Lease Act.

General Burns had also invited Lauchlin Currie, the President's assistant, to attend the meeting in order that the views resulting from his recent trip to China and his study of the Chinese situation might also be made available to the group. Mr. Currie was detained, however, and was not present during the discussion.

General Burns asked Mr. Soong what the Chinese needed most at this time. Mr. Soong had not brought a detailed list with him, stating that he would submit the complete list later. He stated orally, however, that they were in great need of planes, arsenal materials (steel, etc.), ordinance [*sic*], signal equipment, motor transport, cargo transport for the Burma Road, and shipping space on American ships plying directly to Rangoon via the Pacific. In connection with shipping, Mr. Soong pointed out that the planes now being shipped to China are now going on Norwegian vessels via the South Atlantic, the Cape of Good Hope, etc., to Rangoon, and that this involves, among other

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<sup>23</sup> Marginal notation by Raymond C. Mackay, Assistant Chief of the Division of Far Eastern Affairs: "Up three quarters of a million pounds from previous estimate."

<sup>24</sup> Maj. Gen. James H. Burns, member for the War Department of the Interdepartmental Committee for Coordination of Foreign and Domestic Military Purchases.

<sup>25</sup> Special Assistant to President Roosevelt.

obstacles, fully two weeks' delay as against the other route. Moreover, it is becoming increasingly difficult to get foreign shipping space. His suggestion is that planes and materials desired should be shipped directly on American boats across the Pacific.

While the group was waiting for Mr. Currie, who had telephoned that he would be late arriving, General Burns asked Mr. Soong a great many questions with regard to the whole strategic situation in China and in the Far East generally. In answer to specific questions, Mr. Soong said that, whereas most of their munitions and military supplies had come originally from Germany with considerable additional supplies from Russia, those from Germany were now cut off on account of Japan's joining the Axis, but that considerable supplies were still coming in from Russia, some munitions and also some airplanes of very good quality. He said that, whereas Chinese losses during the early part of the hostilities with Japan had been in the ratio of about 3 to 1, they were now about on an even basis, owing to the long line of communications which Japan had to defend and the greater hazards all around which they confronted as a result of the present strategic situation. He said that Japan had lost about 1,000,000 men, China about 2,000,000. He said that it required about 1,000,000 Japanese soldiers to maintain the present lines of Japan in China, an additional 200,000 or 300,000 soldiers on the Russian border, and a great many more in Korea and various other areas that Japan had to police, all in addition to the maintenance of a considerable reserve force at home.

Asked by General Burns whether he thought that Japan wanted to fight the United States, Mr. Soong replied that she did not want to do so under present conditions but that, if Britain should be defeated or British defeat be so imminent as to warrant the gamble, Japan would, in his opinion, immediately undertake to capture Singapore, even if it meant war with the United States. He said that Japan would almost certainly conclude that, with Britain defeated or near defeat, the United States would be so concerned with the protection of the Atlantic approaches to this hemisphere that it would not feel that it could risk involving its fleet in war with Japan for the protection of Singapore. He stated most emphatically, in reply to a question from General Burns, that, in his opinion, Japan's capture of Singapore would be a fatal blow to American, British, and Dutch interests in the Far East and that, once established there, it would be next to impossible to dislodge her.

In thus calling attention to some of the high points in the conversation which took place between Mr. Soong and General Burns, I am merely setting them down as a matter of record. No doubt this is all very familiar to those who have specialized on Far Eastern questions.

When it appeared that Mr. Currie was not going to arrive in time to join in the discussion, General Burns suggested that we meet again at 11 a. m. on Monday, March 30, at which time Mr. Soong would present the detailed list of the items which China would like to have furnished to her for the prosecution of her war efforts. As we were coming out of the building, we encountered Mr. Currie just going in, but we did not return to General Burns' office with him. Mr. Currie stated that he would endeavor to be present at the meeting on Monday.

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793.94/16543 : Telegram

*President Roosevelt to the President of the Chinese Executive Yuan  
(Chiang Kai-shek)*

WASHINGTON, March 28, 1941.

I wish to express my appreciation of your telegram of March 18<sup>26</sup> which contains an inspiring expression of the splendid morale and confidence of the Chinese people. Their unimpaired spirit, notwithstanding their burdens and sacrifices, stimulates and reinforces the confidence of free peoples everywhere that with resolute determination and cooperation on the part of those who are committed to it the cause of freedom and justice will unquestionably prevail.

FRANKLIN D. ROOSEVELT

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893.51/7204 : Telegram

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

CHUNGKING, March 31, 1941—10 p. m.

[Received March 31—1 p. m.]

119. Embassy's 371, June 10 [9] a. m., 1939.<sup>27</sup> I have received the following letter dated March 28 from the Minister of Finance:

"I have telegraphed today Ambassador Hu Shih asking him to negotiate for a further extension of the present arrangement with regard to the consolidated note of May 28, 1936,<sup>28</sup> for flood relief and cotton-wheat loans for a further period of 2 years so that (1) principal installments due quarterly from June 30, 1941, to March 31, 1943, both inclusive, are each deferred for 2 years, (2) that the interest will remain at the present reduced rate of 4% for a similar duration payable quarterly as before and (3) that the principal installments due thereafter will be deferred each in its respective order for a period of 2 years.

<sup>26</sup> See Press Release No. 123 of March 22, p. 613.

<sup>27</sup> *Foreign Relations*, 1939, vol. III, p. 842.

<sup>28</sup> See press release issued by the Export-Import Bank of Washington, June 20, 1936, *ibid.*, 1936, vol. IV, p. 489.

You shall oblige me greatly if you will telegraph State Department the substance of the foregoing and requesting the authorities thereof to use their good offices to assist us in securing the desired extension."<sup>29</sup>

JOHNSON

793.94/16588

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

No. 832

CHUNGKING, April 10, 1941.

[Received April 24.]

SIR: I have the honor to refer to the Department's telegram no. 78, April 9, 3 p. m.,<sup>30</sup> requesting details in regard to an aerial encounter which took place between Japanese and Chinese planes over and near Chengtu, Szechuan, on March 14, 1941, and to submit herewith a copy of a memorandum<sup>30</sup> on this subject prepared by Major F. J. McQuillen, U. S. M. C., Assistant Naval Attaché to this Mission.

Major McQuillen's memorandum is believed to supply a full and reliable account of the aerial encounter in question. Although informed Chinese are naturally reticent to disclose the details or even talk about this apparent aerial debacle, yet enough has been said by reliable Chinese informants during the past two weeks to indicate that Chinese aviation suffered a decisive defeat at Chengtu. For example, on April 2, 1941, the Director of the Department of American Affairs of the Foreign Office, in a casual conversation with an officer of the Embassy expressed the hope that the United States would see fit to send a number of up-to-date planes to China in the near future, remarking in this connection that the Russian-type planes recently supplied to China had proved to be of inferior quality and performance in the recent air battle at Chengtu when a disproportionate number of Chinese planes had been lost and some of China's best pilots killed.

It would appear from Major McQuillen's memorandum and from such other information as has recently reached the Embassy that the Chinese defeat at Chengtu may be attributed in the main 1) to the inferior performance of the Russian-type planes, especially of machine guns; and 2) to the inadequate training and lack of aptitude on the part of the average Chinese combat pilot.

Captain Horace Greeley, U. S. A., Assistant Military Attaché for Air, is now in Chengtu. In the event that Captain Greeley is able to

<sup>29</sup> The Department on April 4 transmitted to the President of the Export-Import Bank of Washington (Pierson) a copy of this telegram and expressed the hope that the Bank would accord sympathetic consideration to the Chinese Government's request.

<sup>30</sup> Not printed.

obtain additional details, the Embassy will expect to communicate them to the Department at the first available opportunity.<sup>31</sup>

Respectfully yours,

NELSON TRUSLER JOHNSON

893.515/1527

*Memorandum by Mr. George F. Luthringer of the Office of the  
Adviser on International Economic Affairs*

[Extract]

[WASHINGTON,] April 12, 1941.

II.

I am inclined to believe that the disadvantages of freezing Chinese funds at this time would probably exceed the gains. This in my opinion would be particularly likely if Japanese assets were not frozen at the same time. Regardless of whether Japanese funds would be frozen at the same time as those of China, it is highly probable that the freezing of Chinese funds would lead to the assumption of more complete control of Chinese foreign trade by Japan. However, if Japanese funds were frozen simultaneously, one of the leading incentives for Japanese control of Chinese exports (i. e., the acquisition of U. S. dollars by Japan) might be removed. Moreover, the freezing of Chinese funds might induce an intensification of the flight from Chinese currency to Japanese or Japanese-sponsored currencies which appears to be taking place at the present time. If at the same time, however, Japanese funds were also frozen, this flight from Chinese currency might be retarded since the freezing of Japanese funds in this country might well affect the desirability in the eyes of the Chinese of holding Japanese currency. This might particularly be the case if the freezing control were applied harshly to Japan but leniently to China.

I should like to point out, however, that in my opinion unless there is a general freezing order, the extension of the freezing order to Japan would in all probability invite a very serious dispute with that country.<sup>32</sup>

III.

For the foregoing reasons I think it desirable to push ahead as expeditiously as possible (as is being done) with the completion of the Anglo-Chinese and Sino-American monetary agreements and to defer

<sup>31</sup> Report of Captain Greeley's investigation was submitted to the Department by the Ambassador in China in his despatch No. 847, April 23, not printed (793.94/16616).

<sup>32</sup> Marginal notation by the Adviser on Political Relations (Hornbeck): "We already have this. S. K. H."



for the time being an extension of our foreign funds control to China. I would agree, however, that we should attempt to work out as best we can in advance the procedures and policies to be followed under those agreements in case it should become necessary to freeze Chinese funds.

893.50/245½

*Memorandum by Mr. Joseph M. Jones of the Division of Far Eastern Affairs*<sup>33</sup>

[WASHINGTON,] April 14, 1941.

RÉSUMÉ OF THE ECONOMIC AND POLITICAL SITUATION IN CHINA AND  
SUGGESTIONS FOR ACTION

1. *Economic Situation.*

Mr. Currie's trip to China has disclosed in terms of concrete facts and figures a serious economic situation of which we have been in part aware, though in more general terms.\* The basic difficulty is a large excess of expenditures over revenues, which is being met almost wholly at the present time by increase in the note issue. During 1940 of a total estimated budget of CH\$6,179,000,000 only CH\$703,000,000 was obtained from taxes, leaving a deficit of CH\$5,476,000,000, most of which was financed ultimately by the issue of new notes. The budget outlook for 1941 is for a total budget of CH\$8,922,000,000 with receipts at CH\$1,222,000,000 and a deficit of CH\$7,700,000,000 of which about CH\$5,000,000,000 must be financed through new note issue. Chinese national currency in circulation in China at the end of 1940 amounted to CH\$9,600,000,000 as compared with less than CH\$2,000,000,000 at the beginning of the current hostilities in 1937. (In addition there were large amounts of puppet currency, estimated at \$2,363,000,000 in circulation in the occupied areas of China in addition to \$1,000,000,000 in Manchuria.) Mr. Currie's survey disclosed that practically no

<sup>33</sup> Initialed by the Chief of the Division (Hamilton).

\* Mr. Currie made a few specific recommendations to General Chiang Kai-shek and has made an oral report to the President. He does not have any intention, however, of writing a report on his trip or of initiating a continuing program of economic assistance and advice to China apart from assistance under the Lease-Lend Act. Mr. Currie has, however, conveyed to the President a request on the part of General Chiang for the sending of an "economic mission" to China. For the writing of this memorandum I have had the benefit of extensive talks with Mr. Currie and Mr. Despres as well as statistical information in regard to the financial situation in China, which they compiled and a copy of which Mr. Currie has furnished me. In this memorandum I have endeavored to synthesize the most expert views which have come to my attention in regard to the economic (and to a lesser extent the political) situation in China. In addition to the regular sources of information provided by our own reporting services and the press I have endeavored to make use of the private views of Mr. Currie, Mr. Despres, Mr. Cyril Rogers, Dr. T. V. Soong, Dr. Rajchman, and others. [Footnote in the original; Mr. Rogers was British chairman of the management committee of the China currency stabilization fund and Dr. L. W. Rajchman was a Polish adviser to the Chinese Government. For written report by Lauchlin Currie on March 15 to President Roosevelt, see vol. iv, p. 81.]

effective steps had been taken to increase the revenue of the Chinese Government since the main items of revenue, namely, the customs revenue, consolidated tax revenue and salt revenue, were either cut off or largely reduced by the Japanese occupation. Practically no budget existed and little effort had been made to correct the situation.

Mr. Currie's principal recommendation to General Chiang was that the National Government seek largely increased revenue from the land tax. This tax is now collected by district magistrates, part of it being retained by the magistrate for local expenses and part being turned over to the provincial governments. Mr. Currie recommended that the provincial authorities assume responsibility for collection of the tax (the magistrates being often the creatures of the landlords), that large blocks of the land at present unregistered be registered, and that the tax rate be increased considerably, the increased revenue to be turned over to the National Government. The land tax is now yielding to provincial and district governments approximately CH\$600,000,000. It is estimated that through registration and taxation at existing rates of over 80 percent of the land now unregistered, that sum can be increased by CH\$160,000,000, making a total yield of CH\$760,000,000, and that through raising the tax rate on the whole to CH\$20 per acre as a *conservative* adjustment to higher farm prices (with no increase in the real burden compared with the pre-war burden) the total yield could be increased to CH\$3,800,000,000, or an increase of CH\$3,200,000,000 over the present yield. The carrying out of Mr. Currie's suggestion would be an important step in meeting China's budgetary problem but it would still leave a large gap between expenditures and revenues.

The Eighth Plenary Session of the Kuomintang on April 3 adopted resolutions for execution by the National Government calling, among other things, for the National Government "to take over provincial revenues from land levies". Those acquainted with civil administration in China under its present management (including Mr. Currie) are not too optimistic in regard to the results which may be expected from this resolution. Land taxation, especially on the scale contemplated by Mr. Currie's suggestion, requires an efficient administration and a zeal inspired by realization of the seriousness of the present situation. It may be expected that the Central Government will derive some increase in revenue from the land tax but it is feared that under the present administration the increase will not be nearly as great as it might be if efficiently administered. Indeed, all that we know now is that the Kuomintang has resolved that the land tax be taken over by the Central Government.

The Eighth Plenary Session of the Kuomintang also adopted resolutions calling upon the National Government to inaugurate national monopolies for the sales of sugar, salt and other goods. The creation

of monopolies for such commodities is a favorite project of the present Minister of Finance, Dr. H. H. Kung. Dr. Lockhart, who is the senior foreign official of the Salt Gabelle, and an American citizen, has brought to our attention already a draft scheme<sup>34</sup> to establish a salt monopoly. The plan provides for the purchase by the National Government of all salt from primary producers and the transportation and distribution of such salt. It is estimated that the plan will require an outlay by the National Government of CH\$1,500,000,000 and the assumption by the National Government of vast, new transportation burdens at a time when government transport is practically broken down. This policy runs directly counter to a policy of reducing and avoiding unnecessary expenditure. The National Government can scarcely acquire money for this project save by printing a huge amount of new currency for the purpose at a time when all possible steps should be taken to reduce unnecessary expenditure. Moreover, it is clear that the Chinese do not possess an extensive trained civil service which may be expected to make a success of such a project as a monopoly of the purchase and distribution of salt, especially under existing conditions. Nevertheless, the development of monopolies such as this salt monopoly is one of the principal "remedies" for the present economic situation put forward by the Kuomintang.

It would seem to be clear that the Chinese economic and financial situation is not only bad but that judging by the present trends and indications it promises to become much worse than need be the case, with little relief from note issue on an ever-increasing scale. The underlying reason for the failure of the Chinese Government to attempt elementary budgetary reform measures would seem to be that the Generalissimo has not had the benefit of training in economic and financial fields and relies largely upon the present Minister of Finance to take care of economic and financial problems. Other reasons must account for the failure of the Minister of Finance to keep China's financial house in better order at the present time. Lack of true comprehension of the complexities of modern finance, lack of imagination, lack of that zeal and sense of urgency which is required to achieve basic reform, a conservatism which hesitates at (or fails to conceive) measures which, however useful to the nation, might impose burdens on the ruling and landlord class generally—these are some of the many complex factors which might contribute to the present *laissez faire* attitude of the Minister of Finance. The waging of prolonged warfare by any state at any time requires great economic sacrifices from all classes of the population according to their means. It requires the zealous application of all the intelligence which can be

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<sup>34</sup> Not printed.

mustered not only to the military but to the economic and financial problem. The Government at Chungking has aroused the admiration of the world for the way in which it has resisted aggression and maintained internal services under great difficulty, but at the present time it does not seem fully to appreciate the immensity and complexity of the economic and financial problem or the necessity of equal sacrifice for all classes in a protracted war, and these facts are necessarily having their effect upon the functioning of the economic system and upon the national morale. The rapidly worsening economic situation and the growing discontent in China with the Chungking Government (as distinct from General Chiang) are evidence of this lack of appreciation.

Even were China's finances managed with the greatest science, zeal, and honesty, there would remain at the present time a considerable disparity between revenues and expenditures, but the rate of economic deterioration would be sharply reduced.

## 2. *Political Situation.*

It is not the intention of this memorandum to attempt to evaluate the political situation as a whole but to discuss only one or two factors which the political and economic situation share in common.

The Kuomintang Party tends to be reactionary and it influences the Government in that direction in so far as internal policy is concerned. At the other end of the scale stands China's only other organized political group, the Communist party. One of the most discouraging features of the political situation in China, both immediately and looking into the future, is that neither of China's two political parties commands broad popular support, the one being in practice reactionary and the other being Communist. China's greatest need would seem to be for a modification of the practices of both parties, a meeting on common ground sympathetic to the bulk of China's population. This is a need which has a bearing not only upon the immediate continued and effective resistance to Japan but upon the future of China for a long period of years. There seems to be unanimity in the opinion that only General Chiang Kai-shek, who holds a unique position above political parties, is capable of keeping China united, and that should he disappear from the scene a long period of chaos and internecine strife would necessarily ensue. But the economic and political conservatism of the Chinese Government at the present critical time, and the failure of the Government to appreciate the seriousness of the economic and financial situation and to conceive and put into effect drastic remedial measures seem to be growing rapidly incompatible with the continued strength and authority of General Chiang and a united China. The impasse with the Communists is one example of this incompatibility. The wide-

spread popular dissatisfaction with the Kung Government (as distinct from the Generalissimo) which has been reported by practically all observers recently returned from China is another example. The critical economic situation in China, the absence of measures to cope with the situation, are still others.

There are a number of economic measures which might be taken which would have the effect of cutting the ground out from under the Communists and of broadening immeasurably the political basis of General Chiang's Government: (1) the land taxes could be so administered as not only to obtain increased revenue and to force land owners to sell their hoards of rice (thus improving the economic situation) but to accomplish a certain degree of land redistribution, a step necessary to strengthen national morale for the war effort, on the one hand, and for the growth of democracy, from a longer-range point of view; (2) the land rent could be sharply reduced and possibly made payable to the Government in kind, land owners being reimbursed in Government bonds; (3) cooperatives of various types—industrial, commerce and credit—could be actively promoted throughout the country.† It is not unlikely that if such steps were taken the Communist party would decline in importance and the impasse which is so greatly feared would probably dissolve; a large part of the attractiveness of the Communist Party at the present time (by comparison) would have disappeared.

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† Operating on exceedingly small financial resources the Chinese Industrial Cooperatives have made a splendid record during the past two years. The scope of their operations has necessarily remained small but they have been doing a splendid job not only in educating the people involved but in producing goods on a small scale. The foreign funds which have been collected for the benefit of the Cooperatives, and these have been rather substantial, have been made available directly to the district offices of the C. I. C. through a Hong Kong office, without sending them through the Chungking headquarters because of mistrust of the headquarters. Dr. H. H. Kung is titular head of the C. I. C. Notwithstanding the meager resources of the C. I. C. and the smallness of the remuneration received by field workers, the Chungking headquarters has been loaded up with twice as much personnel as is needed for the job there. The Chinese Industrial Cooperatives' representatives in the United States have recently been conducting a program to raise new funds and to obtain a dollar loan either from the U. S. Government or from the Chinese Government for the benefit of the C. I. C. There seems to be rather general agreement that a loan to the Chinese Industrial Cooperatives large enough to permit a substantial training program for cooperative workers, to permit an increase in the salaries of the workers already operating, to provide revolving capital for new projects, et cetera, on a modest scale, would be desirable. According to one of H. H. Kung's representatives in the United States, however, one Hubert Liang, an official of the C. I. C., Dr. Kung has big ideas for the organization. He is thinking in terms of a loan from this Government of as much as \$30,000,000 for the Cooperatives, this amount to be spent on basic industries, such as iron and steel, heavy chemical plants, et cetera. It is clear that Dr. Kung is interested in building up large state enterprises and that he does not have a clear conception of what a true industrial cooperative is or of the larger social or political possibilities of the movement. He seems to feel that an enterprise can be made a cooperative by calling it by that name. Even in the limited field of industrial cooperatives Dr. Kung's inefficiency and lack of comprehension of economic and financial realities stand as a check on progress. [Footnote in the original.]

### 3. *A Suggestion for Action.*

General Chiang has on several occasions asked that expert advisers in the form of an "economic mission" be sent to China. The request has been made directly to Ambassador Johnson; it has been made again to this Government through Dr. Soong; and a third request has been made of the President through Mr. Currie upon the latter's return from China. General Chiang seems to feel that the economic situation is getting out of control. Ambassador Johnson has reported that the presence of expert advisers in Chungking has a beneficial effect and that talking with such advisers aids the Chinese in reaching decisions in regard to their own problems.

There are certain objections to sending the usual type of economic mission to China to make a study, to make a report, and to return. Mr. Currie himself has suggested that there are many trained Chinese in Chungking who are capable of diagnosing the situation and of recommending a program. Mr. Cyril Rogers has commented that an economic mission could probably write a report before it left for China. The question seems to be not one of finding out what is wrong with the Chinese economy, but in getting effective measures taken to remedy known defects. And it is clear that the major defect lies in the inefficiency of the internal administration in China. An economic mission of the usual type may be and often is used by the Chinese as a screen behind which to postpone taking necessary but unpleasant action. However, in view of the seriousness of the economic situation and its expected continued deterioration, it is possible that if a group of experts were sent by this Government under the terms and conditions suggested below to aid General Chiang real results might be achieved.

With the foregoing in mind, the following suggestions are made:

It is suggested that a communication be sent to the Chinese Government recalling the community of interests between China and the United States, the assistance which we have extended to China in the form of credits, currency support and supplies, and pointing out that China's principal problem now seems to be an inflationary situation, the remedies for which are almost wholly internal in character: the raising of new revenue, the cutting down and avoidance of unnecessary expenditure, the improvement of transport, and the most important matter of efficiency in the administration of measures designed to relieve the inflationary situation in China, such efficiency being directly related to the matter of public confidence, which is of great importance in such situations. It is suggested that in the communication the Chinese Government be asked to say whether it is in agreement with this Government in regard to the character of the principal problem to be solved and, in view of the internal character of that problem, whether the Chinese Government is prepared to welcome

further suggestions by this Government and of such experts as this Government may send to China.

It is suggested further that in the communication it be stated that in our opinion such experts as might be sent to China by this Government should not be sent as the usual type of "mission" to study the situation, make a report, and return home, but that these experts, although paid by the United States Government and having the privilege of maintaining close contact with the United States Government through the American Embassy, should be attached directly to the staff of the Generalissimo and that they should assist directly and immediately in the working out of the various problems concerned with economic defense. (A draft communication to the Chinese Government in the foregoing sense is attached.<sup>35</sup>)

Should a favorable reply be received to the communication suggested above (the economic situation is becoming so serious that it is believed that the Generalissimo would welcome advisers on the terms specified), the way would be paved for the sending to China of a group of experts with wholly new functions as compared with economic missions which have been sent to China in the past, and for the offering by this Government and its experts of more frank criticisms of matters of administration than would otherwise be the case. Through this procedure it is thought that something concrete may be accomplished in the matter of improving the internal administration in China. The implications of this Department's communication to the Chinese Government should be clear and the advice of American experts stationed at posts in the Chinese Government would probably soon make itself felt in the same direction, namely, that of pressure on the present administration for greater efficiency.

Any mission which this Government might send to China should, of course, confine itself strictly to technical matters and should be instructed carefully to avoid any suggestion of interference in matters of personnel. It is well known that there has for a number of years been a family dispute involving cliques headed respectively by H. H. Kung and T. V. Soong. At present the Kung clique is in power and T. V. Soong is in Washington. The United States Government occupies an especially strong position at the present time in relation to the Chinese Government, but if a mission of experts which should be sent out from Washington were not careful to avoid any action which might be interpreted by the Chinese as a desire to interfere with or make changes in the personnel of the Chinese Government, the

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<sup>35</sup> On April 25 a telegram was drafted by Mr. Jones for delivery by the Ambassador in China as a message to Generalissimo Chiang from President Roosevelt. The Chief of the Division (Hamilton), however, indicated that the telegram should not be dispatched pending reference to Dr. Currie and President Roosevelt, and it was never sent (893,50/245‡).

sending of the mission would be branded in Chungking as a scheme promoted by the T. V. Soong faction. The usefulness of such a mission would in this way be seriously impaired.

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893.24/1047: Telegram

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

CHUNGKING, April 17, 1941—11 a. m.

[Received 6:15 p. m.]

140. Generalissimo asked me and McHugh to visit him last evening and during long conversation asked me to communicate to you and to the President the following as his comments on developments in relation to American aid to China. He began by remarking that a month and a half had passed since Mr. Currie's visit without concrete results and that while China was grateful for the friendly attitude and sympathy of the United States he had suffered no little embarrassment due to constant inquiries from Chinese press for details [of] aid to be granted. He remarked that Russian Ambassador <sup>36</sup> frequently inquired as to what materials were being made available and said that his officers reported sarcastic remarks made by Russian advisers to the effect that when the war was over supplies would be available from the United States. He stated that he had been reluctant to discuss these matters with me except that the understanding that signing of the neutrality agreement between Russia and Japan <sup>37</sup> had caused a good deal of feeling among intellectuals and it was his hope that something concrete might be done to make evident that American aid was of a concrete nature. The Generalissimo asked me to state that up to yesterday at least Russian aid was continuing and I gathered that he did not expect it to cease although it was evident from his remark that he was watching that situation closely.

The Generalissimo stated that the Chinese Ambassador and Soong would be seeing the President shortly and that in connection with that interview he wanted to make two points to me which he hoped I would report:

1st. As regards military supplies. He stated that he hoped that the American Government would prepare a schedule of materials to be made available over a period of time which the Chinese could count upon, a schedule which would indicate what materials would be first made available. He hoped that planes for instance would be among the first.

2d. As regards economic aid. He reminded me that last December the Government of the United States expressed [*announced?*]

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<sup>36</sup> Alexander S. Panyushkin.

<sup>37</sup> See telegram No. 763, April 13, 11 p. m., from the Ambassador in the Soviet Union, vol. iv, p. 944.



that it was granting a 50 million dollar currency stabilization loan to China.<sup>38</sup> While there had been considerable negotiation in the course of which it appeared that the Treasury Department instead of making the full amount of 50 million available offered an arrangement whereby the sum would be doled out in lots of first 20 million and then 5 million periodically. He stated that he had instructed Soong not to accept this arrangement as it indicated lack of confidence in China. He pointed out that [he?] had accepted the American requirement that K. P. Chen<sup>39</sup> should be Chairman of the Currency Board and the deposit of the money in American banks. It was evident that his pride had been hurt in this matter. He said over and over that the full amount should be made available thereby showing confidence in China and in the Chinese Government at this time when such confidence would do so much in the government's war of resistance. It was especially important just at this time following the Russo-Japanese agreement. He expressed the hope that I would make clear these points and his hope that the American Government would carry through its promise of last December and make the whole of the 50 million currency stabilization fund available.

I gained the distinct impression that the Generalissimo's pride has been deeply hurt because his confidence of the reality of American aid has been questioned not only among his own people but evidently from Russian sources. I venture to express the hope that steps can be taken to meet this confidence with confidence. There is a deep Chinese feeling that China has won a right to be treated as an equal among the nations fighting for their rights.

JOHNSON

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893.51/7218

*The Chinese Ambassador (Hu Shih) to the Secretary of State*

WASHINGTON, April 18, 1941.

SIR: With respect to the Agreement between the National Government of the Republic of China, the Central Bank of China and the Secretary of the Treasury of the United States, dated as of April 1, 1941 (hereafter referred to as the Agreement), I have the honor to certify

(1) That Dr. T. V. Soong, member of the National Government, is duly authorized to sign the Agreement on behalf of the National Government of the Republic of China;

(2) That Dr. Kan Lee, Commercial Counselor of the Chinese Embassy, is duly authorized by the Board of Directors of the Central Bank of China and by the National Government of the Republic of China to sign the Agreement on behalf of the Central Bank of China;

<sup>38</sup> For President Roosevelt's statement of November 30, 1940, see Department of State *Bulletin*, December 7, 1940, p. 521.

<sup>39</sup> Chairman of Foreign Trade Commission, Chinese Ministry of Finance, 1938-41.

(3) That the Central Bank of China is a governmental institution of the National Government of the Republic of China, which owns the entire capital stock of the Central Bank of China;

(4) That the Central Bank of China has full power and authority under its charter and by-laws and under the laws of the National Government of the Republic of China to enter into the Agreement; and

(5) That the Agreement represents a valid and binding obligation of the Central Bank of China and the National Government of the Republic of China in accordance with its terms.

I shall be grateful if you will be so good as to transmit the above information to the Secretary of the Treasury.

Accept [etc.]

HU SHIH

893.24/10473

*The Under Secretary of State (Welles) to Mr. Harry Hopkins,  
Special Assistant to President Roosevelt*

WASHINGTON, April 21, 1941.

DEAR HARRY: This memorandum with enclosure was drafted for me to give the President, but I feel it would be more expeditious for me to send it directly to you.

As you can imagine, the morale of the Chungking Government has been pretty low as a result of the signing of the Russian-Japanese agreement and as a result of the military situation in the Mediterranean. It seems to me in the highest degree desirable from the standpoint of our own interest to do what we can to bolster that morale as rapidly as possible. One of the most effective things we can do is to send the Generalissimo as quickly as we can some concrete information as to what military equipment we can make available to the National Government in the near future.

If you agree, I shall appreciate it if you will ask General Burns to send me a memorandum indicating what you feel we would be warranted in saying to General Chiang Kai-shek on this point by telegram through our Ambassador in Chungking.

Believe me [etc.]

SUMNER WELLES

[Enclosure]

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

[WASHINGTON,] April 18, 1941.

MEMORANDUM FOR THE PRESIDENT

Reference that part of the telegram from the American Ambassador at Chungking no. 140, April 17, 11 a. m., (paraphrase attached \*),

\* Paraphrase not printed.

relating to the matter of the furnishing to China of military supplies, a copy of which you have presumably read.

The telegram under reference appears to raise a very important question. A number of messages from you and from the Secretary of State to General Chiang Kai-shek during past months have conveyed to General Chiang repeated expressions of our friendliness and of general encouragement to the Chinese cause. We could, of course, send General Chiang a further message of that nature in regard to his remarks as described in the telegram under reference. However, in view of the recent conclusion of the Soviet-Japanese neutrality pact and its discouraging effect upon Chinese morale, and in view of the indication as revealed in the telegram that some Russians at Chungking are apparently endeavoring to weaken the confidence of the Chinese Government that the United States will aid China substantially, it is believed important that in such reply as may be sent to Chiang Kai-shek there be given to the extent possible concrete information as to the amount and character of the supplies this country proposes to furnish and as to what material progress is being made toward that end.

In the light of these considerations and of your statement to press correspondents on April [March] 15<sup>41</sup> that nothing has happened lately to change the general policy of giving aid to nations which resist aggression, and that this includes China, you may wish to ask Mr. Harry Hopkins, as supervisor of purchasing operations by all countries to which provisions of the Lend-Lease Act are now applicable, to look into the question of the furnishing of such aid to China with a view to providing as far as possible concrete and definitive information which may be communicated to General Chiang. A list of the military supplies needed by China was recently handed by Mr. T. V. Soong to General Burns in the absence of Mr. Harry Hopkins.

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893.51/7218

*The Secretary of State to the Secretary of the Treasury (Morgenthau)*

WASHINGTON, April 24, 1941.

MY DEAR MR. SECRETARY: Reference is made to the Department's communication to you of date January 14, 1941<sup>42</sup> with which there was enclosed a copy of a note of date January 6, 1941 from the Chinese Ambassador<sup>43</sup> in regard to the conclusion of loans totaling

<sup>41</sup> See Department of State *Bulletin*, March 15, 1941, p. 277.

<sup>42</sup> Not printed.

<sup>43</sup> *Ante*, p. 593.

\$100,000,000 United States currency to be made available to the Chinese Government by the United States Treasury and the Export-Import Bank.

With further reference to this matter there are enclosed copies of two additional notes which have been received from the Chinese Ambassador of dates April 18, 1941 and April 23, 1941,<sup>44</sup> respectively. With the note of April 23, 1941 there is enclosed a copy of a communication to the Chinese Ambassador from General Chiang Kai-shek, President of the Executive Yuan.<sup>45</sup>

The Department is of the opinion that the statements made by the Chinese Ambassador in his notes of January 6 and April 18, 1941 supplemented by the telegram transmitted with his note of April 23, 1941 may be accepted as authoritative official assurance that the proposed agreement has been approved, in advance of its conclusion, by the competent authorities of China; that Dr. T. V. Soong is duly authorized to sign the agreement on behalf of the National Government of the Republic of China; that Dr. Kan Lee is duly authorized by the Board of Directors of the Central Bank of China and by the National Government of the Republic of China to sign the agreement on behalf of the Central Bank of China; and that when the agreement shall have been signed by Dr. T. V. Soong and Dr. Kan Lee and the Secretary of the Treasury of the United States it will be internationally valid and binding.

Sincerely yours,

CORDELL HULL

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893.51/7213

*Press Release No. 24-77 Issued by the Treasury Department  
on April 25, 1941*

The following joint statement is made by the Secretary of the Treasury, Mr. Henry Morgenthau, Jr., and by His Excellency T. V. Soong, representing the Republic of China:

Another important step has been taken in the field of monetary cooperation between the United States and China by the signing of a stabilization agreement involving the purchase of Chinese yuan by the United States Stabilization Fund to the amount of United States \$50,000,000. The Agreement provides, under conditions acceptable to both parties, for the establishment by China of a United States Dollar-Chinese Yuan Stabilization Fund. Included in the Fund's resources will be the dollars acquired from the United States through

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<sup>44</sup> Latter not printed.

<sup>45</sup> Not printed.

the purchase of Chinese yuan and a further sum of 20,000,000 United States dollars contributed by Chinese Government banks.

This is a cooperative agreement between friendly nations that are working together in many ways to preserve the basic freedoms. Apart from the obvious purpose of stabilizing the relationship between the currencies concerned, it will be an important factor in fostering the welfare of the participating countries.

China has also entered into an Agreement with the British Treasury under which five million pounds sterling are provided for currency stabilization in addition to the existing Sino-British Stabilization Fund which was set up in 1939. This Agreement closely parallels the Agreement between the United States and China.

These stabilization funds will be managed by a five-man Board which China is creating. The Board will consist of three Chinese, an American appointed by China on the recommendation of the Secretary of the Treasury, and a British national appointed on the recommendation of the British Treasury.

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845C.7793/16

*The Secretary of the Treasury (Morgenthau) to the Under Secretary of State (Welles)*

WASHINGTON, April 25, 1941.

DEAR MR. WELLES: In a letter of February 28, 1941, you raised a number of issues connected with the financing of a proposed railway which is to be constructed jointly by the British and Chinese Governments from Lashio to Kunming.

I agree that it is desirable that the building of this railway should be undertaken and completed as rapidly as possible.

With respect to your inquiry as to whether there is any legal barrier which prevents China from using the dollars which it obtains from this Government to buy rails and other railway construction materials in this country, I am informed that there is none.

On the basis of information now available to the Treasury, this Department believes that the funds recently made available to China by the Export-Import Bank and other holdings of dollars by the Chinese would be the most appropriate sources for the proposed expenditures.

Very truly yours,

H. MORGENTHAU, JR.

893.24/1056 : Telegram

*The President of the Chinese Executive Yuan (Chiang Kai-shek) to Mr. Lauchlin Currie, Administrative Assistant to President Roosevelt* <sup>46</sup>

[CHUNGKING,] April 25, 1941.

Despite your departure you seem still to be remaining with us. Your friendliness and good will as expressed during your stay here will forever be remembered. Following is a personal message to the President which I hope you will be kind enough to transmit:

"President Franklin D. Roosevelt. Since publication of Soviet-Japanese Pact, our people and army, ever pledged to resist till victory is won, have been as bitterly infuriated as disappointed. They unanimously consider serious changes in Far Eastern situation impending. It is reported that the Soviet Far Eastern army will soon be recalled to Europe. This, together with Allies' reverses in Balkans inevitably affected our troops' morale too much, so that our present war efforts along the Fukien-Chekiang coast suffer setbacks. Moreover, in attacking said coast provinces Japanese have thrown in crack divisions they have so far refrained from using unless absolutely necessary. At this crisis our government and people hope more than ever for speedy positive decisive manifestation of American aid to China policy so as to reinforce confidence of people and army and strengthen resistance to aggression. I appreciate profoundly your declaring positive aid to China constitutes an integral part of the lend-lease bill. I earnestly hope that you, Mr. President, will soon announce total amount of war implements assigned to be lent us with reference to comprehensive list of articles we have submitted. This generous and timely assistance will more than anything else encourage and gratify our people and troops and prove an extremely wholesome influence on entire Far Eastern situation. I hope this urgently requested announcement may be made in the very near future. Your response to my appeal will be equally appreciated."

CHIANG KAI-SHEK

893.24/1047 : Telegram

*The Secretary of State to the Ambassador in China (Johnson)* <sup>47</sup>

WASHINGTON, April 26, 1941—11 a. m.

91. Your 140, April 17, 11 a. m. Reference that portion relating to schedule of materials to be made available to the Chinese Government.

Please call on General Chiang and inform him that with reference to his conversation with you on April 16 you have been instructed to communicate the following statement to him:

<sup>46</sup> Copy transmitted to the Secretary of State on April 30.

<sup>47</sup> Drafted by the Administrative Assistant to President Roosevelt (Currie) on the basis of conversations with President Roosevelt and the Special Assistant to the President (Hopkins).

1. The Generalissimo's comments have been communicated to the President who desires that the Generalissimo be informed that the schedule of items desired by the Chinese Government under the lease-lend program which was submitted by Mr. Soong early in April has had prompt examination.

2. The President is desirous that General Chiang understand the procedure applicable to the lease-lend program. Schedules of requested articles are upon receipt by this Government distributed among technical committees charged with coordination of specific fields of this country's armament program. In order to expedite action, these committees select as promptly as possible lists of those articles which can be made immediately available or the production of which can be immediately authorized.

3. The first of these lists has just received the President's approval. He has authorized that steps be taken immediately to arrange for the procurement of the following items for China in the amounts and to the estimated values stated:

|   |              |
|---|--------------|
| Railway equipment for Nanta-Siangyun Railway . . . . .                  | \$15,000,000 |
| Communications equipment (telephones, switchboards, and wire) . . . . . | 1,000,000    |
| 2000 Military trucks . . . . .  | 6,000,000    |
| 2000 Commercial trucks . . . . .  | 6,000,000    |
| Gasoline (5,000,000 gallons aviation and truck) . . . . .               | 1,000,000    |
| 5000 tons Diesel oil . . . . .  | 50,000       |
| 2500 tons Lubricating oil . . . . .                                     | 250,000      |
| Raw materials for arsenals . . . . .                                    | 10,000,000   |
| 150 Light Caterpillar tractors . . . . .                                | 300,000      |
| 300 Light passenger cars . . . . .                                      | 300,000      |
| 3,000,000 Cotton blankets . . . . .                                     | 4,500,000    |
| 10,000,000 yards Gray sheeting . . . . .                                | 700,000      |

The estimated values include cost of freight to Rangoon.

4. The items listed represent merely the first list of articles and quantities which after preliminary and rapid examination could be approved promptly. Further study will undoubtedly result in determination that larger quantities of the articles listed above can be approved and additional lists of other articles will be forthcoming in the near future as the reports of the various committees, including ordnance and aircraft, are received.

5. As to some of the articles listed above, exact specifications and other details have not yet been supplied by the Chinese representatives but Mr. Soong and his associates are taking immediate steps to provide these.

6. In addition to the articles listed above, British representatives have indicated the willingness of their Government to release to the Chinese Government 300 military two and one-half ton six-wheeled trucks which are available for immediate delivery and which were to go to England.

7. We shall be glad to inform the Generalissimo promptly as new lists are authorized.

8. The President desires that the Generalissimo be assured that he will expedite the procurement and shipment of every item in the

Chinese schedule that can be made available. He has directed Mr. Currie to assist Mr. Hopkins in insuring prompt attention to China's needs.

Sent to Chungking only.

HULL

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893.24/1047: Telegram

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

WASHINGTON, April 28, 1941—8 p. m.

93. Reference your 140, April 17, 11 a. m. (that portion relating to economic aid). The Department requests that you call on General Chiang and, referring to the Generalissimo's comments in regard to the proposed terms of the 50 million dollar stabilization loan to China, state that this Government has endeavored fully to meet the wishes of the Chinese Government in regard to this matter and that testimony to that effect is found in the terms of the final agreement signed by Dr. Soong and the Secretary of the Treasury on April 25<sup>49</sup> (see Radio Bulletin No. 98, April 25). You may add that it is a matter of regret that there should have arisen any misunderstanding in regard to the meaning of a stipulation appearing in earlier drafts of the agreement, to which the Generalissimo took exception; that a similar stipulation is found in a comparable agreement with Argentina,<sup>50</sup> the only other agreement of this type which has been entered into by the United States with a foreign country; that from our point of view the question of confidence in China did not at any time arise; but that the question having arisen in the Generalissimo's mind we have sought to allay it in the most effective way possible, namely, by omitting the stipulation from the agreement as signed. In conclusion you may convey appropriate assurances of our continued high regard for and confidence in the Chinese Government.

Sent to Chungking only.

HULL

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611.9331/251

*The Chinese Government to the Department of State*<sup>51</sup>

The Chinese Government having been committed to the fundamental principle of reciprocity and equality of treatment among nations views with considerable sympathy the trade policy proposed by the United States Government based upon the principle of non-

<sup>49</sup> See press release issued by the Treasury Department on April 25, p. 633.

<sup>50</sup> For correspondence concerning this agreement, signed December 27, 1940, see *Foreign Relations*, 1940, vol. v, section entitled "Negotiations Respecting Financial Assistance by the United States to Argentina."

<sup>51</sup> Handed to the Secretary of State on April 29 by Dr. Quo Tai-chi, the Appointed Chinese Minister for Foreign Affairs, who was en route to China from his former post as Chinese Ambassador in the United Kingdom.



discriminatory treatment and equality of commercial rights and opportunity. It feels that in proposing this trade policy the United States Government has been animated by the same desire which has moved the Chinese Government to an insistence upon an early revision of existing treaties and the conclusion of equal and reciprocal treaties.

It occurs to the Chinese Government that on the visit of Mr. Quo Tai-chi to the United States as the newly appointed Minister of Foreign Affairs, an opportunity is afforded for an exchange of views with the United States Government on questions of general policy governing the relationship between the two countries. It is earnestly hoped that as a result of these conversations an agreement in principle may be reached whereby the Chinese Government signifies its readiness to adhere to the principles of freer international trade and non-discrimination in the treatment of commerce, as repeatedly enunciated by the United States Government, and, at the same time, the United States Government signifies its intention to remove all such provisions and arrangements contained in existing treaties with and concerning China as are inconsistent with the principle of equality and reciprocity. Detailed arrangements for the working out of these principles may be left to subsequent negotiation following the termination of hostilities.

It appears that such an agreement in principle is in line with the declared policy of the United States Government as stated in its note to the Japanese Government under date of December 31 [30], 1938,<sup>52</sup> and re-affirmed by a statement by Acting Secretary of State, Mr. Welles, on July 19, 1940.<sup>53</sup> It is believed that the pronouncement of such an agreement at the present moment will not only constitute a source of moral encouragement to the Chinese Government and people in their struggle for independence and freedom but will lay down a sound and lasting basis for the stabilisation of conditions in the Far East.

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611.9331/251

*Memorandum of Conversation, by the Secretary of State*

[WASHINGTON,] April 29, 1941.

The Chinese Ambassador called to present the incoming Foreign Minister of China, Dr. Quo.

After the usual exchange of courtesies, Dr. Quo handed me the attached manuscript<sup>54</sup> relating to reciprocity and equality in China. I thanked him and replied that my Government has taken similar

<sup>52</sup> *Foreign Relations, Japan, 1931-1941*, vol. I, p. 820.

<sup>53</sup> *Ibid.*, p. 927.

<sup>54</sup> *Supra.*

positions in numerous announcements I and others have made, especially during recent years; and that this instrument brings the Government of China up to the position of my Government. I said that, of course, we would be glad to give the matter attention. I inferred that he might seek to present this also to the President.

I took the occasion to make a general remark to the effect that probably my Government would have brought its remaining Marines out of Shanghai and two other places in China some time ago except for the possible hurtful effect it might have in making the Chinese think we were abandoning them generally and also the misconception that Japan would place upon it.

C[ORDELL] H[ULL]

893.24/1051 : Telegram

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

CHUNGKING, May 1, 1941—10 a. m.

[Received May 1—9:40 a. m.]

157. 1. I called on General Chiang yesterday afternoon and communicated to him the substance of the Department's 91, April 26, 11 a. m.; and 93, April 28, 8 p. m. He replied that he was very grateful to the American Government and people and asked that I convey his deep appreciation to the President, the Secretary of State and the Secretary of the Treasury. With regard to the stabilization loan proposals previously advanced by the American Government, he said that they could not be regarded as unusual in ordinary times but that these were "extraordinary times." He went on to say that the United States is China's best friend and that he therefore felt it was best to be frank when misunderstanding arose. He expressed appreciation of the statements which he said Mr. Morgenthau had made to the Chinese Ambassador and Mr. Soong and of speed with which the Secretary of the Treasury had signed the stabilization agreement. He concluded this phase of the conversation by saying that the Chinese people and army are gratified at this manifestation of American aid and confidence and that they will strive to the utmost to carry out the heavy tasks before them.

2. Referring to press reports of calls by the British Ambassador<sup>55</sup> on the Japanese Vice Minister for Foreign Affairs, General Chiang said that there are rumors to the effect that Japan had offered to refrain from attacking British possessions in the Far East in return for an engagement on the part of Great Britain to close the Burma Road and recognize Indochina and Thailand as within the Japanese sphere of influence. He said that he did not believe these rumors but it was

<sup>55</sup> Sir Robert L. Craigie.

apparent that they had perturbed him (this is merely another manifestation of the distrust in which Great Britain is held in most Chinese circles). I replied that I had no information on recent Craigie-Ohashi conversations, adding that I thought it was extremely unlikely that Great Britain would undertake to close the Burma Road under present conditions.<sup>56</sup>

JOHNSON

893.51/7216

*The Chinese Ambassador (Hu Shih) to the Secretary of State*

WASHINGTON, May 2, 1941.

SIR: Under instructions of the Chinese Government I have the honor to inform you that Dr. T. V. Soong has been duly appointed and designated and is acting as agent, representative and attorney-in-fact of the National Government of the Republic of China to act on behalf of the Government in securing and receiving aid from the United States of America, or any agency or instrumentality thereof, under the Lease-Lend Act of March 11, 1941.<sup>57</sup>

I shall be greatly obliged if you will be so good as to transmit the above information to the appropriate branches of the United States Government.

Accept [etc.]

HU SHIH

893.51/7214

*The Secretary of State to the Chinese Ambassador (Hu Shih)*

WASHINGTON, May 2, 1941.

EXCELLENCY: I have the honor to state that I have received a communication from the Secretary of the Treasury under date of April 30, 1941<sup>58</sup> in which the Secretary has asked that you be informed as follows:

"In accordance with the agreement dated as of April 1, 1941 between the National Government of China, the Central Bank of China, and the Secretary of the Treasury of the United States, I request and recommend that China appoint Mr. A. Manuel Fox, a citizen of the United States, as the American member of the Chinese Stabilization Board. Mr. Fox is at present a member of the United States Tariff Commission.

"Mr. Fox will designate as his alternate member of the Board Mr. William H. Taylor, a citizen of the United States, who will also act as

<sup>56</sup> In telegram No. 105, May 12, 5 p. m., the Department informed the Ambassador that, as reported by the Ambassador in Japan, the British Embassy at Tokyo had characterized the rumors mentioned by Generalissimo Chiang as "entirely without basis in fact."

<sup>57</sup> 55 Stat. 31.

<sup>58</sup> Not printed.

assistant to Mr. Fox. Mr. Taylor is at present associated with the Treasury Department.

"I am also designating Mr. Walter F. Frese, of the Treasury Department, to assist Mr. Fox and Mr. Taylor in the performance of their functions.

"It is understood that China will make provision for the payment of the salaries and expenses of Mr. Fox and Mr. Taylor. Mr. Frese's salary and expenses will be paid by the Treasury Department."

The Secretary of the Treasury desires to be informed through the Department of State of the names and the nationality of all the members of the Stabilization Board of China and the name of the chairman of the Board.<sup>59</sup>

Accept [etc.]

CORDELL HULL

893.24/1122

*Mr. Lauchlin Currie, Administrative Assistant to President Roosevelt, to the President of the Chinese Executive Yuan (Chiang Kai-shek)* <sup>60</sup>

[WASHINGTON,] May 2, 1941.

GENERALISSIMO CHIANG KAI-SHEK:

I greatly appreciate your expression of confidence.<sup>61</sup> My thoughts are with you and Madame Chiang constantly.

The following message is from the President.

In reply to your personal message of April 25, let me be perfectly frank in outlining the situation as I see it. We here are confronted with a tremendous number of urgent demands and at the moment our production capacity has not reached the point where we can meet them all fully. Our defense program is developing rapidly, but many of our new plants for aircraft and ordnance will not come into production until late this summer and fall. We have undertaken to supply both Britain and China. We are keeping for ourselves the barest practicable minimum of aircraft and guns. For the balance of this year there will have to be rationing of supplies on the basis of meeting the most urgent needs. I will make every effort to have released to you the items of ordnance and aircraft you request, but it will probably be possible to meet your needs for those items only in part this year. The situation will be much easier next year.

<sup>59</sup> The Chinese Ambassador in a formal note dated May 16 informed the Secretary of the acceptance by the Chinese Government of the recommendations made by the Secretary of the Treasury and forwarded the names of the appointed Chinese members of the Stabilization Board (893.51/7219).

<sup>60</sup> In telegram No. 99, May 5, noon, the Department requested the Ambassador in China to forward to Generalissimo Chiang this message, which was delivered at the Embassy in China for the Naval Attaché (893.24/1056). See also Mr. Currie's memorandum of May 3, *infra*.

<sup>61</sup> See Generalissimo Chiang's telegram dated April 25, p. 635.

There is another difficulty of a technical nature standing in the way of an immediate approval of the whole Chinese program, extending over the next eighteen months. Congress allocated the appropriation for lease lend aid among various categories and the amount allotted to some crucial categories is insufficient to permit me to approve long range programs. More money for these categories will, I am sure, be made available later by Congress.

You have already been informed of my approval of a first list of items amounting to 45 million dollars. As money not already earmarked for other purposes becomes available and as materials are produced, I expect to approve additional individual items as rapidly as they are cleared by technical committees. I hope that it may even prove possible, in collaboration with the British, to divert some items to China from goods which have been promised to the British.

I understand fully and I share your solicitude regarding Chinese morale. I might make a strong statement couched in general terms, but while considering such a step, I think that we should give thought to the possible effect outside of China. A strong statement implying that we are on the point of sending to China a huge amount of materials might cause Japan to move faster and more intensively than would otherwise be the case. We are refraining, for military reasons, from making public the amounts and the types of aid that we are sending to Great Britain.

I assure you that we intend and expect to give to China as rapidly as is humanly possible substantial amounts of what China needs. The conclusion of the Russo-Japanese pact adds to our determination.

LAUCHLIN CURRIE

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893.24/1122

*Mr. Lauchlin Currie, Administrative Assistant to President  
Roosevelt, to the Secretary of State*<sup>62</sup>

WASHINGTON, May 3, 1941.

MEMORANDUM FOR THE SECRETARY OF STATE:

Re: *Communications with Chungking.*

In accordance with your suggestion, I discussed this matter with Dr. Hornbeck. With reference to communications by private code between the President and Chiang Kai-shek, we decided that although it would be preferable to have all messages go through regular diplomatic channels, still, in this instance, it seemed advisable to reply to Chiang Kai-shek's message in his code through commercial channels. Otherwise, he might feel rebuffed and embarrassed. Dr. Horn-

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<sup>62</sup> Forwarded on May 5 to the Adviser on Political Relations (Hornbeck) with a request for transmission to the Secretary of State.

beck assisted in the drafting of the attached message<sup>63</sup> which was coded in the State Department's code room and approved by the President. If there should be any further messages, I shall show them to you immediately and consult you on any replies.

With reference to my own communications with Major McHugh, Naval Attaché at Chungking, on matters pertaining to lease-lend aid for China, we decided that for the time being I might continue to use naval radio, but that messages to and from should be immediately communicated to you at this end, and to Ambassador Gauss<sup>64</sup> at the other. I think it would be desirable for you to inform the Ambassador of this arrangement if you approve.

LAUCLIN CURRIE

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893.51/7215

*Memorandum of Conversation, by the Secretary of State*

[WASHINGTON,] May 5, 1941.

Dr. Quo, the new Foreign Minister of China, accompanied by Mr. Liu Chieh, Counselor of the Chinese Embassy here, called to say goodbye before leaving.

I sought first to forestall any earnest plea by him for a statement, such as envisaged by the manuscript on economic and trade matters he left with me on his previous call at the office,<sup>65</sup> which he apparently proposed for the purpose of publicity, by saying that I was discussing general principles and all points of common interest that might be agreed to by law-abiding nations, especially from the standpoint of the transition and post-war period, and concluded by stating that the Minister's proposal was only one rather limited phase of this general undertaking. The Minister, however, was rather persistent in pressing his desire for a public statement, such as proposed in his manuscript, and emphasized the special aid it would be to China at this time. I replied finally by saying that I had not had an opportunity to devote any time to the manner of dealing with the subject, about which by the way there was no disagreement in principle. The Minister came back to the question again just before he arose to leave, and I said that I would give the matter full consideration during the next few days. He stated that the Chinese Ambassador here would keep in touch with me in that connection.

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<sup>63</sup> *Supra.*

<sup>64</sup> Clarence E. Gauss, appointed Ambassador to China to succeed Nelson Trusler Johnson.

<sup>65</sup> See memorandum of conversation, April 29, p. 638.

Apart from a general exchange of such words of friendship and good wishes for the future success and welfare of China and special greetings from me to the Generalissimo and other high officials, there was little more of any consequence in the conversation.

C[ORDELL] H[ULL]

893.01A/164

*Mr. Lauchlin Currie to President Roosevelt*<sup>67</sup>

WASHINGTON, May 6, 1941.

MEMORANDUM FOR THE PRESIDENT:

Re: *Political Adviser to Chiang Kai-shek.*

I am attaching (a) a memorandum which I showed you last week, (b) a letter from Isaiah Bowman and (c) a letter from Admiral Yarnell.<sup>68</sup>

I should like to renew my suggestion that you give Owen Lattimore an appointment to discuss the Chinese situation before taking any action. If you should decide to recommend him it is most important that he be thought to possess your confidence.

LAUCHLIN CURRIE

893.154/322: Telegram

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

WASHINGTON, May 6, 1941—10 p. m.

100. Reference your despatch no. 827, April 1,<sup>69</sup> in regard to Baker's proposed function in connection with Burma highway transportation.

Efficient utilization of Burma route is obviously of vital importance to the delivery of such materials as the American Government may be able to supply to China and is therefore of keen interest to the Department. The Department would, therefore, appreciate receiving through the Embassy from time to time Baker's views regarding the development of the scheme now proposed and its implementation.

The Department suggests that it might be of assistance to Baker in his work if the fact that the Department has expressed an interest

<sup>67</sup> Transmitted by President Roosevelt on May 19 to the Secretary of State with covering memorandum: "What do you think of having the Chinese Government appoint Owen Lattimore as political adviser? It sounds good to me. F. D. R."

<sup>68</sup> None printed; these were a memorandum of April 29 by Dr. Currie on Owen Lattimore's qualifications as political adviser to Generalissimo Chiang; and two replies of May 2 from President Bowman of Johns Hopkins University and Rear Admiral Harry E. Yarnell, USN (retired), to letters dated April 30 from Dr. Currie. Mr. Lattimore was director of the Walter Hines Page School of International Relations at Johns Hopkins University and editor of *Pacific Affairs*, organ of the Institute of Pacific Relations.

<sup>69</sup> Not printed.

in receiving from time to time Baker's views through the Embassy were brought informally to the knowledge of the appropriate Chinese authorities.

With reference to the last paragraph of the memorandum, which constitutes enclosure one to the despatch under reference, the Department understands that the Chinese have set up an organization to handle supplies obtained under the Lease-Lend Act and that this organization will give attention to the question of priority for all shipments over the Burma Road. It would seem logical to assume that the organization might work with Baker in regard to this matter without initiative on our part. It would seem to be preferable for the initiative to come from the Chinese side. The Department is therefore deferring consideration of the suggestion offered in regard to this matter.

The Department will at all times welcome the Embassy's comments on Baker's views and on other phases of the question of the supply of materials to China.

Sent to Chungking only.

HULL

893.24/1123

*Mr. Lauchlin Currie to President Roosevelt*<sup>70</sup>

[WASHINGTON,] May 8, 1941.

MEMORANDUM FOR THE PRESIDENT:

Re: *Luncheon with Oumansky, <sup>71</sup> May 7.*

Oumansky spent a good deal of time detailing to me his difficulties in connection with (a) gold imports, (b) attempt at redefinition of combat zone to exclude Petsamo and Murmansk, (c) recognition of Baltic countries, and (d) export licenses. I looked sympathetic and asked a few questions, but made no comments.

What he appeared to be chiefly desirous of learning from me in connection with China was whether we were actually going to give substantial aid to China under lend-lease. I replied that I thought that the aid would be substantial and would be limited only by physical, not financial, reasons. He asked me whether I had encountered any feeling at Chungking that substantial American aid would enable the Chinese to dispense with Russian aid and adopt a more belligerent attitude toward the Chinese communists. I replied that I had encountered none. Finally, he inquired rather closely of me whether I knew of any impending "appeasement" move on our part vis-à-vis

<sup>70</sup> Copy forwarded on May 8 to the Secretary of State by Dr. Currie.

<sup>71</sup> Constantine Oumansky, Soviet Ambassador in the United States.



Japan. I replied that I did not. He appeared to be dissatisfied with my answer and said that he would not be at all surprised if Matsuoka did come here.<sup>72</sup>

One rather interesting thing he told me was that Dr. Quo Tai Chi passed on some information to him from the Chinese Ambassador at Berlin, whom Quo Tai Chi had met at Lisbon. This was to the effect that the German foreign office was highly displeased with the Russian-Japanese Pact. Oumansky also said that the Russo-Japanese Pact would not lead to any weakening of the Far-Eastern Siberian army.

I questioned him as to the significance of the Stalin-Molotoff move. He interpreted Stalin's assumption of the premiership as a symbolic move, indicating the gravity of the crisis, and associated it with Lenin's position as premier in equally serious times.

LAUHLIN CURRIE

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893.154/329 : Telegram

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

CHUNGKING, May 10, 1941—12 noon.

[Received 2:18 p. m.]

175. British Ambassador is quoted as having given following statement to the press here yesterday:

"Since my return to Chungking rumors have reached me to the effect that His Majesty's Government were contemplating a change in their policy in the Far East and even the closing of the Burma Road.

We need not look far for the source of these rumors. But I am disturbed by their persistence and I propose to put a stop to them once and for all.

With the full authority of Mr. Eden, the Secretary of State for Foreign Affairs, I am able to state that there is no kind of foundation for these rumors.

The policy of His Majesty's Government of friendship for China, as shown by the reopening of the Burma Road, remains the same and I can assure you that the Burma Road will remain open."

Sent to Department, repeated to Peiping. Peiping please air mail to Tokyo.

JOHNSON

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<sup>72</sup> Yosuke Matsuoka, Japanese Minister for Foreign Affairs, had been contemplating a trip to the United States; see telegram No. 631, May 2, 9 p. m., from the Ambassador in Japan, reporting disapproval of this plan by the Japanese Prime Minister, vol. iv, p. 175.

S93.51/7219½

*Memorandum by Mr. Arthur N. Young, American Adviser to the Chinese Ministry of Finance*<sup>73</sup>

[WASHINGTON,] May 13, 1941.

Now that China for the first time has the prospect of receiving large supplies of modern weapons from the United States, it would be tragic if China's financial and economic front were to be gravely impaired. Yet the danger on this score seems greater than in the military sphere. China's most immediate problem is inflation, which is causing grave deterioration of the economic situation and contributing to political unrest and war weariness. The problem is made worse by a general shortage of rice in Asia, and of course by the destruction and disruption inseparable from war.

On a time basis, China stands where Europe was in the Spring of 1918; but whereas Europe then had only six months more of war ahead, China faces a much longer struggle. Available data indicate that present inflation in China is more acute than was inflation in France, Italy or Germany in the Spring of 1918, but less acute than it then was in Austria. Roughly China's note circulation increased about five-fold and the general level of wholesale prices more than seven-fold up to the end of 1940. The corresponding ratios of increase in Austria\* were 7.5 and 8.3 respectively as of the end of 1917. By the end of 1918 the ratios in Austria were about 14.5 and 28.5, and a year later had risen to about 28 and 46; but meanwhile Austria had lost the war and its prospects were correspondingly dark.

China's economy can be sustained in part by the psychological factor of effective external help both in financial and economic matters and in military affairs. Fullest use of this should be made in internal propaganda. But China now is so cut off from large-scale economic help that the problem is primarily one of internal action by the Chinese Government. Unless wise action is promptly taken, there is grave danger of growing disintegration and the growth of internal political discontent and friction that might threaten effective organized resistance against Japan.

Too often the tendency has been to turn to expedients such as new currency measures; "paper" reforms not meaning much in practice; palliatives such as price control and rationing not accompanied by effective control of the economy; Government monopolies; et cetera. The remedies rather are to be found in an "all-out effort" involving greater sacrifices by the Government and the people behind the front

<sup>73</sup> Handed to the Adviser on Political Relations (Hornbeck) by Dr. Young about May 13.

\* Price indices for Austria are of necessities in Vienna, since no data of general prices for the whole country are available. [Footnote in the original.]

as well as the sacrifices of the troops; the giving up of the notion of business as usual; the dropping of schemes of reconstruction or expansion of expenditure not essential to the war effort; the raising of more revenue from taxation and from borrowing from the public and from banks other than the four Government banks; coordination of external financial assistance with internal policy in order to strengthen China's war economy most effectively; possible revision of methods of army recruitment and sustenance in order to ease the strain on the economic situation, especially on agriculture; and in general, avoidance of unwise expedients that shock confidence. Back of all is the need for improvement of the administrative machinery of the Central, Local and Provincial Governments.

The taking of wise action is extraordinarily difficult and complicated under existing conditions. Assistance to China in giving effect to urgently needed reforms can best be given through an Economic Mission to China with American and British participation.

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893.01A/164

*The Secretary of State to President Roosevelt*

WASHINGTON, May 21, 1941.

MEMORANDUM FOR THE PRESIDENT:

Reference your confidential memorandum of May 19.<sup>74</sup>

The Chinese Government has in the past appointed various Americans to serve it as political advisers. Most of such advisers have been persons who were outstanding in the field of political science. Owen Lattimore is well and pleasantly known to a number of my associates and I perceive no objection to the Chinese Government's, should that Government so desire, appointing Mr. Lattimore to the position mentioned. It is assumed that Mr. Lattimore would of course in any such position function as a private American citizen and not as an official of this Government.

Your file is returned herewith.

CORDELL HULL

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893.24/1060

*The Chinese Ambassador (Hu Shih) to the Secretary of State*

WASHINGTON, May 24, 1941.

SIR: On May 2, 1941, under the instructions of the Chinese Government, I had the honor to inform you that Dr. T. V. Soong had been duly appointed and designated and was acting as agent, repre-

<sup>74</sup> See footnote 67, p. 644.

sentative and attorney-in-fact of the National Government of the Republic of China on behalf of such Government in securing and receiving aid from the United States of America or any agency or instrumentality thereof under the Lease-Lend Act of March 11, 1941.

I now have the honor of informing you that pursuant to the authority vested in him by the Government of the Republic of China Dr. Soong has caused a corporation known as China Defense Supplies, Inc., to be created and organized under the laws of the State of Delaware and that such corporation has also been duly appointed and designated and is acting as an agent, representative and attorney-in-fact of power of substitution and delegation, to act, either through its own corporate officers or through any other corporation or individual designated by it for that purpose, on behalf of the Government in securing and receiving aid from the United States of America or any agency or instrumentality thereof, under the Lease-Lend Act of March 11, 1941.

I shall be greatly obliged to you if you will be so good as to transmit the above information to the appropriate branches of the United States Government.

Accept [etc.]

HU SHIH

811.42793/467

*Memorandum by Mr. Willys R. Peck of the Division of Far Eastern Affairs, of a Conversation With the Chinese Ambassador (Hu Shih)*<sup>75</sup>

[WASHINGTON,] May 26, 1941.

Mr. Peck called on the Ambassador on another matter and in the course of the conversation mentioned that he had personally been considering whether something might not be done by the United States, in addition to sending supplies to encourage the Chinese people in their resistance to aggression. He said tentative projects had occurred to him under three heads:

1. The sending of lecturers equipped with projection apparatus and stills or motion pictures dealing with topics such as national defense and social betterment, that are problems confronting China and the United States alike. To these might be added pictures showing American engineering and other achievements, to arouse the interest and stimulate the imagination of the Chinese in these directions.

2. Providing Chinese educational institutions with laboratory equipment and books, not only as a measure of practical assistance, but also as an expression to those institutions in their present difficult circumstances of American sympathy and encouragement.

3. Sending prominent American educators to give short lecture courses in the leading colleges in "unoccupied" China.

<sup>75</sup> Initialed by the Chief of the Division of Far Eastern Affairs (Hamilton).

Mr. Peck emphasized the fact that in detailing these ideas he was merely building an air castle and it still remained to be seen whether the schemes were in any degree at all capable of realization.<sup>76</sup> On this understanding he asked for the Ambassador's comments.

The Ambassador said that he heartily agreed with the three plans Mr. Peck had suggested, but would offer the following comments.

He thought that instead of sending special lecturers equipped with projection apparatus and films, it might be preferable to create a "lending library" of films in the American Embassy in Chungking, the films to be loaned to Chinese institutions. If explanations of the films were necessary, it might be possible for one of the staff of the Embassy to give such explanations when the films were shown. He did not think it necessary to add Chinese "sound tracks", since films with English captions would be understood by many and were generally self-explanatory. Chinese captions could be added, however, with advantage and at slight cost of trouble and money.

He said that he feared it would not be easy to send books in worthwhile amounts to the educational institutions in West China, because of the limited transportation facilities and the tremendous demand on such facilities. Laboratory equipment would be much less bulky and would undoubtedly be deeply appreciated.

He thought well of the idea of sending prominent American educators to give short lecture courses, but he urged that these men be carefully selected with a view to their being qualified. He observed that Chinese educational institutions were becoming critical in proportion as their scholastic standing improved.

The Ambassador observed in regard to the other side of the problem of promoting cultural relations between China and the United States, that is, the sending of Chinese students to the United States for education, that he did not favor a policy of restricting such students to the category of graduate and specialized students. He recalled that many Chinese who had studied in America and had returned to perform valuable work in China had come to this country as undergraduate students. The Ambassador observed that Chinese students, as a class, had achieved a high scholastic standard in the United States and he instanced several cases in support of this observation. He said that undergraduate students absorbed much more of the social culture of the United States than did specialists working in seminars in the hope of obtaining higher degrees.

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<sup>76</sup> On September 22 the Chief and two Assistant Chiefs of the Division of Cultural Relations discussed with the Chinese Ambassador the problem and possibility of a definite program of cultural *rapprochement* between the United States and China (811.42793/484).

893.01A/165 : Telegram

*The Secretary of State to the Ambassador in China (Gauss)*

WASHINGTON, May 29, 1941—noon.

108. Please communicate the following from Currie to General Chiang Kai-shek.

"Dear General Chiang: The President has been pleased to give careful consideration to your request for assistance in securing a political adviser and now suggests for consideration Owen Lattimore, Director of the Page School of International Relations of Johns Hopkins University, as a person admirably equipped for the post. Should you care to act upon this suggestion it is assumed that you will do so through your Embassy here. It would be expected that Dr. Lattimore would serve as a private citizen and not in any way as a representative of the United States Government. An early response will be appreciated, as Dr. Lattimore is scheduled to give a course of lectures starting June 9. Currie."

HULL

893.24/1124

*Memorandum Prepared in the Division of Far Eastern Affairs*<sup>77</sup>

[WASHINGTON,] May 29, 1941.

## THE AMERICAN POLICY OF AIDING CHINA AND TECHNICAL PROBLEMS OF METHODS AND MEANS

There has recently been brought informally to the attention of the Department a letter addressed on May 8, 1941 by the Assistant Director of Purchases of the Office of Production Management<sup>78</sup> to the Director of Procurement of the Procurement Division of the Treasury Department.<sup>79</sup> In this letter certain observations are offered upon practical problems in connection with the transportation of American aid to China (including reference to the asserted inadequacy of the Burma Road for the transit into China of more than about 9,000 tons of goods per month); China's alleged failure in the past to repay loans is mentioned; reference is made to the possibility, which it is said is understood to exist, that goods sent by this Government to China might be diverted to Japanese forces; and the conclusion is reached that this Government should weigh these circumstances care-

<sup>77</sup> Prepared at the suggestion of the Adviser on Political Relations (Hornbeck) as comment on certain statements contained in a letter of May 8 from the Office of Production Management to the Treasury Department (not printed) and which went "all over the Lease-Lend organization." With an "I approve heartily" authorization from the Under Secretary of State (Welles), this memorandum was forwarded on June 2 to the Administrative Assistant to President Roosevelt (Currie), who originally had brought the letter to the attention of the Adviser on Political Relations. Copies of this memorandum were sent by the Department on June 17 to the Secretary of War (Stimson) and Secretary of the Navy (Knox), but with changes in the last paragraph as indicated in footnote 88, p. 656.

<sup>78</sup> J. P. Sanger.<sup>79</sup> Clifton B. Mack.

fully before disturbing in behalf of China this country's normal economy or its military program.

Observations upon certain of the assertions contained in this letter and upon the general policy toward aid to China suggested by this letter are offered as follows:

It is the deliberate and declared policy of this Government—publicly announced by responsible officials and supported and implemented by the Congress—to extend material aid to Great Britain, China and other nations who are resisting armed attack. On December 29, 1940 the President in a radio address said:

“Democracy's fight against world conquest is being greatly aided, and must be more greatly aided, by the rearmament of the United States and by sending every ounce and every ton of munitions and supplies that we can possibly spare to help the defenders who are in the front lines. . . .

“We are planning our own defense with the utmost urgency; and in its vast scale we must integrate the war needs of Britain and the other free nations resisting aggression.”<sup>80</sup>

On January 15, 1941 the Secretary of State, in a statement before the Foreign Affairs Committee of the House of Representatives, said:

“On no other question of public policy are the people of this country so nearly unanimous and so emphatic today as they are on that of the imperative need, in our own most vital interest, to give Great Britain and other victims of attack the maximum of material aid in the shortest possible space of time.”<sup>81</sup>

On January 30, 1941 the Under Secretary of State in an address said:

“If we desire to insure that the control of the Atlantic Ocean shall not pass to unfriendly hands, and that other friendly nations like China and Greece can continue successfully to withstand the forces of world enslavement, the American people must be prepared in their own self-defense, to render all necessary assistance which America can produce.”<sup>82</sup>

On March 15, 1941 the President in an address said:

“There is no longer the slightest question or doubt that the American people recognize the extreme seriousness of the present situation. That is why they have demanded, and got, a policy of unqualified, immediate, all-out aid for Britain, Greece, China and for all the governments in exile whose homelands are temporarily occupied by the aggressors.

“From now on that aid will be increased—and yet again increased—until total victory has been won. . . .

“China likewise expresses the magnificent will of millions of plain people to resist the dismemberment of their nation. China, through the Generalissimo, Chiang Kai-shek, asks our help. America has said that China shall have our help.

<sup>80</sup> *Foreign Relations, Japan, 1931-1941*, vol. II, pp. 173, 179.

<sup>81</sup> Department of State *Bulletin*, January 18, 1941, pp. 85, 88.

<sup>82</sup> *Ibid.*, February 1, 1941, pp. 123, 128.

"Our country is going to be what our people have proclaimed it must be—the arsenal of democracy.

"Our country is going to play its full part."<sup>83</sup>

On April 24, 1941 the Secretary of State in an address said :

"Events have shown beyond possible question that the safety of this hemisphere and of this country calls for resistance wherever resistance will be most effective. In my judgment our safety and security require that, in accordance with the declared policy of the Legislative and Executive branches of the Government, aid must be supplied without hesitation to Great Britain and those other countries that are resisting the sweep of the general conflagration. This policy means, in practical application, that such aid must reach its destination in the shortest of time and in maximum quantity. So—ways must be found to do this."<sup>84</sup>

On May 27, 1941 the President in an address said :

". . . We have doubled and redoubled our vast production, increasing, month by month, our material supply of tools of war for ourselves and Britain and China—and eventually for all the democracies.

"The supply of these tools will not fail—it will increase."<sup>85</sup>

The Congress through legislation has made provision so that such aid may be extended. The President's assurance has been given to General Chiang Kai-shek that a wide category of goods has been allocated for shipment to China to meet China's needs and that henceforth shipment of all such goods which can be made available will be expedited.

It is in the light of this established policy of this Government that the technical problems of methods and means in connection with sending aid to China should be viewed by all officials of the United States Government.

With reference to the question of the capacity of the Burma Road over which American supplies to China now pass, information presently available indicates that there has been a marked increase in the total monthly tonnage reaching Kunming in Yunnan Province over the road since its reopening in October 1940. In the month ending April 17 more than 10,500 tons of goods reached Kunming over the Burma Road. This figure does not measure, however, the total capacity of the road, for the volume of traffic has been restricted by a lack of trucks and spare parts and a lack of efficient management. The first need—for trucks and parts—this Government can meet and steps have already been taken in this direction. The second need—for efficient management—the Chinese Government is meeting through the appointment to superintend transport over the road of Mr. John E. Baker, an American with practical experience of transport problems and an intimate knowledge of the Chinese and of conditions in China.

<sup>83</sup> Department of State *Bulletin*, March 15, 1941, pp. 277, 280, 281.

<sup>84</sup> *Ibid.*, April 26, 1941, pp. 491, 492.

<sup>85</sup> *Ibid.*, May 31, 1941, pp. 647, 648.



With the aid of trained American assistants, Mr. Baker, it is understood, is taking steps to improve both the physical condition of the road and the organization of the transport system. According to the press, Mr. Baker has estimated that the road's potential capacity is 30,000 tons a month and that this total, if adequate supplies of trucks, et cetera, are made available, can be reached. Although the Japanese have succeeded in damaging certain of the bridges over the Burma Road from time to time through bombing operations, statistics of traffic over the road show that the bombings have not seriously interrupted the flow of goods, owing apparently to the success of the Chinese in developing a ferry system and in repairing the bridges. According to reliable technical opinion, installation of an improved ferry system will ensure that despite damage to bridges, virtually normal traffic over the road can be maintained. It is likely that the volume of American aid reaching China may be increased in the near future through the development of alternate sections of the Burma Road or alternate routes and also through the use of airplanes as freight carriers under a plan now receiving active consideration by the China National Aviation Corporation, a joint enterprise of the Chinese Government and Pan American Airways. It would seem from the information now available that material assistance to enable the Chinese effectively to assist themselves can reach the Chinese Government in steadily increasing amounts.

With regard to the suggestion that freight charges might be reduced by shipping oil to China from the Netherland East Indies rather than from the United States, the question arises whether the saving in freight rates which might be effected thereby would be worth the possible final cost of such a course of action. Since the military occupation of the Netherlands by Germany in May 1940, the Netherland East Indies have been subject to strong economic pressure from Japan, which has been seeking to free itself from dependence upon American oil markets by obtaining from the Netherland East Indies larger supplies of oil. It is understood that the oil companies in the Netherland East Indies, while agreeing to increase the quantity of oil exported to Japan, have successfully declined to comply fully with the Japanese demands. If large quantities of oil were now to be sent to China from the Netherland East Indies while Japanese demands were refused, the possible adverse effects upon the security of the Netherland East Indies and upon the stability of the Far Eastern situation as a whole would have to be considered.

Reference is made in the letter to China's alleged failure to meet indebtedness in the past. Although, as the President indicated at his press conference on December 17, 1940, one of the objects of the extension of aid upon a lend-lease basis was to eliminate the "dollar sign" from the transaction, and although it had not been understood

that the repayment of past indebtedness was a prerequisite for obtaining such aid, it may be of interest to note China's record for the repayment of foreign obligations. With regard to foreign obligations of the Chinese Government other than obligations to foreign governments, under a program followed by the Chinese Government under General Chiang Kai-shek's leadership, settlement of arrears in service payments were negotiated with practically all the creditors prior to the outbreak of hostilities in July 1937, and service payments were resumed and were continued during nearly two years of hostilities. In 1939, as a result of seizure by the Japanese of the major sources of revenues upon which the foreign obligations were secured, the Chinese Government suspended full service but has since been setting aside for partial servicing of these obligations, funds equivalent to the proportion of customs, salt and railway revenues now collected in areas of China remaining under the effective control of the Chinese Government. With regard to the loans and credits which this Government has extended to China, Mr. Jesse Jones as Federal Loan Administrator was able to make the following statement on September 25, 1940:

"Of all loans heretofore authorized in China, both by the RFC and the Export-Import Bank, \$43,824,528 has been disbursed and \$13,160,253 repaid, with nothing past due."<sup>86</sup>

On November 30, 1940 in a letter to the President, which was made public, Mr. Jones stated:

"You will be interested to know that China is up to her schedule in deliveries of wood oil and tin to the United States through which method she is making payments on previous loans made against her commitment to sell us these essential materials."<sup>87</sup>

From the record, China's performance in repaying foreign obligations will be found to compare favorably with that of other countries including those of more advanced economic development.

With regard to the hypothetical charge that supplies for China might be diverted to the Japanese forces, mention may be made that under the terms of the Lend-Lease Act, each foreign government receiving aid undertakes that it will not, without the consent of the President, transfer title to or possession of any articles or materials received from this Government or permit the use of such articles or materials by anyone not an officer, employee or agent of such foreign government. The Department is aware of no evidence tending to indicate that the Chinese Government has violated this obligation or would be likely so to do.

Certain of the other questions raised by the letter (such as the possibility of shipping oil to China from the West Coast instead

<sup>86</sup> *Foreign Relations, Japan, 1931-1941*, vol. II, p. 222.

<sup>87</sup> Department of State *Bulletin*, December 7, 1940, p. 522.

of the East Coast of the United States, and the advisability of meeting the Chinese Government's desire that oil be shipped to China in returnable steel drums) would not seem to present serious difficulties, if approached in a spirit of friendly accommodation of the needs of the two Governments. In connection with the question of China's desire for returnable drums, it is understood that these containers afford a means by which tung oil in repayment of American credits is shipped to the United States. The situation with regard to zinc and lead supplies may raise special problems owing to domestic defense needs. These problems will have to be met as they arise.

It is evident that the extension of American aid to China, as to other countries resisting armed attack, involves certain technical and other problems which should be solved in the best practical manner in the light of the long-run interests of this Government. Unlike the situation with regard to the shipment of supplies to Europe, the supply of materials to China has not been subject to loss by belligerent action while crossing the ocean. As this circumstance cannot be counted upon to endure indefinitely, it would seem to be the part of wisdom to proceed as rapidly as possible with the sending of such aid to China as shall insure capacity on China's part to continue to assist itself. The probable adverse consequences—political, military, economic, moral—of a failure on the part of this Government to live up to the pledges that it has given to China cannot be overestimated.

At present, the list of those countries outside of the Western Hemisphere which can be counted upon to resist effectively the spread of Axis forces is very brief: the British Empire, the Netherland Indies, China and possibly one or two other countries. This Government should not lightly turn aside the needs of that country which has already resisted with nearly four years of fighting and has kept Japan from giving effective assistance to her Axis allies.

In summation, it would appear that many of the assertions in regard to particular problems which are made in the letter referred to above are based on erroneous or inadequate information. The policy suggested in the letter is in direct contradiction to the policy of this Government as made known clearly and repeatedly by those officials who have authority to declare and have declared the policy of this Government.<sup>88</sup>

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<sup>88</sup> In copies sent on June 17 to the Secretary of War (Stimson) and Secretary of the Navy (Knox), the following changes were made in the last paragraph: that part of the first sentence reading "in regard to particular problems" was omitted; a new terminal sentence was added: "The policy of this Government is to give assistance not only to Great Britain but to China and 'this policy means, in practical application, that such aid must reach its destination in the shortest of time and in maximum quantity', as declared by the highest officials of the Administration." (893.24/1127a) Replying, the Secretary of War on June 23 assured the Under Secretary of State that "the War Department will do its utmost, consistent with our own defense and our other commitments, to conform fully to our established national policy of aiding China." (893.24/1128)

893.01A/166: Telegram

*The Ambassador in China (Gauss) to the Secretary of State*

CHUNGKING, June 1, 1941—10 p. m.

[Received June 1—3:45 a. m.]

219. Department's 108, May 29, 6 p. m. [noon] Following for Currie from General Chiang Kai-shek:

"Your message of 29 May received. Generalissimo thanks President for suggesting Owen Lattimore as political adviser and is wiring T. V. Soong consult you regarding terms of contract for Dr. Lattimore tour."

GAUSS

893.24/231

*Memorandum by Mr. Willys R. Peck of the Division of Far Eastern Affairs*

[WASHINGTON,] June 2, 1941.

An official of Pan American Airways has written me unofficially and informally under date of May 29, 1941, that that company has received a "rumor" from a source in China "usually believed reliable" that the Chinese Government is about to make available out of funds borrowed from the United States the sum of \$1,000,000 (presumably US\$) for the purchase of commercial aircraft and adjuncts; the "rumor" further states that part of this money is to be turned over to the Eurasia Aviation Corporation. In view of the fact that any profits derived directly or indirectly by the Corporation would accrue in part to the German interests in the Corporation, my correspondent thought the "rumor" would be of interest and for that reason passed it on.

It seems to me that two issues are involved:

- (1) the desirability of seeing that the Chinese Government obtain as full cooperation as possible in maintaining air service out of Chungking; and
- (2) the undesirability of allowing money loaned by the United States to be used in any way whereby profit will accrue to Germany.

The second issue seems to me very important. Nevertheless, I suggest that we raise no objection to the proposed action of the Chinese Government (assuming that the "rumor" turns out to be true). The arguments for noninterference are, to my mind, as follows:

- a. China will be strengthened by this participation of Germany in Chinese civil aviation.
- b. Germany if allowed to participate in this activity of the Chinese Government will, to that extent, be weaned from collaboration with Japan.

c. According to reports, the United States is not able itself to supply all the commercial planes the C. N. A. C. would like to acquire for extension of its west China service.

d. While the use of American-loaned money for the benefit of a Sino-German enterprise, the Eurasia Aviation Corporation, will benefit Germany in two ways, i. e. by conferring a financial benefit and by continuing German opportunities for espionage and counter-American and counter-British activities, such benefits will not materially improve the position Germany already occupies in west China.

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893.248/231

*Memorandum by the Appointed Minister to Australia (Johnson)<sup>89</sup>  
to the Chief of the Division of Far Eastern Affairs (Hamilton)*

WASHINGTON, June 3, 1941.

MR. HAMILTON: At Hong Kong I met and had a talk with Mr. Sharp of the China National Aviation Corporation in the course of which he told me that a sum of money had been granted under the Lease-Lend Act to enable the Chinese Government to purchase transport planes to augment existing passenger and plane express services in China. Mr. Sharp told me that the Eurasia Company, which is a German-sponsored aviation company operating in China in competition with the China National Aviation Corporation, a company sponsored by American interests, had applied for a share of this money and that it was his understanding that the application of the Eurasia Company was being favorably considered. Now Mr. Sharp contends and I agree with him that under present conditions it seems hardly right that monies which we are appropriating for the assistance of the Chinese should be used to assist a company that has been a German organization from the beginning and which has from the beginning been operating in such a way as to compete, and that sometimes unfairly, with an American-sponsored enterprise. The China National Aviation Corporation is a corporation that Americans can be very proud of. The planes used are American planes. The aviators are American aviators. They are training Chinese aviators and they have a record of performance under bad weather conditions and under threat of attack from Japanese pursuits and military agents that is most enviable. I would be sorry to see this American-sponsored company penalized and hampered in any way.

I am filing this memorandum for the purpose of calling the attention of the Department to a situation which seems peculiar to American operators in the field and I must confess that it seems ludicrous to me

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<sup>89</sup> Recently Ambassador in China, who had not yet proceeded to his new post.

at a time when we can hardly expect any consideration of a similar kind from German or Japanese sources.<sup>90</sup>

N[ELSON] T. J[OHNSON]

893.248/231

*Memorandum by the Adviser on Political Relations (Hornbeck)*

[WASHINGTON,] June 5, 1941.

While reading Mr. Johnson's memorandum<sup>91</sup> and before reading Mr. Peck's memorandum,<sup>92</sup> there came into my mind three points in favor of letting the Chinese Government use the funds under reference for the purpose under consideration. Upon turning to Mr. Peck's memorandum, I find those three points already set out by Mr. Peck: on page 2, *a.*, *b.* and *c.* of his memorandum. I agree with all that appears in Mr. Johnson's memorandum except the last three lines. I agree with all that appears in Mr. Peck's memorandum. It seems to me that: the Chinese present need for transport planes is great; United States production cannot possibly supply in the near future all that the Chinese need and all that Pan American Airways is asking for for use in China; there is for the present plenty of room in China for operation by both Pan American and Eurasia; if German planes can be bought, be brought into China and be operated to meet Chinese needs, so much to the good; China would have more planes, Germany would have less planes, and the United States would be freer by just so much for supplying of Great Britain's needs; Japanese dissatisfaction with German action would be increased; the Chinese are capable of seeing to it that Eurasia's operations benefit China rather than Germany and/or Germany's allies; the net would be an advantage for China, Great Britain and the United States. I favor: (1) if we are not officially approached, let nature take its course; (2) if we are officially approached, advocate allowing American funds, with proper safeguarding, to be used for the purpose indicated.<sup>93</sup>

S[TANLEY] K. H[ORNBECK]

<sup>90</sup> By notations on memoranda dated June 3 and June 6 written by officers of the Division of Far Eastern Affairs, Mr. Hamilton twice expressed concurrence in Mr. Johnson's memorandum.

<sup>91</sup> *Supra.*

<sup>92</sup> Dated June 2, p. 657.

<sup>93</sup> On the afternoon of June 6 this memorandum and those written by Messrs. Johnson and Peck were shown to the Administrative Assistant to President Roosevelt (Currie) by the Assistant Chief of the Division of Far Eastern Affairs (Atcheson). Dr. Currie made comment that China was at that time receiving no funds for the purchase of planes. Consideration was, however, being given to the allocation to China of about 10 freight transport planes for use on a shuttle service for over-mountain flying along a short section of the Burma Road.

893.154/347

*Memorandum by the Adviser on Political Relations (Hornbeck) to the Secretary of State*

[WASHINGTON,] June 12, 1941.

MR. SECRETARY: I call attention to Major McHugh's report<sup>94</sup> that the latest tonnage figures for materials carried over the Burma Road for the month of May indicate 19,500 tons across the border, with two-thirds of that amount (which would be 13,000 tons) reaching Kunming (Yunnanfu, the Chinese terminal).

Even though there may be some exaggeration, this report is highly significant. A few weeks ago some "wise guy" in the O.P.M.<sup>95</sup> circularized various offices with a memorandum<sup>96</sup> in one paragraph of which he stated that there could not be carried over the Burma Road more than 9,000 tons per month and that what was being carried was considerably less. Shortly thereafter we had a report<sup>97</sup> that there was carried in the month ending April 15 [30?] something over 10,000 tons. Mr. John Earl Baker estimates the potential carrying capacity of the road at 30,000 tons. Some Chinese estimates have put it as high as 50,000 tons.

S[TANLEY] K. H[ORNBECK]

894.24/1546

*Memorandum by the Adviser on Political Relations (Hornbeck) to the Secretary of State*

[WASHINGTON,] June 12, 1941.

[Tentative]<sup>98</sup>

MR. SECRETARY: I have been having compiled certain figures—from Department of Commerce statistics. Certain showings are of interest, as follows:

1. During the years 1938–40 the total U.S. exports to China amounted to \$168,289,000; to Japan \$699,050,000. This indicates that during the three full years of the Japanese-Chinese hostilities this country supplied to Japan approximately four times as much goods as we supplied to China. In the same period U.S. exports of petroleum and petroleum products to Japan amounted to at least \$151,076,000 [the statistics do not account for certain special categories of petroleum *products*].<sup>98a</sup> This indicates that during the period under

<sup>94</sup> Report dated June 10, not printed; it was telegraphed to Dr. Currie.

<sup>95</sup> Office of Production Management.

<sup>96</sup> Memorandum dated May 8, not printed; but see memorandum of May 29, prepared in the Division of Far Eastern Affairs, p. 651.

<sup>97</sup> Despatch No. 238, May 26, from the Consul at Kunming, not printed.

<sup>98</sup> Bracketed notation on the original.

<sup>98a</sup> Brackets appear in the original.

reference the amount of petroleum and petroleum products that we supplied to Japan was almost equal to the total amount of all products that we supplied to China.

2. In the year 1940 total U.S. exports to China amounted to \$77,956,000; to Great Britain (United Kingdom alone) \$1,009,600,000. This indicates that during this one full year of Japanese-Chinese hostilities and German-British war, we supplied to Great Britain (the United Kingdom) approximately thirteen times as much goods as we supplied to China. During the months January-March 1941, total U.S. exports to China amounted to \$19,988,000; to Great Britain (United Kingdom) \$289,393,000. This indicates that during those three months we supplied to Great Britain (United Kingdom) approximately fourteen times the amount of goods that we supplied to China.

3. News items this morning are to the effect that more than \$4,000,000,000 have already been allocated under the Lease-Lend Act.

So far as the undersigned is aware, goods to the amount of \$45,000,000 have been allocated to China.

The logical inference from this is that at the present moment the score stands at somewhere between 98 and 100 units for other countries, principally the British Empire and particularly the United Kingdom, to each one unit for China.

S[TANLEY] K. H[ORNBECK]

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893.248/226

*The Ambassador in China (Gauss) to the Secretary of State*

No. 24

CHUNGKING, June 12, 1941.

[Received June 26.]

SIR: I have the honor to enclose for the information of the Department, copy of a confidential memorandum<sup>99</sup> submitted to me by Major James M. McHugh, U.S.M.C., Naval Attaché and Naval Attaché for Air, recording the comments of the air mission headed by Brigadier General H. B. Clagett, U.S.A., as communicated to Generalissimo Chiang Kai-shek at a meeting immediately before the departure of the mission from China.

While I met Brigadier General Clagett and the members of his mission during one of their visits to Chungking, I did not have the opportunity of seeing them before their departure from China. Lieutenant Colonel William Mayer, the Military Attaché, conveying to me the General's regrets that time did not permit him to call at the Embassy before his departure. I am unable, therefore, to add anything to the

<sup>99</sup> Not printed.



information contained in the enclosed memorandum from the Naval Attaché.

I understand that the mission will prepare its report while en route to Manila, and I assume that in due course a copy of the report will reach the Department of State through the War or Navy Department.

It will be observed from the Naval Attaché's memorandum that, while invited repeatedly by the Generalissimo and Madame Chiang Kai-shek to criticize the Chinese air force, its organization, war plans, personnel, training, et cetera, the mission spokesman at the interview with the Generalissimo voiced no criticism and gave practically blanket approval on all points. Colonel George, the spokesman, impressed me most favorably during my brief contact with him. I am somewhat surprised that he gave so sweeping approval of the Chinese air force as is indicated in the memorandum.

It appears that the mission discussed with the Generalissimo (1) the question of possible establishment of direct air communication between Chungking and the Philippine Islands and (2) plans for the training of pilots in the United States or the Philippines for heavy bombardment, medium bombardment, light bombardment and pursuit operations, recording certain views set out in the Naval Attaché's memorandum.

Respectfully yours,

C. E. GAUSS

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811B.79693/2 : Telegram

*The Ambassador in China (Gauss) to the Secretary of State*

CHUNGKING, June 13, 1941—4 p. m.

[Received 10:30 p. m.]

236. Minister of Communications told me yesterday that prior to departure from China the American air mission recommended that the air service of the China National Aviation Corporation should be extended to provide direct communication between China and the Philippine Islands. He said that he had instructed the Aviation Corporation to perfect plans with its American parent, Pan-American Airways, and that he desired to know from me how to conclude arrangements to extend the service to the Philippines.

I replied that General Clagett had not consulted or informed me regarding any such recommendation, that I recalled that China some years ago was not disposed to permit both the airways to operate and land in China, that landing privileges in American areas for non-American airlines are restricted and that I was not in a position offhand to make a suggestion but that I would look into the matter.

I learn from the Naval Attaché that after discussion with the Generalissimo regarding the necessity for increasing the efficiency of the Chinese air force by training of combat personnel, perhaps in the

United States and/or in the Philippines, the members of the American mission along with the head of the Chinese Air Force drafted certain recommendations including one reading "the C.N.A.C. to operate a direct Manila-Chungking service".

Looking to the possibilities of the future in the Far Eastern situation, it seems to me to be desirable that this matter should have early consideration but at the same time I respectfully suggest that if any arrangement should be made to permit the China National Aviation Corporation, a Chinese corporation partly owned by Pan-American Airways, to establish direct service between Manila and China we should not fail to include provision for immediate or future reciprocal landing privileges for American airlines in China.

I request instructions.

Sent to the Department. Repeated to Peiping.

GAUSS

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893.51/7225 : Telegram

*The Ambassador in China (Gauss) to the Secretary of State*

CHUNGKING, June 15, 1941—9 a. m.

[Received 12:45 p. m.]

239. Following from [Fox].<sup>1</sup>

"We arrived in Chungking Thursday June 12 after 5 busy days in Hong Kong. Many interviews with bankers and others in Hong Kong revealed that even among most conservative, opinion prevailed that stabilization committee's operations should be along broad lines and tied up with economic problems, particularly of inflation and high prices and of large increase in note issue. Immediately after arrival short conference arranged with Dr. Kung who expressed gratitude for American aid and that the Generalissimo and he strongly in favor of having stabilization operations coordinated with correction of pressing economic conditions. Dr. Kung assures us that the Generalissimo and he ready to exert such pressures as were necessary to effect economic improvements suggested by board.

Also held long conference with [Chairman of Foreign Trade Commission?] K. P. Chen who [was?] obvious[ly apprehensive?] lest we were not prepared to cooperate in having board operate along broad lines. Gather that strongest objections to Rogers'<sup>2</sup> appointment were on these grounds. Chen considers food problem first and major one, inflation and note issues other challenging problems handling of which most important consideration of board if confidence in stabilization operations are to ensue.

Find strong opposition to Rogers appointment in Chungking. Conferred in Hong Kong at his urgent request with British Amba-

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<sup>1</sup> A. M. Fox, formerly director of research of the United States Tariff Commission, representing the Treasury Department as American member of the China Stabilization Fund Board.

<sup>2</sup> Cyril Rogers, British Chairman of Management Committee of the China Currency Stabilization Fund since 1939.

sador who came from Chungking to attempt to effect Rogers compromise suggesting temporary appointment to assist in organization of board and then permanent withdrawal. Doubt if promise will be acceptable. Chinese members anxious to organize board at earliest opportunity. Trust that there will be no objection from United States to so doing should delay ensue in appointment of British member.

Have been badly handicapped by lack of confidential secretary. K. P. Chen recognizes need and suggests we obtain one from United States. First choice my personal secretary at Tariff Commission, Mrs. C. M. Garland; second, Charles Herbert Hewlett at present reporter United States Army in Bermuda. Must have confidential assistance immediately.

Already obvious that economic studies must be undertaken soon if stabilization board is to function effectively. Am planning to utilize local talent to greatest extent possible. Plan to suggest at one of the first meetings of the board that a group of about six outstanding economists in Chungking be brought together for early report on pressing economic problems and suggested methods of studying these with a view of establishing earliest moment plausible solutions.

Conference with Generalissimo arranged."

GAUSS

893.01A/167

*The Ambassador in China (Gauss) to the Secretary of State*

No. 30

CHUNGKING, June 16, 1941.

[Received July 7.]

SIR: I have the honor to transmit herewith a copy of a memorandum on "Possible American Aid to China"<sup>a</sup> prepared by Dr. J. Lossing Buck of the Department of Agricultural Economics at the University of Nanking which is now located at Chengtu.

Several weeks ago Dr. Buck discussed his suggestions of American technical assistance in China with an officer of this Embassy and stressed the necessity for such aid at the present time. In his opinion the request for advisers should come from the Chinese Government and care should be taken that the impression is not given that the United States is thrusting these experts on groups where they are not welcome. In order that the Chinese be made aware that the United States is willing to send advisers to China Dr. Buck suggested that a list of capable persons available to serve in advisory capacities be prepared and submitted to the Chinese Government at some opportune time.

It is understood from Dr. Buck that copies of the enclosed memorandum were given to the Generalissimo, the Minister of Finance, the Minister for Economic Affairs, the Minister of Communications

<sup>a</sup> Not printed.

and the Minister of Education. A copy was also given to Dr. Lauchlin Currie during his visit to Chungking last February.

The question of foreign advisers has been mentioned frequently by various officials and on several occasions they have made it clear that in their opinions American advisers, especially for economic and financial matters, are badly needed. After discussing China's economic and financial questions with various bankers and members of the government during the past several months there seems to be a general opinion among all parties concerned that the country's financial and economic leaders are experiencing difficulties in formulating policies that will solve the increasing problems now arising. Foreign loans undoubtedly have strengthened Chinese resistance but the task now confronting the country is how to use these loans in order to obtain the maximum results and it is in this undertaking that some officials feel the need of American advisers.

Respectfully yours,

C. E. GAUSS

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893.51/7239 : Telegram

*The Secretary of State to the Ambassador in China (Gauss)*

WASHINGTON, June 18, 1941—8 p. m.

120. For Fox from the Secretary of the Treasury. Reference your informative messages June 11 from Hong Kong<sup>4</sup> and 239 June 15 through Embassy.

1. It is felt by the Treasury Department that the question of Rogers' appointment or nonappointment is a matter entirely for the British Government to decide and for the Chinese Government to approve or disapprove. Treasury does not wish to influence decision for or against.

2. It is hoped by the Treasury that at the earliest practicable date five member Board as contemplated will be set up for business. The Treasury feels that the establishment of the Board should be given priority over exploration of economic and political problems.

3. The Treasury Department is contemplating, once the Board is established, writing the head offices in New York of American banks in China to solicit their cooperation with the Board in stabilizing the yuan. Treasury has heard rumors that some American banks in Shanghai are showing signs of breaking away from the common front supporting *fapi*, because they feel that there are considerable advantages from their point of view in reaching an early working agreement with the F.R.B.<sup>5</sup> Report any information which you may

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<sup>4</sup> Not found in Department files.

<sup>5</sup> Federal Reserve Board, Japanese-sponsored organ in occupied China.

receive on this particular point which could be used in the Treasury's approach to the New York banks.

4. On question of confidential clerical assistance, please consult our Embassy. [Morgenthau.]

HULL

893.51/7229 : Telegram

*The Ambassador in China (Gauss) to the Secretary of State*

CHUNGKING, June 19, 1941—1 p. m.

[Received 3:08 p. m.]

246. To the Secretary of State from A. M. Fox.

"Conference with Generalissimo on the 14th highly satisfactory. Expressed satisfaction at further evidence of American aid, complete agreement with need for correction of China's economic problems, and with Stabilization Board's coordinating its activities with alleviation of pending financial and economic conditions.

Chinese members, Fox and Taylor<sup>6</sup> have held number of informal and profitable discussions. Conference with leading bankers and economists also going forward with Dr. Kung's approval. Chinese members together with Frese<sup>7</sup> are making short fact-finding tour of leading Chinese cities while Fox and Taylor and American trained Chinese economist are visiting Shanghai. Formal organization Board deferred until it reassembles.["]

GAUSS

845C.7793/20

*The Ambassador in China (Gauss) to the Secretary of State*

No. 38

CHUNGKING, June 19, 1941.

[Received July 7.]

SIR: I have the honor to enclose memorandum<sup>8</sup> of a conversation with Mr. Tseng Yang-fu, Director General of the Yunnan section of the Yunnan-Burma Railway, who states that if (1) the Burma section of the railway can be completed by July or August, 1942, and (2) delivery can be had of rails and equipment from the United States by the end of 1941 or very soon thereafter, the railway line from Burma can be completed to Hsiangyun by the end of 1942, and to Kunming, six months later.

Mr. Tseng has been consulting with the British Ambassador in reference to the Burma section of the railway. The British, apparently, have estimated that two years will be required for its com-

<sup>6</sup> William H. Taylor, alternate American member of the China Stabilization Fund Board and assistant to Dr. Fox.

<sup>7</sup> Walter F. Frese, American assistant to Dr. Fox and Mr. Taylor.

<sup>8</sup> Not printed.

pletion. Mr. Tseng has urged that that part of the line be completed within one year and states that he has offered to supply Chinese engineering and labor assistance or to take over the construction should the British so desire.

Mr. Tseng urged that the United States impress upon the British Government the necessity of measures for the early completion of the British section of the railway.

Mention was made by Mr. Tseng of a desire to obtain the services of first-class American civil and mechanical engineers in connection, particularly, with the operation of the Chinese section of the railway.

A further object of Mr. Tseng's visit to the Embassy was in the matter of health conditions along the route of the Chinese section of the Burma-Yunnan Railway. He expressed the desire that the American Government undertake this problem, which, in my opinion, will be of outstanding importance if this strategic rail life-line for the supply of military materials for China is to be provided. I suggested that Mr. Tseng examine the report of the specialists of the United States Public Health Service who made a survey of epidemic conditions along the Burma highway more than a year ago, and then, after consulting the National Health Administration and formulating recommendations, he might put those recommendations before the Chinese mission at Washington. I stated that I should be glad to consult with Mr. Tseng further when he has formulated his recommendations, and to report his proposals to the Department of State at the same time that he might present them to the Chinese mission at Washington.

Respectfully yours,

C. E. GAUSS

893.51/7231 : Telegram

*The Ambassador in China (Gauss) to the Secretary of State*

[Extracts]

CHUNGKING, June 23, 1941—4 p. m.

[Received June 23—12:40 p. m.]

252. For Secretary of the Treasury from Fox:

[“]5. At 3-hour conference with Generalissimo at his request yesterday his principal concern was early formal organization of Board but completely approves steps taken thus far informally. Wants Board to organize formally within a month with or without British member.

Impossible to organize five-man Board without British, according our advices here. Chiang is ready to have Board proceed on four-man basis but deems it advisable for diplomatic reasons to wait 1 month only to allow British to appoint their member. He is unalterably opposed to appointment of Rogers or any compromise . . .”

GAUSS

*President Roosevelt to the President of the Chinese Executive Yuan  
(Chiang Kai-shek)*<sup>9</sup>

WASHINGTON, June 23, 1941.

MY DEAR GENERALISSIMO: I take great pleasure in introducing to you Mr. Owen Lattimore. I have the highest opinion of his capabilities and I know that he is intimate with and in complete accord with my basic political attitudes. I trust that you will find his advice helpful. I fully appreciate, as does he, that while serving as your political adviser he will be working solely in China's interests and that his complete loyalty will be to you.

It has taken some time to work up a comprehensive and detailed lease-lend aid program for China and to fit it in with our own and the British programs. The Chinese program is now taking shape, however, and you can count upon steadily increasing shipments of the major items of your requirements. In the meantime I am hopeful that the various measures already taken by our Governments will result in greatly increased carrying capacity on the Burma Road.

Mrs. Roosevelt joins me in extending to you and Madame Chiang our heartiest wishes for your personal health and prosperity.

Yours sincerely,

[FRANKLIN D. ROOSEVELT]

893.24/1104

*Memorandum by the Adviser on Political Relations (Hornbeck)*

[WASHINGTON,] June 25, 1941.

Statement has emanated from the War Department that "China is being aided to the extent justified by the general situation. The Joint Board now has under consideration the desirability of augmenting aid to China."

On the subject of aid to China, especially of aid under the Lease-Lend Act, and as regards volume, variety, priority, et cetera, "justified by the general situation", there are a variety of opinions. In some quarters there prevails an impression that the aid which this country has already given to China has been substantial in amount and that the current flow is substantial.

In that connection, certain figures are of decided interest.

The United States has during the past four years bought silver from China, thus affording China "exchange". This has been done, however, for the most part not in pursuit of this Government's ultimately adopted policy of "aid to China" but in pursuit of this Government's general silver purchasing policy, the pursuit of which policy

<sup>9</sup> Photostatic copy obtained from the Franklin D. Roosevelt Library, Hyde Park, N. Y. Original delivered by hand of Owen Lattimore on arrival at Chungking in July.

at the outset injured rather than aided China but which in later stages became of substantial assistance to China. This Government has also during the past three years given China loans and credits aggregating \$175,000,000, \$50,000,000 of which stands as a stabilization fund. However, the thing which counts most in the field of aid to China is receipt by China of goods—especially arms, munitions and war materials in general.

Examination of trade figures brings to view certain very interesting and pertinent facts, as follows:

*a.* During the years 1938–40 the total U. S. exports to China amounted to \$168,289,000; to Japan \$699,050,000. This indicates that during the three full years of the Japanese-Chinese hostilities this country supplied to Japan approximately four times as much goods as we supplied to China. In the same period U. S. exports of petroleum and petroleum products to Japan amounted to \$151,076,000. This indicates that during the period under reference the dollar value of petroleum and petroleum products that we supplied to Japan was almost equal to the total dollar value of all products that we supplied to China.

*b.* In the year 1940 total U. S. exports to China amounted to \$77,956,000; to Great Britain (United Kingdom alone) \$1,009,600,000. This indicates that during this one full year of Japanese-Chinese hostilities and German-British war, we supplied to Great Britain (the United Kingdom) approximately thirteen times as much goods as we supplied to China. During the months January–March 1941, total U. S. exports to China amounted to \$19,988,000; to Great Britain (United Kingdom) \$289,393,000. This indicates that during those three months we supplied to Great Britain (United Kingdom) approximately fourteen times the amount of goods that we supplied to China.

Recent news items are to the effect that as of May 31, 1941 more than \$4,000,000,000 have thus far been allocated under the Lease-Lend Act.

According to the best information available to the author of this memorandum, the allocations made up to and as of May 31 to China under the Lease-Lend Act amounted to only \$24,000,000—although various additional items were as of that date and have since been under consideration.

The logical inference from this is that at the present moment the score on Lease-Lend aid stands at somewhere between *98 and 100* units for other countries, principally the British Empire and particularly the United Kingdom, to each *one* unit for China.

Opinion is held and has repeatedly been expressed by the undersigned that, toward serving the general objectives of United States foreign policy and the particular objective of restraining Japan from new courses of or steps of aggression, investment in aid to China will give greater return on small outlay than will any other investment. The Chinese have been making comparatively effective resistance to Japan for four years: they have the man power and the will to con-



tinue this resistance. Aid from the United States, small though it has been in amount, has contributed materially toward maintenance of their will and their capacity to resist thus far. The American Government, especially the President, has given them emphatic assurance of this Government's intention to continue and to increase in amount the aid which this country has been giving them. The Chinese rely on those assurances. They are in considerable measure dependent, for capacity to continue their resistance, upon fulfillment of those assurances. They desperately need many of the items for which they have officially made specific requests. It is greatly to the interest of the United States (and of Great Britain) that the Chinese continue their resistance (keep Japan involved in the China effort). Toward ensuring maintenance of the Chinese will and capacity to continue their resistance, it is, in the opinion of the author of this memorandum, not only desirable but essential that the flow (deliveries) of materials from this country to China be rapidly increased in amount.

S[TANLEY] K. H[ORNBECK]

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898.24/1132c

*The Under Secretary of State (Welles) to Mr. Harry Hopkins,  
Special Assistant to President Roosevelt*

WASHINGTON, July 7, 1941.

DEAR HARRY: I know that you are keenly interested in seeing that the assistance we are rendering China under authorization of the Lease and Lend Act of March 11, 1941, shall be as prompt and effective as possible. It is also clear that numerous causes over which you can have no control, including imperative needs in other parts of the world, are constantly operating to obstruct the shipment of supplies to China.

Nevertheless, the situation in the Far East is causing us anxiety, and I venture to suggest that if anything further can be done to increase the speed and the volume of munitions and supplies going to China it would appear highly advisable to make additional effort to that end.

The fact is that the German invasion of Russia may very possibly serve to cause Japan to take some future aggressive action. Among the obvious possibilities are: (1) invasion of Siberia; (2) expansion to the southward; and (3) intensification of Japanese military operations in China.

It seems to me that German successes against Russia and the opportunity which Japan may consider is afforded her by those successes to take further aggressive action constitute a factor which increases the importance of this country's rendering effective aid to China in the shortest possible time. It is essential that this country take all practicable steps to avert a possible serious weakening of the

morale of the Chinese Government. The surest means of averting such a possible development is to do all we can to make available to China urgently needed supplies and to see that those supplies reach China promptly.

I am sending copies of this letter to General Marshall<sup>10</sup> and to Admiral Stark<sup>11</sup> and I am sure that all of you will do your utmost in reference to this very important aspect of our self-defensive effort.

Sincerely yours,

SUMNER WELLES

893.51/7311

*Sir Frederick Phillips, of the British Purchasing Commission, to the Assistant Secretary of State (Acheson)*

WASHINGTON, July 9, 1941.

DEAR MR. ACHESON: You will recollect our previous conversation<sup>12</sup> on the subject of an economic mission to China, following the request to that effect which had been made by General Chiang Kai Shek. The British Government have considered the suggestion which was mentioned at our meeting, that an economic adviser or advisers should be appointed, but in view of the Chinese dislike of anything savouring of foreign tutelage they doubt whether that Government would welcome an attempt to appoint an adviser at the outset, rather than a mission for which they have asked.

Accordingly, the British Government contemplate appointing as their representative Sir Otto Niemeyer,<sup>13</sup> whose services would be available for a limited number of months, their idea being that in collaboration with whoever is selected by you he would examine the position and make suggestions as to the measures needed to maintain Chinese economy. If it appeared to the Mission that arrangements should be made for providing some more permanent channel of advice to China after their departure, they could, of course, consider that matter and make recommendations. But in the meanwhile it is intended that they would use the weight of their authority to urge such reforms as may be immediately necessary and practicable.

Sir Otto Niemeyer would be ready to start about the middle of July and would travel via the United States in order to have the benefit of discussion here.

You have probably heard that there has been difficulty in China in connection with the proposed appointment of Mr. Rogers to the Sta-

<sup>10</sup> Gen. George C. Marshall, Chief of Staff, United States Army.

<sup>11</sup> Adm. Harold R. Stark, Chief of Naval Operations.

<sup>12</sup> In a memorandum dated July 9, Mr. Acheson explained that "Sir Frederick Phillips refers to . . . the conference which he and Mr. Keynes had with a group of us when Mr. Keynes first came to this country." (893.51/7312)

<sup>13</sup> Sir Otto Niemeyer, director of the Bank of England.

bilisation Board. If that problem has not been previously settled, Sir Otto Niemeyer would be in a position to deal with it.

Would you very kindly let me know whether these ideas appear to you as suitable, and what arrangements you are contemplating making on your side.

Yours sincerely,

F. PHILLIPS

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893.24/1143†

*Memorandum by the Chief of the Division of Near Eastern Affairs  
(Murray)*

[WASHINGTON,] July 11, 1941.

Reference is made to Rangoon's telegram of July 7, 3 p. m.,<sup>14</sup> stating that the Government of Burma is about to consider a proposal to levy transit duties on imports for transshipment to China on a tonnage basis rather than at the existing one-percent-ad valorem rate. The proposed tonnage tax would produce approximately the same amount of revenue as the ad valorem transit duty but would not constitute a step in the direction of waiving transit charges.

This proposal suggests that consideration might well be given to the policy of the Government of Burma in levying transit duties in any form upon importations through Burma of war materials and related supplies consigned to the Chinese Government or its agencies for use in resisting Japanese aggression, with particular reference to such materials and supplies purchased upon the basis of American credits or "lend-lease" arrangements. Under present conditions the Chinese Government is almost entirely dependent upon "the Burma gateway" for the importation of its supplies and upon the United States as a source of these materials. A large proportion of American war materials shipped to China through Burma are financed by credits extended by the Government of the United States. However, before these materials can be delivered to China, they are subject to a levy by the Government of Burma amounting to one percent of their value. This levy is paid by the Chinese Government, to be sure, but the Chinese Government is primarily dependent upon the Government of the United States for financial support. It may be stated, therefore, with substantial accuracy that the United States is paying, or eventually will pay, indirectly the transit duties exacted by the Government of Burma on American "aid-to-China" supplies. For this reason, the question of these transit duties, which formerly may have been merely the domestic concern of a foreign country, has now become a matter of immediate financial interest to the Government of the United States.

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<sup>14</sup> Not printed.

The question may be considered also in a broader aspect. The President has indicated clearly that it is the policy of this Government to extend all possible aid to the British Empire and to China in resistance of aggression. It is, broadly speaking, a great cooperative enterprise on the part of all three countries. It appears, therefore, to be inconsistent with the mutuality of this undertaking that one of the parties involved should utilize this undertaking as a means of raising revenue at the expense of the others.

The Chinese Government has attempted unsuccessfully to have the transit duty abolished, although it was instrumental in preventing the imposition of a similar tax upon exports. In defending its position, the Government of Burma claims that it needs the revenue from the transit duties and should be recompensed for additional labors on the part of the customs authorities in connection with the clearance of Chinese cargoes. It should be pointed out, however, that the transit duty on Chinese imports, which amounted to \$484,936 during the fiscal year ending March 31, 1941, constitutes an abnormal source of revenue which has become available only during the past two and a half years, and it may, by no means, be regarded as a basic or traditional source of official income. Furthermore, the actual need of the Government of Burma for this revenue is open to question. It is believed that the loss of such revenue could be compensated for without undue hardship by a serious effort on the part of the Government of Burma to effect economies in the notoriously topheavy governmental establishment. (At this point it may be of interest to observe parenthetically that the Chief Justice of Burma receives a higher salary than the Chief Justice of Canada and that numerous other comparisons of a similar character might be made.)

Aside from transit duty receipts, Burma has profited considerably from the new Chinese trade. The Consulate at Rangoon reports that "from the time of the opening of the Burma Road in February, 1939, to the end of October 1940 payments to the Burma Railways for the Chinese Government traffic provided by the Southwest Transportation Company in the period stated amounted to Rupees 4,053,889, or approximately \$1,236,436 at the average rate of exchange for that period." The railway administration itself has admitted that the Chinese traffic has enabled the state-owned railways to show a profit for the first time in several years. Expenditures for haulage, storage, and numerous miscellaneous services and local purchases by the Chinese have also contributed to the economic well-being of Burma. It appears, therefore, that the China transit trade would continue to prove of considerable benefit to the country even if the transit tax were abolished.

The principal obstacle to the abolition of the tax is the attitude of the Burmese Ministry. In a recent despatch the Consul at Rangoon

stated, "While the revenue is only a small part of the total customs receipts, it is important to Burma, and the Burma Government, which means the Ministry made up of Burmans, and which has little interest in China's struggle against Japan (reference Premier's statement in despatch no. 428, of April 5, 1941<sup>15</sup>), and no interest at all in granting China concessions that would involve loss of income, could be counted on to oppose any British move to abolish the duty in question." This Burmese attitude, while meriting consideration, is largely obstructionist. Burmese politicians have opposed the building of the Burma Road and a proposal to construct a railway between China and Burma; they have advocated the imposition of full customs duties on imports in transit to China and a transit duty on Chinese exports. In all of these matters they have been over-ruled by the British Government, which is not unduly hesitant, when expedient, in offending the sensibilities of Burmese political obstructionists.

In as much as the British Governor of Burma did not hesitate to announce the entry of Burma into the war against Germany and Italy by proclamation without consulting the Burmese Ministry, it is considered that the British Government may desire to contribute to the common cause against aggression by exercising its influence to have the Burmese transit tax on Chinese cargoes abolished, particularly with respect to goods purchased on the basis of credits extended by the Government of the United States.

Under the dyarchical system of government in effect in Burma, matters relating to revenue are within the jurisdiction of the Burmese Minister of Lands and Revenue, and matters pertaining to foreign relations are under the direct control of the Governor. If the Minister of Lands and Revenue should prove adamant in refusing to abolish the transit tax, it is believed that the Governor could certify the matter as a "foreign relations" question and take direct action himself or through the Defense Department of the Government of Burma. It is unlikely, however, that he would take such action unless instructed by London to do so. There is the possibility, of course, that the Burmese Ministry could be prevailed upon to accept the abolition of the tax, thus obviating the necessity of action by the Governor.

In seeking the abolition of the tax obviously it would be unwise to precipitate a domestic political crisis in Burma all out of proportion to the advantages gained. For this reason it is suggested that the Consul at Rangoon be requested to express his opinion as to whether the abolition of the tax would be likely to provoke a crisis, as well as to whether the Government of Burma could compensate for the loss of revenue involved by a genuine effort to effect governmental economies.

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<sup>15</sup> Not printed.

If it appears that such action is not likely to cause the Government of Burma undue embarrassment, it is suggested that the Embassy at London be instructed to request the British Government to take measures to abolish the Burmese transit tax on all war materials and related supplies imported into Burma for transshipment to China or at least on all such supplies financed by United States Government funds.

WALLACE MURRAY

893.24/228

*The Consul at Rangoon (Brady) to the Secretary of State*

[Extract]

No. 470

RANGOON, July 14, 1941.

[Received July 30.]

SIR: I have the honor to report that the local representative of the Chinese Aviation Commission has information that thirty American volunteer airmen will reach here within the next few days on the way to China to become identified with China's air force; that nine additional airmen, all pilots, will arrive at this port in a week or ten days, and that 150 more volunteers will come to Rangoon from the West Coast of the United States on a Dutch ship in August. The volunteers include pilots and ground-crew members.

The Americans will take charge of the Curtiss P-40 pursuit planes (known to the British as "Tomahawks"), 68 of which are now in Rangoon, and ten of which have been assembled.

Respectfully yours,

AUSTIN C. BRADY

893.51/7312

*Mr. Lauchlin Currie, Administrative Assistant to President Roosevelt,  
to the Assistant Secretary of State (Acheson)*

WASHINGTON, July 15, 1941.

Fox in his cable of June 24<sup>16</sup> stated that "The Generalissimo also stated that the way we were going about developing and shaping up the economic problems and possibilities of going in immediately with stabilization boards' operations made him doubt the need of an economic mission at this time." I think, therefore, that it would be a grave mistake for us at this time to send another economist. I do not think that he would have the facilities that Fox has for doing the

<sup>16</sup> Not printed.

job and I fear that it might be interpreted out there as a repudiation on our part of Fox.<sup>17</sup>

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893.24/1143† : Telegram

*The Acting Secretary of State to the Consul at Rangoon (Brady)*

WASHINGTON, July 16, 1941—11 p. m.

With reference to your telegram of July 7, 3 p. m.<sup>18</sup> the Department desires an expression of your opinion on the three following questions which should not be discussed with the Government of Burma.

1. Is it likely that the Burmese Ministry might be induced to consent to a complete abolition of the transit tax on Chinese Government war materials or at least on American "aid-to-China" supplies?
2. If the Governor of Burma were to abolish the tax on the basis of his jurisdiction over external affairs, would his action be likely to precipitate a serious domestic political crisis disproportionate to the advantages gained?
3. Could the Government of Burma compensate for the loss of this abnormal source of revenue by an earnest endeavor to effect economies in the governmental establishment?

WELLES

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845C.7793/25

*Memorandum of Conversation, by the Adviser on Political Relations (Hornbeck)*

[WASHINGTON,] July 17, 1941.

Mr. Hall<sup>19</sup> having called on me yesterday regarding a common British and American concern regarding the Far Eastern situation, I took occasion, when the business of the moment had been disposed of (see memorandum of July 16<sup>20</sup>) to mention Burma railway. I said that there had come to us rumors to the effect that activities at the Burma end toward construction of this railway seemed to be slow in getting under way. I said that I make no assumptions as regards the facts but if this is true I am sure that the British Embassy will agree with me that it is unfortunate: it would perhaps be easily understandable—for the Burma authorities doubtless have many preoccupations. However, I said, that railway is an enterprise with regard to which the

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<sup>17</sup> Notation by Mr. Acheson: "Mr. Feis: I suggest we clear by cable with Fox, suggesting additional staff for him if possible, subject to Treasury approval. D. A." Herbert Feis was Adviser on International Economic Affairs.

<sup>18</sup> Not printed.

<sup>19</sup> Noel Hall, British Minister in the United States.

<sup>20</sup> Vol. iv, p. 828.

British Government approached us soliciting our interest and help; some of us here regard the enterprise as highly important from point of view of strategic potentialities; some officials of this Government have studied the matter carefully and have put a good deal of effort into development here of a supporting interest; the rails which are lying at Rangoon came from the United States and belong to China; we have made arrangements to do most of the financing and to furnish most of the additional supplies which will be needed; the Chinese are hard at work on the engineering, grading, tunneling, et cetera for their end of the line—and they estimate that it is physically possible to have the railway completed within less than two years; but, the Burma end of the line is going to be the bottleneck, for rails and supplies for the China end should pass over the Burma end; that, therefore, it is highly desirable that action at and on the Burma end be speeded up. Mr. Hall indicated that he agreed with all of this. He said that if the reports are true, it would be desirable for British authorities to give the Burma authorities a push; and that he would look into the matter and would suggest that whatever may be needed, if anything, by way of a push be given.

I said, in conclusion, that it would perhaps be helpful if all along the line of British officialdom the impression be made a conscious reality that, although this is a British and Chinese enterprise, the United States now has a substantial interest in it as a part of the Lease-Lend program and we will not fail to observe with rightful concern what the British and Chinese do or fail to do toward early consummation of the enterprise.

S[TANLEY] K. H[ORNBECK]

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893.44 Chiang Kai-shek/14b : Telegram

*The Acting Secretary of State to the Ambassador in China (Gauss)*<sup>21</sup>

WASHINGTON, July 17, 1941—7 p. m.

147. Please convey in writing to the Generalissimo a message from the President, in paraphrase of the following:

“Dear General Chiang: It is gratifying to me to receive directly from you any and all messages which you feel moved to send me, and I hope that you will feel free at all times to address me on any subject. In regard to channels of communication, I hope that you will not take amiss a suggestion on my part. Messages which you have sent me recently have come via several different channels. Due to occasional absence from Washington of persons to whom you address messages for communication to me, and to my own occasional absence from Washington, and to the extraordinary preoccupa-

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<sup>21</sup> Notation by President Roosevelt on original draft of telegram as transmitted by Mr. Welles in his letter of July 15: “S. W. OK as changed. F. D. R.”



tion of some of your addressees with current emergency matters here, there have been and there are likely to be, when miscellaneous channels are used, delays in delivery to me of your messages. In this country the established channel and agency for handling correspondence with officials and governments of other countries is the Department of State and the Foreign Service which functions under it. That organization is best prepared to handle, coordinate, transmit, receive and deliver correspondence such as may pass between you and me. I therefore would suggest that when you have a message for me you send it either through this country's Embassy at your capital or through your Embassy here, for communication to the Secretary of State and delivery by him to me. That procedure, if agreeable to you and if followed would tend to insure maximum of secrecy, of prompt delivery, of appropriate coordination and of expeditious action. With cordial regards, I am yours sincerely, Franklin D. Roosevelt."

WELLES

893.12/190

*Memorandum of Conversation, by the Assistant Chief of the Division of Far Eastern Affairs (Atcheson)* <sup>22</sup>

[WASHINGTON,] July 19, 1941.

Participants: Dr. Paul M. Stewart, Assistant Surgeon General, U.S. Public Health Service,  
Dr. Victor H. Haas, U.S. Public Health Service (later),  
Mr. Atcheson.

Dr. Stewart telephoned Mr. Atcheson this morning. He stated that the Surgeon General had received a letter from the White House to the effect that the President had approved a loan for the construction of the proposed Burma Railway and desired that a unit of the Public Health Service proceed to China to take charge of malaria control and other medical matters in connection with the construction of the China section of the railway. He stated that the unit would consist of some 15 men who, it was planned, would proceed to China in September. He wished to send Dr. Haas to the Department to discuss the matter, especially the question whether the Public Health Service should not receive a request from the Chinese Government that the unit undertake the service in question.

Subsequently Dr. Haas called at the Department and presented to Mr. Atcheson the attached letter <sup>23</sup> marked for the attention of Mr. Hornbeck. (Mr. Hornbeck was engaged and was unable to see Dr. Haas.) Dr. Haas showed Mr. Atcheson a copy of a letter from Mr. Currie to the Surgeon General in regard to the President's approval of the sending of the Public Health unit and mentioning that a request

<sup>22</sup> Initialed by the Chief of the Division (Hamilton).

<sup>23</sup> Not printed.

therefor had been received from the Chinese Government as evidenced by an attached copy of a letter <sup>23a</sup> addressed to Mr. Currie by T. V. Soong.

Dr. Haas inquired whether the State Department could obtain from the Chinese Government a request for the service of the unit, whose expenses would be paid for out of lease-lend funds. Mr. Atcheson replied that the letter from Mr. Soong to Mr. Currie seemed to cover the matter; that it was his understanding that the Chinese Government had some time ago invested Mr. T. V. Soong with authority to act for it in lease-lend matters and with authority for delegation and substitution and that subsequently, upon the organization of China Defense Supplies, Incorporated, that organization, of which Mr. T. V. Soong was Chairman of the Board, had been invested with the authority granted Mr. Soong, such authority being conformable to that granted the British Purchasing Commission. Mr. Atcheson stated that notification of the granting of such authority had been conveyed to the Department by formal notes from the Chinese Ambassador and that copies of the notes had been transmitted to Mr. Harry Hopkins and the Secretary of the Treasury. Dr. Haas stated that the Surgeon General might wish written confirmation from the Department and would in any case send to the Department for its files copies of the letters from Mr. Currie to the Surgeon General and from Mr. Soong to Mr. Currie.<sup>24</sup>

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*Mr. Lauchlin Currie to President Roosevelt* <sup>25</sup>

WASHINGTON, July 19, 1941.

Re: *Chinese Aircraft Program.*

Attached is a Report of the Joint Planning Committee, concurred in by the Secretaries of War and Navy, and the Joint Board, on the Chinese Short-Term Aircraft Program. It was prepared in response to my request for recommendations to you.

The recommendations are as follows:

a. With regard to Policy:

1. That the United States and Great Britain, subject to United States and British requirements, furnish material aid to China by providing aircraft of pursuit, bombardment, and training types, together

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<sup>23a</sup> Not printed.

<sup>24</sup> Neither printed. In an *aide-mémoire* communicated to the British Embassy on September 16 (893.12/189) the Department requested that the Government of Burma extend appropriate courtesies to the members of the United States Public Health Service commission proceeding to China, the British Embassy replying favorably in an *aide-mémoire* dated October 7 (893.12/194).

<sup>25</sup> Photostatic copy obtained from the Franklin D. Roosevelt Library, Hyde Park, N.Y.

with accessories, spares, armament and ammunition, in quantities sufficient for effective action against Japanese military and naval forces operating in China and in neighboring countries and waters.

2. That the United States provide a cadre of American instructor pilots in China aided by such technical personnel and equipment as may be necessary to the accomplishment of the training of Chinese personnel as flight and maintenance crews. This instructor cadre will render advisory assistance in the maintenance and employment of all training and combat aircraft, and equipment pertaining thereto, which has been made available to China by the United States Government.

3. That to aid China in the proper utilization of the large amount of material resources being furnished by the United States, the United States send a military mission to China to act in an advisory capacity.

*b.* With regard to the Short-Term Aircraft Program for China:

1. That aircraft, together with accessories, spares, armament, and ammunition be made available to the Chinese Government as follows:

(*a*) 144 Vultee 48 C and D, Pursuit, from stocks or production already allocated to China by the Joint Aircraft Committee.

(*b*) 125 Republic P-43 Pursuit, now on contract to the Chinese Government.

(*c*) 33 Lockheed Hudson, Medium Bombardment, from stocks or production now allocated to the British.

(*d*) 33 DB-7, Light Bombardment, from stocks or production now allocated to the British.

(*e*) Accessories and spares to be scheduled for production or made available from stocks controlled by the United States or Great Britain, as the case may be, to accompany each group of planes.

(*f*) Armament and ammunition from stocks or production controlled by the British.

2. That delivery of aircraft indicated in recommendation *b* (1), (*a*) to (*d*), inclusive, be conditioned upon the diversion of adequate armament and ammunition to permit their efficient employment in combat.

The recommendations to which your attention is specifically directed are those dealing with the diversion of a limited number of medium and light bombers from the British, the diversion of a limited amount of armament and ammunition, now being produced in America for the British, and the proposal of a military mission.

On the diversion of bombers, armament and ammunition, I have prepared for you the accompanying directives which the Secretary of War can transmit to the Joint Aircraft Procurement Committee and the appropriate Ordnance Committee.

I had previously raised the question of a Military Mission to China with Mr. Welles. He feels strongly that all our relations with the Chinese Government should be tied in with the Embassy, that increased military representation in China, if necessary and desirable, should take the form of appointing a Military Attaché of higher rank than the Colonel now there and of additional assistant military at-

tachés assigned to different tasks, and that, finally, the lease-lend "expediter" in China should be a civilian. Mr. Hopkins concurs in these views. It so happens that one of the ablest officers in the Far East Foreign Service, John Carter Vincent, is now acting temporarily as Counselor at our Embassy in Chungking. He knows China, speaks Chinese, and is a close friend of Lattimore. His detail as lease-lend expediter would be agreeable to Mr. Welles and to me.<sup>26</sup>

I would suggest, as a possible way of reconciling the views of the State Department and the War Department, that the man the War Department has in mind to head the mission, General Magruder, be appointed Military Attaché with the understanding that in the event of hostilities, he would become head of a Military Mission. This is the arrangement the British have worked out in Chungking with their Military Attaché, Major-General Dennys.

I would also like to recommend that you approve the suggestion of detailing John Vincent as lease-lend expediter in Chungking.

LAUHLIN CURRIE

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893.51/7253 : Telegram

*The Consul at Hong Kong (Bruins) to the Secretary of State*

[Extracts]

HONG KONG, July 21, 1941—9 a. m.

[Received July 24—4 p. m.]

254. The following is a paraphrase of strictly confidential report from Fox for the Secretary of the Treasury.

[Here follows comprehensive report of the economic situation in Japanese-controlled Shanghai.]

. . . ["I therefore unhesitatingly recommend that all Chinese funds in the United States be frozen, that simultaneous action be taken by both the American and British Governments and that a satisfactory organization be established for unfreezing Chinese funds."]

BRUINS

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893.24/1143A : Telegram

*The Consul at Rangoon (Brady) to the Secretary of State*

RANGOON, July 21, 1941—3 p. m.

[Received 4:42 p. m.]

In reply to Department's telegram of July 16, 11 p. m.

1. It is not likely that Ministry could be induced to abolish transit charges on materials regardless of nature or source except under pressure by the British Government.

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<sup>26</sup> Marginal notation in ink by President Roosevelt: "OK FDR".

2. Governor would consult London before taking action in an administrative matter of this kind. A decision to act regardless of opposition by Ministers might not cause a political crisis but it would result in political feeling and a reaction unfavorable to the Chinese.

3. Ministers would probably regard as unreasonable any suggestion that they economize in Burma in order to compensate for loss of revenue sustained by granting concessions to the Chinese.

Present situation is as follows: British head of Defense Department is endeavoring to have tonnage tax accepted by Ministry in place of ad valorem duty, and acceptance appears probable. He is also seeking to have rate of collection during at least 6 months based on past rate of income. Finance and Commerce Ministers desire that rate should be determined from time to time on the basis of prevailing increased values of materials. It is estimated that if this were done rate of income from China would be more than doubled and that payments for transit of materials now expected would reach a very large total. It appears that British interests would not permit increased rate of income.

BRADY

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811B.79693/2: Telegram

*The Acting Secretary of State to the Ambassador in China (Gauss)*

WASHINGTON, July 21, 1941—11 p. m.

155. Your 236, June 13, 4 p. m. Department has given careful consideration to the matter of the suggested extension of the service of the China National Aviation Corporation to the Philippines, but does not believe that it will be practicable to arrange for such extension at this time. Department will, however, continue to study the question.

Department is fully cognizant of the need of additional air transport facilities between China and the Philippines and is suggesting to Pan American Airways that it approach the Civil Aeronautics Board and the Post Office Department with a view to the establishment of a shuttle service between Manila and Hong Kong.<sup>27</sup>

WELLES

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<sup>27</sup> Assurances were received by the Civil Aeronautics Board from Pan American Airways on September 11 of additional service between Manila and Hong Kong some time prior to November 1 (811B.79693/6).

893.24/1121½ : Telegram

*Madame Chiang Kai-shek*<sup>28</sup> to *Mr. Lauchlin Currie, Administrative Assistant to President Roosevelt*<sup>29</sup>

CHUNGKING, July 22, 1941.

Following is from Generalissimo to the President:

"Dr. Lattimore yesterday presented letter of introduction<sup>29a</sup> contents of which is much appreciated. Received very favorable impression of Dr. Lattimore during interview. Owing to rainy season and reorganization, traffic on Burma Road will not appreciably increase until October, but unremitting efforts continuing."

Chennault<sup>30</sup> plans start operations in Kunming by October 15th. Meanwhile hopes to enforce combat training in Burma if local authorities consent. Will you please try expedite bombing planes so necessary in counteroffensive. Your letter sent through Dr. Lattimore received. Warm thanks for your efforts in China's behalf.

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893.24/1111a : Telegram

*The Acting Secretary of State to the Ambassador in China (Gauss)*

WASHINGTON, July 23, 1941—1 p. m.

161. For Madame Chiang Kai-shek from Lauchlin Currie. I am very happy to be able to report that today the President directed that 66 bombers be made available to China this year with 24 to be delivered immediately. He also approved a Chinese pilot training program here. Details through normal channels. Warm regards. [Currie.]

WELLES

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893.51/7280

*The President of the Export-Import Bank of Washington (Pierson) to the Under Secretary of State (Welles)*

WASHINGTON, July 23, 1941.

MY DEAR MR. SECRETARY: Since receipt of your letter of April 4<sup>31</sup> in regard to the request of the Chinese Government for an extension of the Consolidated Loan from the Export-Import Bank of Washington, we have entered into an arrangement with the Chinese Amba-

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<sup>28</sup> Madame Chiang was a member of the Chinese Commission of Aeronautical Affairs.

<sup>29</sup> Received in the Department from the White House about July 23.

<sup>29a</sup> Dated June 23, p. 663.

<sup>30</sup> Maj. Claire L. Chennault (U. S. A., retired), American adviser to the Chinese Air Force.

<sup>31</sup> Not printed.

sador whereby a payment upon principal of \$700,000 plus accrued interest was made June 30, 1941.

At the same time, an understanding was reached with the Chinese Government, whereby further principal payments of \$700,000 will be made quarterly hereafter until the obligation is liquidated. Interest will continue at the rate of four per cent per annum.

Very truly yours,

WARREN LEE PIERSON

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124.936/362 : Telegram

*The Ambassador in China (Gauss) to the Secretary of State*

CHUNGKING, July 24, 1941—noon.

[Received 1:55 p. m.]

308. For the Acting Secretary. The messages communicated by the Department's Nos. 158 and 159 of July 22<sup>32</sup> are undecipherable in our codes and have been delivered to the addresses in their code texts as received.

With the utmost respect but in all earnestness I submit that no Ambassador to China can function intelligently and efficiently under present conditions without some background on what is transpiring through other than the usual diplomatic channels. For example, we are in almost complete ignorance of what is being done by way of aid to China under the Lend-Lease Act and we have no information regarding the provisions of the currency stabilization loan agreement.

I feel that whatever the channels considered as best suited to be employed under existing conditions in China, the Ambassador, if he has the full confidence of his government, and should have a substantial background on what is transpiring through other than the usual diplomatic channels, and I am personally of the opinion that coordinated and effective American representation in China calls for the use, to the fullest extent practicable, of normal diplomatic channels of communication.

GAUSS

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124.936/369

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

WASHINGTON, July 25, 1941.

MY DEAR MR. PRESIDENT: I am sending you for your consideration a telegram which I have received today from Gauss, our new Ambassador in Chungking.<sup>33</sup>

<sup>32</sup> Not found in Department files.

<sup>33</sup> *Supra.*

The messages to which he refers in his telegram are messages addressed by Mr. Currie to Owen Lattimore and to Madame Chiang Kai-shek.

I personally feel that Ambassador Gauss is justified in his complaint and, owing to the trying conditions which exist in Chungking and the great difficulties inherent in his mission at this time, I do not feel it wise to keep our Ambassador uninformed of important messages of the kind to which he refers.

Will you let me know what your decision may be? If you agree with my own recommendation I will be glad to talk personally with Lauchlin Currie and explain the situation to him so that he may understand why the Department is asking that messages which he sends to officials in Chungking pass through the hands of our own Ambassador.<sup>34</sup>

Believe me [etc.]

SUMNER WELLES

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840.51 Frozen Credits/2712a : Telegram

*The Acting Secretary of State to the Ambassador in China (Gauss)*

WASHINGTON, July 25, 1941—7 p. m.

165. Following is a paraphrase of a message for Fox from the Treasury Department:

Ambassador Gauss is being informed by the Department of State and you are hereby informed that effective 9 a. m., Eastern Standard Time, Saturday, July 26, Freezing Control will be extended to Japan and China.<sup>35</sup> Extension to China is undertaken pursuant to General Chiang Kai-shek's wishes as previously indicated to this Government. We suggest the desirability of the Ambassador and you immediately getting in touch with General Chiang, assuring him of our purposes and explaining to him that this Government is very desirous of obtaining the Chinese Government's close cooperation with a view to effectuating the order so that our mutual interests will thereby be served.

There will be immediately forwarded General Licenses from which it will be noted that we are undertaking all possible effort to minimize interruptions of Chinese trade and interference with transactions in the Chinese Government's interests. Freedom of action for the Chinese Government and its banks and permission for the transfer of their funds by private Chinese citizens to the National Government and the Central Bank of China will be provided for by the issu-

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<sup>34</sup> President Roosevelt endorsed this communication with: "Yes, and send for Currie and work out."

<sup>35</sup> Executive Order No. 8832, signed by President Roosevelt on July 26; *Foreign Relations, Japan, 1931-1941*, vol. II, p. 267.



ance of General Licenses. Other transactions and trade that may be necessary will be facilitated without undue restrictions or delay by other General Licenses. A digest of the General Licenses will be sent to you shortly by telegraph.

As developments occur in the situation there may be modification of the various measures taken. The safeguarding of the interests of China and of the United States will be the objective of the administration of the various measures taken. We should appreciate having you ascertain such changes as may seem desirable in policy or administration in regard to the granting of licenses on Japanese or Chinese funds and having you keep us informed thereof so that careful consideration may be given to your recommendations in this respect. The full cooperation of the Chinese Stabilization Fund is desired and we are depending upon you to obtain such cooperation.

At the time of issuing of the Freezing Order, the White House is issuing a press release<sup>36</sup> the text of which will go forward to you in a separate telegram.<sup>37</sup> [Morgenthau.]

For the Ambassador: The foregoing is for your as well as Fox's confidential information and guidance.

WELLES

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840.51 Frozen Credits/2732c: Telegram

*The Acting Secretary of State to the Ambassador in China (Gauss)*

WASHINGTON, July 26, 1941—7 p. m.

167. From Treasury Department for Fox: Extension of freezing order to China and Japan. New Executive Order simply applies usual freezing control to China and Japan. By general license Japanese and Chinese living in the United States since June 17, 1940 are unfrozen. All trade between the United States and free and occupied China excluding Manchuria has been generally licensed. All American, British, Russian, Dutch and Chinese Governmental banks in China have been given general licenses covering their own transactions and also covering transactions relating to trade between China and the United States, British Empire, Dutch East Indies, Latin America and Russia on account of persons living in China excluding Manchuria. Clearings of other Chinese banks with the generally licensed banks will be permitted through the Central Bank of China. General license given to the Chinese Government and Central Bank in effect take them out of the freezing order and also permit all funds in the United States of Chinese nationals to be transferred

<sup>36</sup> *Foreign Relations, Japan, 1931-1941*, vol. II, p. 266.

<sup>37</sup> Telegram not printed.

to accounts in the names of Chinese Government and the Chinese Central Bank. A general license has also been given to the China Defense Supplies Company, the Universal Trading Company and the New York Branch of the Bank of China. Although Hongkong is not a part of China within the meaning of the freezing order since so many Chinese and Japanese operate out of Hongkong a general license has been issued applying the general licenses to Hongkong to the same extent as though Hongkong were a part of China.

As far as Japan is concerned no general licenses have been given to agencies in the United States of Japanese banks except those agencies which are also banks of deposit. The Comptroller's Office has stationed its examiners in banks of deposit to which general licenses have been issued. Trade between the continental United States (including Hawaii) and Japan will be handled on a specific application basis.

A series of general licenses has been issued covering the relationships between the Philippines and China and Japan. The general licenses cover all Japanese and Chinese banking and business institutions in the Philippines and all trade between the Philippines and Japan and China. Toward Japan as well as China we will adhere to a policy in the Philippines of liberality and continuity of normal business for the present. In Hawaii general licenses have been furnished to Japanese and Chinese banks and business institutions. Hawaiian trade with Japan will require specific applications. Hawaiian trade with China is covered by the general trade license. We will try to forward to you as soon as possible copies of the general licenses. [Morgenthau.]

WELLES

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893.51/7281 : Telegram

*Mr. Owen Lattimore, American Political Adviser to Generalissimo Chiang Kai-shek, to Mr. Lauchlin Currie, Administrative Assistant to President Roosevelt*<sup>38</sup>

CHUNGKING, July 28, 1941.

Date of signing was July 4. No military approaches made to Soviet here. Generalissimo sends hearty thanks for good bomber news. In re to [recent?] State Department request that Generalissimo's messages to President be transmitted through them or Foreign Office, should he continue direct code to you.<sup>39</sup> Madame Chiang adds cordial personal greetings.

<sup>38</sup> Copy received in the Department about July 29.

<sup>39</sup> Dr. Currie on July 30 cabled Mr. Lattimore: "Normally messages should go through Embassies. Special messages may continue to be routed through me." (893.51/7282)

740.0011 P.W./394

*The Chinese Ambassador (Hu Shih) to the Acting Secretary of State*<sup>40</sup>

WASHINGTON, July 29, 1941.

MY DEAR MR. SECRETARY: I have just received a telegraphic message from Generalissimo Chiang Kai-shek which he desires to be conveyed to the President. I shall be grateful if you will be so good as to transmit it to its high destination.

I wish to take this opportunity to express to you the deep gratification felt by my Government and people over the statement which you made on July 24th in regard to Japanese aggression in Indo-China<sup>41</sup> and over the measures which the United States Government has taken for the freezing control of Chinese and Japanese assets.

I am [etc.]

HU SHIH

[Enclosure]

*Telegram to the President of the United States From Generalissimo Chiang Kai-shek*

CHUNGKING, July 27, 1941.

I have read with great pleasure your letter of June twenty-third which was delivered to me by Dr. Owen Lattimore upon his arrival in Chungking. I am happy to have so capable a man as my political adviser, especially in view of the fact that he is in complete accord with your basic political attitude. I have had no hesitation in placing deep confidence in him, and I can assure you that his advice will receive my most careful consideration.

Your lend-lease program for China which is being carried out under your orders is highly appreciated by Chinese Government and people. With regard to the Burma Road, everything possible has been done to increase its capacity, but all important works of improvement can only be undertaken after the rainy season, which begins in June and ends in October. It is my humble opinion that this international route to the sea is of vital importance to China's war of resistance, and should therefore be improved and kept open at any cost. I am confident that, with adequate assistance from America, China will be able to frustrate the Japanese plan for dominating the Pacific, and in common with all democratic countries to vindicate our common cause against international banditry and lawlessness.

Mrs. Chiang joins me in sending you and Mrs. Roosevelt our cordial greetings and best wishes for success of the great and noble work you have undertaken in bringing about a better and happier world order.

CHIANG KAI-SHEK

<sup>40</sup> The Acting Secretary transmitted the Chinese Ambassador's note with enclosure to President Roosevelt on July 30 and acknowledged them on July 31.

<sup>41</sup> See *Foreign Relations, Japan, 1931-1941*, vol. II, p. 315.

124.936/369

*Memorandum by the Adviser on Political Relations (Hornbeck)*

[WASHINGTON,] July 30, 1941.

This matter <sup>42</sup> was taken up by Mr. Welles with Mr. Currie, Mr. Hamilton and Mr. Hornbeck being present. Mr. Welles informed Mr. Currie that it was the President's desire that the channel of communication between Chiang Kai-shek and the President via Mr. Currie be left available for important messages and that as such messages come and go Mr. Currie should provide this Department with copies of the text and the Department should be free to inform the American Ambassador to China of the contents. Mr. Currie said that this was altogether agreeable to him. Mr. Welles requested that Mr. Currie inform Chiang Kai-shek of the decision. Mr. Currie signified that he would do so.

S[TANLEY] K. H[ORNBECK]

840.51 Frozen Credits/2756: Telegram

*The Ambassador in China (Gauss) to the Secretary of State*

CHUNGKING, July 30, 1941—11 a. m.

[Received 2:50 p. m.]

320. Reference Department's No. 165, July 25, 7 p. m. While long and intensive air raids are practically immobilizing all communications and all activity at Chungking, the message under reference was handed to Fox Sunday afternoon.<sup>43</sup> He is now quartered in the second range of hills beyond south bank of river.

I saw Generalissimo late Tuesday afternoon. Accompanied by Fox. Minister for Foreign Affairs also present.

Upon informing Generalissimo of the action taken to freeze Japanese and Chinese credits, he commented that our action is beneficial to China.

While Fox has reported that the Minister of Finance was concerned regarding freezing of Chinese Government funds, the Minister for Foreign Affairs, in my conversation with him during the journey to and from residence of the Generalissimo, made no such comment and expressed himself as understanding our action fully.

Fox took occasion to make the point clear in our conversation with Generalissimo that Chinese Government and Government Bank funds had been immediately unfrozen by license following the initial freezing.

GAUSS

<sup>42</sup> See letter from the Under Secretary of State to President Roosevelt, July 25, p. 684.

<sup>43</sup> July 27.

840.51 Frozen Credits/8151

*The President of the Chinese Executive Yuan (Chiang Kai-shek) to President Roosevelt*<sup>44</sup>

CHUNGKING, July 31, 1941.

MY DEAR MR. PRESIDENT: I am most grateful to you for having acceded to my request to place all Chinese assets under freezing control.<sup>45</sup> This is additional evidence of your desire to assist China in every possible way, and is appreciated by the Chinese people in that spirit.

I am sure that the action of your Government in freezing all Japanese assets will prove an important body blow to the aggressor.

The Chinese Government is sincerely grateful to you and your Government for having brought about concerted action, on both these measures, by practically all the friendly powers who are fighting aggression.

I am confident that my other requests which I have made to you in the interest of strengthening China's fighting power and meeting the emergency situation of the Far East, will receive your kind attention at the appropriate time.

CHIANG KAI-SHEK

898.51/7259: Telegram

*The Ambassador in China (Gauss) to the Secretary of State*

CHUNGKING, August 1, 1941—1 p. m.

[Received 11:30 p. m.]

324. During a recent conversation, the Minister for Foreign Affairs mentioned to me confidentially that the British are proposing to send an economic mission to China probably headed by Otto Niemeyer or some equally prominent British economist, and that he understands that the British are now approaching Washington with a suggestion that the consonance should be Anglo-American. In reply to my inquiries he said that the mission would come as in response to an invitation extended about a year ago by the Generalissimo and that while he did not know what the mission could actually accomplish in a substantial way at the present time he thought that the coming of the mission might have a good psychological effect.

While we might find it advisable to join the proposed economic mission suggested by the British, if only to show solidarity in an Anglo-

<sup>44</sup> Copy of translation of telegram transmitted by the Chinese Ambassador (Hu Shih) in his letter of August 2 to the Secretary of State, requesting that the telegraphic message "just received" be forwarded to President Roosevelt. It was sent to the President on August 7.

<sup>45</sup> No record of this request found in Department files.

American attitude of assistance to and sympathy for China, I do not feel that such a mission could do much more than to point out the necessity for financial aid to China and recommend at least [some?] financial reforms which, however, would have but limited effect on the financial and economic position even if they could be adopted. Incidentally the suspicion arises that the British proposal may represent in some measure a further attempt to embarrass the present Minister of Finance.

It is true that China's financial and economic position is most unsatisfactory and that inflation is progressing at the rate of approximately 400 million Chinese dollars new note issue monthly, that price levels are rising at an alarming rate, and that the Government has until recently done nothing to institute financial reforms. It must be borne in mind that China's usual revenue sources, such as the customs and salt and consolidated taxes, have now fallen largely into Japanese hands; that military expenses cannot now be reduced; and that the economic and fiscal organization [which has?] the advantage under control of the national Government is such [that?] new revenue producing measures will be difficult if not impossible to introduce, and even when introduced will do but little to improve the actual financial [situation?].

The rise in price levels is due not alone to currency inflation. There is an actual and serious shortage of commodities which produces a highly competitive demand and hoarding. The loss of Ichang to Japan about a year ago blocked route of supply up the Yangtze River from Hunan and other areas. The recapture of Ichang by China would undoubtedly improve the food situation, but apparently it cannot be undertaken without artillery which China does not now possess.

As I see it, we are confronted with the distressing picture of Government expenditures in excess of income and available revenue, some estimates placing the ratio of expenditure to revenue as high as two to one, with inordinate resort to the printing press as the only available means of meeting the deficit. A foreign economic mission may recommend reforms and fiscal measures which, even if found practicable of introduction in this part of China, could bring about little real improvement in the situation in the near future. It seems to me the major recommendation of such a mission must be for outright financial aid to keep the Government operating and to keep China in a state of continued resistance to Japan. We are already giving substantial aid to China under the Lend-Lease Act and the stabilization loan and Import-Export Bank credits. If we join the economic mission we must do so with the expectation that additional substantial financial assistance to China will be found im-

perative and that we will likely be expected to furnish in principal measure. This may be one of the considerations which prompts the suggestion that we join the mission.

Sent to Department, repeated to Peiping.

GAUSS

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893.51/7289

*Mr. T. K. Bewley, of the British Supply Council in North America,  
to the Assistant Secretary of State (Acheson)*

WASHINGTON, August 2, 1941.

DEAR DEAN: This is to let you know that my government has now proposed to the Chinese Government the appointment of Mr. Hall Patch <sup>46</sup> as British member of the Stabilisation Board and that this proposal has been accepted by the Chinese Government.

The appointment would be on a temporary basis and the more permanent appointment would no doubt be the subject of discussion with Sir O. E. Niemeyer.

I have also informed Mr. Cochran <sup>47</sup> of the appointment.

Yours sincerely,

T. K. BEWLEY

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893.20/725

*The Secretary of War (Stimson) to the Under Secretary of State  
(Welles)*

WASHINGTON, August 5, 1941.

MY DEAR MR. WELLES: Referring to your letter to the Chief of Staff of July 31, 1941, <sup>48</sup> and to our conversation of August 1 regarding the Military Mission to China, I have under preparation a letter to General Magruder <sup>49</sup> initiating the Mission and fixing the nature of duties envisaged.

The draft letter of instructions attached hereto <sup>50</sup> incorporates, I believe, the President's desires, as well as our agreement for bringing the Mission within the coordinating jurisdiction of the Ambassador.

I should appreciate an early expression of your agreement to this effect.

HENRY L. STIMSON

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<sup>46</sup> Financial Adviser of the British Embassy in China until 1939.

<sup>47</sup> H. Merle Cochran, Technical Assistant to the Secretary of the Treasury.

<sup>48</sup> Not found in Department files.

<sup>49</sup> Brig. Gen. John A. Magruder, U. S. A.

<sup>50</sup> Not printed.

840.51 Frozen Credits/2954 : Telegram

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

PEIPING, August 6, 1941—3 p. m.  
[Received August 11—9:23 a. m.]

259. 1. The principal effect on the Far East of the Japanese, in their campaign for domination of Eastern Asia, to anticipate action undoubtedly planned for a future date, such as that mentioned in Shanghai's 987, August [*July*] 31, 1 p. m., and in my 205, August 5, 1 p. m.<sup>51</sup>

2. Japanese strategic domination of Eastern Asia now comprises a chain of island[s] stretching from Kamchatka to the Moluccas, with a secondary line extending from Kyushu to the Northern Philippines. On the mainland Japan's power extends unbroken from the Siberian border to Cape St. Jacques. While the banks, reefs and islands west of Palawan are shown as Japanese on Japanese maps, the encirclement of the Japan sea, the Yellow Sea, the East China Sea and the northern half of the China Sea and the Philippines by Japanese-controlled land groups almost makes those waters inland seas. Japan's is the "encirclement" policy.

3. Japan's economic control of Eastern Asia may be gauged by counting the American consulates in free and controlled territories and remembering that consulates are customarily placed at commercial centers.

4. While Japan's venture on the mainland has undoubtedly cost a vast expenditure of her resources and reserves, it is erroneous to measure this expenditure in terms of money as such. Japan has financed her venture in great part with fiat currency and doubtless with customs and other former Chinese revenues such as stamp taxes. Shanghai's open exchange by affording indirect convertibility of this fiat currency has enabled Japan to finance purchases abroad. An example of a real economic contribution to Japan is the supplying from the mines of North China by the Kailan Mining Administration (British) of about 2 million tons annually of high grade coal, mostly coking coal necessary for the steel furnaces of Japan.

5. While the Chinese Government needs much in the way of assistance, one dire need, it seems to me, is a modern shooting air force, which can support its troops in the field and make forays at opportune times, when undoubtedly some confusion exists, on such enemy naval and air concentration[s] as are now taking place in Indochina. If supported by an effective air force, the Chinese army with bolstered morale might well recapture a large portion of China's ports, the Yangtze valley. An efficient 50 million dollar air force might well

<sup>51</sup> *Post*, pp. 784 and 788.



contribute more toward a practical and enduring solution of China's economic and financial problems than a loan of many times that amount.

Sent to Chungking. Repeated to Department.

BUTRICK

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893.51/7290

*Memorandum by the Adviser on International Economic Affairs  
(Feis)<sup>52</sup>*

[WASHINGTON,] August 7, 1941.

After reviewing various despatches recently received from the Embassy at Chungking regarding Chinese general economic conditions, and the interchange with London as regards the prospective economic mission, I should like to pass on to you my impression (which is roughly in accord with the conclusion set forth in the last cable from the Ambassador on the subject) that all steps and measures that might be taken either by the Fox mission now there, or through the Stabilization Fund, or through the economic mission in contemplation, would have comparatively little immediate usefulness in dealing with China's serious and immediate problem. That problem from the point of view of China's ability to continue effective military operation is a problem (a) of adequate supplies and essentials, and (b) adequate system of distribution. To deal with it I believe the arrangements would have to consist of (a) means of supplementing from outside sources China's supplies of essentials, particularly rice, textiles, and possibly ordinary small iron and steel products. (b) The constitution by the Chinese Government, quite possibly in collaboration with the British-American mission, of a system of distribution better than that now existing. I would visualize in that connection a very large operative mission.

I suggest that if it is deemed feasible the discussions with Sir Otto Niemeyer be carried on along these lines.

The system of distribution might be combined with a program of price control with some chance of success; for I do not believe that the present Chinese Government is in a position otherwise to develop a successful system of price control.

Additionally, of course, every effort should be made compatible with the military effort of China, to increase revenues and decrease Government expenditure. There seem to be some possibilities in both directions, though only limited possibilities.

H[ERBERT] F[EIS]

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<sup>52</sup> Noted by the Chief of the Division of Far Eastern Affairs (Hamilton), the Adviser on Political Relations (Hornbeck), the Assistant Secretary of State (Acheson), and the Under Secretary of State (Welles).

893.24/1143A:Telegram

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

WASHINGTON, August 7, 1941—8 p. m.

3017. The Department desires that you seek an early opportunity to discuss with the appropriate British authorities the question of the transit duties now being levied by the Government of Burma on shipments of American materials consigned to the Chinese Government or its agencies and passing in transit through Burma. These shipments now consist almost wholly of "lend-lease" materials and supplies purchased upon the basis of credits extended by the Government of the United States.

The Department considers that the application of these duties to such cargoes is inconsistent with the coordinated policies of the United States, the British Empire and China in meeting Axis aggression in the Orient as well as in the Occident. Although the transit duties are paid by the Chinese the ultimate burden of their payment must be borne by the United States Government because of the dependence of the Chinese Government upon the United States for financial support being rendered in the form of loans. The collection of these duties also results in administrative delays in the clearance of such shipment at Rangoon and at the border.

For the reasons stated above this Government considers that shipments of American materials consigned to the Chinese Government should be totally exempted from the Burma transit duties and requests that necessary steps be taken to that end. In making your representations you may point out that these duties constitute a recently developed and abnormal source of revenue, the loss of which would not deprive Burma of other substantial economic and financial benefits, such as greatly increased Government-owned railway revenues, accruing from the newly developed China transit trade.

Please report the results of your representations to the Department by telegraph.

HULL

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*Mr. T. V. Soong to President Roosevelt*<sup>53</sup>

WASHINGTON, August 7, 1941.

DEAR MR. PRESIDENT: I have been directed by Generalissimo Chiang Kai-shek respectfully to request you and your Secretary of War to send a military mission to China in the immediate future. Such a mission would immensely increase the value of the Lend-Lease assist-

<sup>53</sup> Photostatic copy obtained from the Franklin D. Roosevelt Library, Hyde Park, N. Y.

ance you are supplying to China and which, we understand, is at the point where it is about to reach considerable volume. The Generalissimo points out that the importance of such a mission at this time is particularly emphasized by events in China. China has just formally broken off diplomatic relations with the German Government. The memory of the assistance given our army in the first stages of its resistance to Japan by the military mission of the German army is still significant in the minds of our army. At this time of the severance of relations with Germany, it would be most symbolic to have the memory of this German army assistance replaced by the presence of a mission from the American army coincident with the arrival of American materials.

Yours respectfully,

TSE VUN SOONG

893.20/725

*The Under Secretary of State (Welles) to the Secretary of War  
(Stimson)*

WASHINGTON, August 8, 1941.

MY DEAR MR. SECRETARY: I have your letter of August 5, 1941, enclosing a draft letter of instructions to General Magruder<sup>54</sup> initiating the military mission to China and fixing the nature of duties envisaged. You are so good as to indicate that an expression of our views with regard to the proposed letter of instructions would be welcomed.

In as much as it is the President's decision that General Magruder should proceed as Military Attaché, I suggested, when you brought up in our telephone conversation to which you refer the fact that you did not wish to displace the present Military Attaché to China, that there be followed the procedure which has been followed elsewhere, namely, permitting the present Military Attaché to remain and carry on his usual functions and assigning General Magruder as Military Attaché in charge of the military mission. There therefore are suggested certain changes in the proposed letter of instructions in the light of the President's decision and the procedure which is practicable for the carrying out of that decision. There also are suggested several other amendments: on the one hand, changes in phraseology which it is believed would tend to give greater precision to the instructions and, on the other hand, certain additions which it is believed will broaden the scope and contribute to the effectiveness, from point of view of general policy, of the mission.

A draft of the proposed letter of instructions containing the suggested changes indicated above is enclosed herewith.

Sincerely yours,

SUMNER WELLES

<sup>54</sup> Latter not printed.

[Enclosure]

## PROPOSED LETTER OF INSTRUCTIONS TO GENERAL MAGRUDER

1. For the purpose of realizing certain objectives of the Act of March 11, 1941 (Lend-Lease Act), you are designated Military Attaché in Charge of a Military Mission to China<sup>55</sup> acting under the direction of the Secretary of War. The Mission will consist of a group operating in China and a liaison group operating in Washington.

2. With the group that will operate in China, you will proceed as soon as possible to Chungking and report to the Ambassador.<sup>56</sup> While operating under the instructions of and communicating directly with the Secretary of War, you will cooperate with the Ambassador and keep him informed of all matters of national interest arising in and resulting from your activities. Should questions arise of undertaking projects or making commitments not authorized in your directive, you will promptly inform the Secretary of War and, pending instructions, be guided by national policies as interpreted by the American Ambassador.

3. Colonel Mayer will continue as Military Attaché concerned with the regular functions of such office.<sup>57</sup>

4. In general, the mission will assist the Chinese Government in insuring that the most effective use is made of the military aid afforded to China under the Lend-Lease Act.

5. More specifically, you will assemble in the mission and control the activities of such military and authorized civilian personnel as may be required to:

*a.* Advise and assist the Chinese Government in all phases of procurement, transport and utilization of materials, equipment and munitions requisite to the prosecution of its military effort.

*b.* Advise and assist the Chinese Government in the training of Chinese personnel in the use and maintenance of materials, equipment and munitions supplied as defense aid material by the United States.

*c.* When requested, assist the personnel of other departments of this Government in carrying out their respective duties in furtherance of the objectives of the Lend-Lease Act as pertaining to China.

<sup>55</sup> On August 26 the Acting Secretary of War (Patterson) sent to Brig. Gen. John Magruder a memorandum which conveyed the authority and instructions for the organization of the military mission to China. Among several changes made in the draft submitted by the Department of State, Gen. Magruder was designated "chief of a military mission to China." (893.20/728)

<sup>56</sup> The War Department directive of August 26 ordered Gen. Magruder to "proceed . . . to Chungking, China . . . your mission will, for the time being, be attached to the Embassy for the purpose of assuring the coordinating jurisdiction of the Ambassador and obviating political and administrative complications." (893.20/728)

<sup>57</sup> In the War Department memorandum under reference this paragraph was omitted altogether.

6. You will advise the Defense Aid Liaison Officer at Chungking, or, in the absence of such an officer, Mr. Harry Hopkins,<sup>58</sup> regarding the types and amounts of matériel which in your judgment may most advantageously be allocated to and used in China.

7. You are authorized:

a. To make requests through the Secretary of War for qualified personnel to constitute and maintain the mission.

b. To request the commissioning in appropriate grades in the Specialist Reserve of highly competent technical personnel which cannot otherwise be obtained.

c. To issue necessary travel orders; approve administrative expenditures; and establish a disbursing office to administer the authorized expenditures of the mission.

8. Within the limits of Presidential allocations under the Lend-Lease Act for specified purposes, you may hire essential technical and administrative assistants, and purchase locally in the Far East such supplies and materials to accomplish Lend-Lease objectives as may be approved by the President.<sup>59</sup>

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893.51/7284 : Telegram

*The Ambassador in China (Gauss) to the Secretary of State*

CHUNGKING, August 8, 1941—11 a. m.

[Received August 11—10:46 a. m.]

337. From Fox to Secretary of the Treasury.

The following order was received by Board yesterday.

“Ministry of Finance. Secret order to the Currency Stabilization Board. August 6, 1941.

The objective of the setting up of the Currency Stabilization Board is to consolidate the foreign exchange value of the *fapi* for the purpose of maintaining the smooth progress of our trade with friendly nations. In view of the importance of this task, the Board must prepare careful plans in advance and then faithfully put them in practice. The following principles are therefore formulated for the Board's guidance in working out detailed plans:

1. The maintenance of public confidence in *fapi* is a most important concern at present and the stability of its foreign exchange value as well as the question of lowering prices are both related to this task, hence the Board should work out detailed plans to develop the potentialities of the stabilization fund;

2. Since in the past the system of governmental allotment of exchange was not used in the operation of the stabilization fund, the

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<sup>58</sup> The pertinent paragraph (3) in the War Department memorandum read, in part: “You will inform the Ambassador or the officer designated as his Lend-Lease liaison. . . .” No mention was made of Mr. Harry Hopkins. (893.20/728)

<sup>59</sup> For press release issued on August 26 by the White House making public announcement of the formation of the Military Mission to China, see Department of State *Bulletin*, August 30, 1941, p. 166.

manager of the fund was not able to prevent both the enemy and the speculators from getting hold of China's exchange resources and stop the flight of capital; hence the fluctuations in the exchange market were often great and serious consequences followed.

Attention therefore must now be directed to the objective of preventing flight of capital and making it impossible for the enemy and speculators to get hold of our exchange resources so that the resources of the stabilization fund will not be squandered but will be effectively used.

(3) In cases when legitimate businessmen, for proper use, request to buy foreign exchange, the request should be carefully considered so that such demand can be promptly supplied and legitimate business can go on efficiently without delay.

The Board should work out detailed concrete measures on the basis of the above three principles and submit them to the Ministry for authorization. It is hoped that this order will be carried out and the results reported to the Ministry. The Ministry of Finance (signed) Kung Hsiang Hsi."

After needs of principles are now furnished the Board and after freezing, reference is still to preventing flight of capital and checking inroads by speculators. Latter subject favored topic of Minister. Board in last paragraph directed to work out detailed plan but I understand that organizational procedure is being formulated in Ministry and is to be placed before Board Monday. Apparently Board is merely to be rubber stamp Ministry.

Hall-Patch, following third telegram from the British Ambassador and orders from Home Office, is coming to Chungking Saturday for a few days. Board will organize officially immediately thereafter.<sup>60</sup>  
[Fox.]

GAUSS

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740.0011 European War 1939/13822 : Telegram

*The Ambassador in the Soviet Union (Steinhardt) to the Secretary of State*

Moscow, August 9, 1941—11 a. m.

[Received 1:52 p. m.]

1457. For the President, the Secretary and the Under Secretary. I have sent the following telegram to Harry Hopkins in care of our Embassy in London:

"For Harry Hopkins from the Ambassador:

The Chinese Ambassador today called on me to deliver an official invitation to you from Generalissimo Chiang Kai Shek and Vice President H. H. Kung to visit Chungking. The invitation, which is in the

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<sup>60</sup> In telegram No. 354, August 18, 11 a. m., Dr. Fox reported that the Board was officially organized on August 13 (893.51/7269). He continued to communicate through the Department with the Secretary of the Treasury, but both his operational reports and Treasury instructions to him are generally not printed.

form of a cablegram dated August 5 from Chungking to the Ambassador, reads as follows:

'To Mr. Harry Hopkins. On behalf of the Chinese Government we send you hearty greetings and a cordial invitation to visit Chungking on your way back to the United States. We hope that you may find it possible to do so. Chiang Kai Shek, H. H. Kung.'

"I have informed the Chinese Ambassador of your return to London and that the invitation is being transmitted to you telegraphically. Kind regards."

STEINHARDT

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793.94/16780: Telegram

*The Ambassador in China (Gauss) to the Secretary of State*

CHUNGKING, August 10 [11], 1941—7 a. m. [*p. m.*]  
[Received August 11—3:20 p. m.]

339. In a conversation Saturday afternoon the Generalissimo stated that Chinese political commentators are remarking that with the various warnings by the democracies enjoining Japan against aggression toward Thailand, Singapore, Netherlands East Indies, et cetera and no such injunction against an attack on Yunnan and the Burma Road it would almost seem that the democracies had pointed out to Japan what she might make as her military objective.

The Minister for Foreign Affairs, who was interpreting, then enlarged upon the point and said he had telegrams prepared to the Ambassadors at Washington and London to raise the subject at their next conference with American and British Governments. He commented that there is an Anglo-Russian pact,<sup>a</sup> and apparently various agreements and undertakings amongst all the democracies except China.

The British Ambassador, who was present, voiced his cordial agreement with the point made by the Generalissimo and stated that he would immediately report the matter to London.

I refrained from making any comment except that when reference was made to Chinese defense I did not [fail?] to refer to American practical aid to China.

It seems to me that an official injunction of warning addressed to Japan in regard to Yunnan and the Burma Road would be neither practicable nor logical at this time. Japan has been so far restrained from military action against Yunnan by physical difficulties. An official pronouncement in the form of a warning, limited in scope to Yunnan, could have little if any effect upon Japanese plans on the course of events unless, of course, it were forcefully and unmistakably

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<sup>a</sup> Signed at Moscow, July 12, 1941, League of Nations Treaty Series, vol. cccv, p. 277.

indicated that such an attack would be the signal for offensive action on our part. I do not consider the time or the circumstances appropriate to our assuming such a position.

Sent to Department, repeated to Peiping.

GAUSS

893.51/7382

*The Special Assistant to the Secretary of the Treasury (White) to the Secretary of the Treasury (Morgenthau)*<sup>62</sup>

[WASHINGTON,] August 15, 1941.

Subject: Developments of Special Interest in the Far Eastern Situation

I believe that you will find of interest the following items which have been culled from the cables and other materials coming into my Division.<sup>63</sup>

1. *Dollar-Yuan Stabilization Board.*

(a) The British have appointed Hall-Patch, although on a temporary basis.

(b) Fox reports that steps are now being taken to carry through the official organization of the Board.

(c) The British take the view that as a result of freezing Chinese assets, the prime function of the Stabilization Board will largely disappear. In Shanghai, however, financial circles expect the Stabilization Board will support *fapi* in the local "black market".

2. *British proposal of an economic mission to China and visit of Sir Otto Niemeyer.*

(a) The British suggestion of an Anglo-American economic mission to China, of which Sir Otto Niemeyer was to be the British representative, may again come up for consideration since Sir Otto has now arrived in Washington.

(b) Ambassador Gauss writes on August 1 that he was confidentially informed of the British proposal by Quo Tai-chi, Chinese foreign minister. Quo informed him that the coming of the mission might have a good "psychological" effect. Gauss, however, is of the opinion that it could accomplish very little and suggests that the invitation to the United States to join might have been prompted to some extent by the consideration that the principal recommendation of the mission would probably be outright financial assistance and the United States would probably be expected to supply the greater part of this

<sup>62</sup> Copies transmitted by Mr. Morgenthau on August 15 to President Roosevelt and the Secretaries of State, War, and Navy.

<sup>63</sup> Harry Dexter White was also director of Monetary Research, Treasury Department.



assistance. Moreover there is the suspicion, according to Gauss, that the British proposal is another attempt to embarrass Kung.<sup>64</sup>

3. *British proposal of a Chinese central exchange control committee in London, Washington, Singapore and Rangoon to assist in administration of freezing controls.*

(a) The Chinese have responded favorably to the British proposal. The Treasury has taken the position that a decision regarding this matter is to await report from Fox and visit of Niemeyer.

(b) Taylor has been sent to Shanghai to observe and report on the operation of the freezing controls there.

(c) Fox has suggested securing the assistance of a Treasury expert, Lockhart (our Consul-General in Shanghai) also suggests the stationing of a Treasury expert at Shanghai if it is thought desirable to keep close contact with the situation there.

(d) Fox reports that the Ministry of Finance desires a list of Chinese nationals who are depositors in the U. S. together with their securities and other holdings. The Ministry also asks how it could requisition such funds.

(e) The Generalissimo is disturbed by the newspaper report that American assets of Germans, Italians, Japanese and Chinese who are doing business within the British Empire and other allied territories have been unfrozen.

4. *Actions taken by the Japanese in China against American interests.*

U. S. freezing of Japanese assets have brought retaliatory freezing from the various puppet governments and Japanese authorities in China. In addition, however, further measures unrelated to freezing have been taken against American interests. For example, in Shanghai an export control system has been instituted similar to that already in operation in North China; in Chefoo, mail is not being delivered, and in Swatow, anti-American and anti-British demonstrations were held opposite the Consulates.

5. *Conditions in unoccupied China.*

(a) *Economic.* Inflation in unoccupied China continues, while the Government takes no effective steps to remedy the situation but merely continues to print money. The Government officials are reported to be afraid to take any effective measures against the landlords, who are largely responsible for China's economic ills.

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<sup>64</sup> See telegram No. 324, August 1, 1 p. m., from the Ambassador in China, p. 690.

*(b) Political.*

(1) Mr. Taylor reports a conversation with Madame Sun <sup>65</sup> in which she expressed concern about the "Chungking appeasers".

(2) Mr. Hemingway <sup>66</sup> reports of extreme bitterness between Kuo-mintang leaders, including the Generalissimo, and Communists. Some in Chungking favor peace with Japan and U. S. support for war against Communists. Hemingway agrees with U. S. policy of opposing civil war in China.

6. *Burma Road.*

(a) In May, 1940 the volume of goods imported over the Yunnan-Burma highway approximated the best performance of the Yunnan French Indo-China railway in the month prior to the severance of that line in 1940. In June, traffic declined because of rain, but an animal transportation route has been opened between Kunming and Burma to supplement the regular highway transportation system.

(b) The Chinese complain that the Customs authorities in Rangoon are unsympathetic and non-cooperative, with resulting delays in clearing cargo from the wharves.

7. *Decline of the Chinese national currency in Shanghai.*

*Fapi* has tended to decline in Shanghai, being 5-3/16 cents on July 28 and 4-7/32 cents on August 11. This decline is explained by the heavy purchases of foreign exchange by speculators, importers and foreign banks; the insufficiency of the available supply of exchange because licensing has stopped the repatriation of funds and remittances from abroad, and the fact that much of the export business in Shanghai is carried on by the Japanese and the export bills have not yet begun to come to the licensing banks.

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893.154/364 : Telegram

*The Ambassador in China (Gauss) to the Secretary of State*

CHUNGKING, August 15, 1941—noon.

[Received August 17—3:11 p. m.]

350. Reference my 348, August 15, and 349, August 15, 11 a. m.<sup>67</sup> After careful consideration of the Burma Road situation since my arrival at Chungking, I am reluctantly of the opinion that Baker has not shown himself capable of dealing with the problem. He is not a motor transportation expert. At the same time he has not had

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<sup>65</sup> Widow of the late Dr. Sun Yat-sen and sister of Mme. Chiang Kai-shek.

<sup>66</sup> Ernest Hemingway, American novelist, war correspondent in China in 1941.

<sup>67</sup> Neither printed.

full powers, nor, in my opinion, full Chinese support, due partly to the fact that from the very beginning he did not insist thereon.

I would prefer that the managing director of the road be an American but I admit frankly that all independent information regarding Holmes<sup>68</sup> and his qualifications fully support the recommendation made by Arnstein<sup>69</sup> and his associates.

I am not [convinced?] that the Chinese authorities are prepared definitely to accord a managing director the full powers recommended by Arnstein, but success in that direction may be achieved by placing the matter squarely and forcefully before the responsible Chinese officials. At the same time, however, I am convinced that no director of the road can function effectively unless in addition to full powers he is given efficient and adequate police or military assistance unquestionably at his command to enforce, where necessary, his directions as managing director and to supply the vitally necessary policing and patrols, enforce discipline and suppress all interference from whatever sources with the efficient operation of the road. He should also have virtual financial autonomy.

I am of the opinion that some distrust of the British must play a part in the Generalissimo's opposition to Holmes. In appointing as managing director a man who is now a Burma official the Generalissimo may feel that there are implications of the extension of Burma authority into Chinese territory. It is also entirely possible that Holmes' forthright methods in dealing with the Southwest Transportation Company and other government organs to enforce efficiency has engendered hostility which has come to the notice of the Generalissimo. I understand from Arnstein that the Generalissimo indicated that American approval of Holmes would not alter his opposition.

The Naval Attaché, who is well informed on the whole subject, concurs in the foregoing opinions.

I understand that the Arnstein report is being translated into Chinese, after which Arnstein and his associates will again confer with the Generalissimo.

Please inform Currie.

GAUSS

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<sup>68</sup> A Canadian, control officer for the Burma Government at Lashio, Burma, in charge of all Burma trucks operating into China.

<sup>69</sup> Daniel G. Arnstein, American motor transport expert who went to China in June, at the invitation of the Chinese Government, to look into ways and means of increasing traffic on the Burma Road.

893.248/232

*Mr. T. V. Soong, of China Defense Supplies, Incorporated, to the Coordinator of Information (Donovan)*<sup>70</sup>

[WASHINGTON,] August 16, 1941.

DEAR COLONEL: This is to summarize the conversation I had with you yesterday afternoon. The concurrence of certain events has made it desperately necessary that help of aircraft to China be immediate, so immediate that the delivery will have to be effected by diversion from the nearest available sources of supply, such as the Philippines, Singapore or the Dutch East Indies.

A. The first of the events is a new type of continuous all-day bombing—twenty-two hours out of twenty-four—by relays of bombers in units varying from large squadrons to flights of a few planes to which Chungking has been continuously subjected since the Anglo-American protest<sup>71</sup> about Japanese moves to the south. Without planes to fight off the bombers over the city and to bomb back at the bases from which the raiders come, there is no possibility of defense or retribution.

It is perfectly clear that the purpose of this bombing is to finish the "China Incident" before Japan moves in other directions—by demonstrating to the people of China the difference between reality and the hopes of the last fourteen months that American assistance would be effective.

This awful demonstration of the difference between reality and promises is underlined for the Chinese by two other events.

B. The second event is the swiftness with which it is announced that deliveries of aircraft are being made to the Soviet Union, after repeated earlier promises of delivery to the Chinese have been excused as nonperformable because the aircraft simply does not exist.

C. The third event and you must understand this not in the light of true justification but in the light in which it appears to the Chinese under bombardment of twenty-two hours a day—is the recent frank disclosure of the American policy of appeasing Japan with materials of war—the very material and gasoline that are presently bombing Chungking—in order to keep Japan from attacking certain American supply routes to the south.<sup>72</sup>

Adding these three events and their implication together, Chinese who are weary of Chiang Kai-shek's policy of resistance in the general democratic cause are saying, "Our resistance is just a pawn in the

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<sup>70</sup> Copy transmitted to the Under Secretary of State (Welles) by Capt. James Roosevelt, U. S. M. C., of the Office of the Coordinator of Information, in his letter of August 22, not printed.

<sup>71</sup> For statement by the Acting Secretary of State, see Department press release on July 24, 1941, *Foreign Relations, Japan, 1931-1941*, vol. II, p. 315.

<sup>72</sup> See White House statement on July 25, 1941, *ibid.*, p. 264.

calculations of other democratic powers. Japan is being furnished the materials with which to destroy us in order to relieve the British from attack in the south and maybe even the Russians from attack in the north. Although we are being given polite nonoffensive aid like road materials and trucks, nothing which would really offend Japan or give us striking power of retribution against Japan is being allowed to actually get here—even though this supposedly non-existent offensive material is available immediately for our friends the Russians.[”]

Please do not think that any of us in the Chinese Government think that way or do not understand the American problem.

But, Colonel, surely you can understand from your long experience with your nationals under attack how easily the average Chinese, particularly the average Chinese army officer, can think that way, and what a terrible problem of morale it raises for Chiang Kai-shek at the present time.

Remember that the last really effective military aid China had from the West was from the German military mission which did enormously and practically aid us in the first stages of our resistance to Japan and that the memory of that mission is still real in the minds of our army.

The cables I am now receiving from China asking if your promises of help are real are the saddest things to read and the most difficult things to answer I have ever faced in my life.

If planes are delivered to Russia now—even though the Russians are still our friends and allies—you must get planes to Chungking now or the Chinese will never understand.

I have now been in the United States over fourteen months pleading for the help of planes.

In response, the President, after pointing out the dangers of non-resistance to aggression, promised to call upon his advisors to give all practical assistance to us.

I then and there stressed the urgent necessity of providing us with aircraft to defend the main routes of supply, the key urban areas, and to enable strategic operations on the part of our land forces.

In the fourteen months which have followed not a single plane sufficiently supplied with armament and ammunition so that it could actually be used to fire has reached China.

Through the exertions of the President 100 Curtiss P-40's were released by the British last fall and eventually reached China, but the necessary spare parts and ammunition without which these craft are not fighting ships but only training ships, are just being arranged for now.

Last fall and winter we were offered a few bombers capable of raiding Japan. The offer was accepted but it did not materialize.

A special American air mission under General Claggett visited China following Mr. Currie's visit and after an intensive study of our airfields, air force, and facilities on the spot, favorably reported on our plans for an air force of 350 pursuits and 150 bombers. No action has materialized.

At the end of July an allotment of 66 bombers and 269 fighters was definitely ratified by the Joint Strategy Board on the President's authority and Chiang Kai-shek was assured of immediate delivery of 24 bombers. General Chiang was never happier than when Lauchlin Currie cabled back that assurance to Chungking.

Today I am told that deliveries cannot start before October and then on a scale that will extend into Spring, 1942.

Meanwhile Chungking is bombed incessantly day and night and China goes on the second month of her fifth year of war while the promises I cabled over for encouragement one by one fail.

Army leaders and Peoples' Representatives of Free China ask Chiang Kai-shek when the American planes are coming. When he gives them my answer—that the planes are simply not yet produced in the United States—they will ask him where the planes are coming from for Russia.

It does the Generalissimo little good to reply that a generous allocation of funds is being made under the Lease-Lend enactments; that every courtesy is shown by the several agencies interested; that sincere concern is manifested by the leaders of the administration; and that more of the trucks are on the way.

What we need and need desperately is the actual appearance on the Chungking front *now*, of aircraft diverted from the Philippines, Singapore, or the Dutch East Indies with ultimate use of the future deliveries that have been promised us.

After that immediate relief what we need is the actual allocation of favorable priorities and the actual certainty of deliveries of a special air unit of 350 fighters and 150 bombers, maintained at that size.

With this size of a force, a mere drop in the bucket as far as the needs of Britain and Russia are concerned—we could prevent or render difficult any extensive Japanese move toward the south. We could afford effective assistance to the defense of Singapore and the Dutch East Indies. We could defend the Burma Road and the key cities in Free China. We could launch counterattacks with the purpose not only to hold existing Japanese forces in China but to compel their continuous dispatch of stronger forces.

Finally, we could attack the main industrial areas and fire the paper and wood cities of Japan.

Your special American air mission has studied this plan and declared it completely feasible.

You will excuse me for having been so frank. But the Russian situation and the failure to mention China in all the new joint strategic plans that are being publicized has really precipitated a problem of Chinese morale about the immediacy of aircraft help to China.

I am sure you will understand.

Remember, Colonel, that we have proved that we can fight longer than any other people who are fighting on the democratic side—that given the arms we can really finish the job.

We have stuck for five years. Please help us stick now.

With kind regards [etc.]

T. V. SOONG

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740.0011 European War 1939/14308

*Memorandum of Conversation, by the Secretary of State*

[WASHINGTON,] August 19, 1941.

The Ambassador of China called at his request. He first handed me a copy of a statement of his Foreign Minister on August eighteenth at Chungking (copy attached)<sup>73</sup> approving for the Chinese Government the declaration of President Roosevelt and Prime Minister Churchill.<sup>74</sup> I expressed the very great gratification of my Government in this regard and added I knew that it would be gratifying to the President to whom I would at once send a copy. He expressed his pleasure that China was the first government to ratify and approve the Roosevelt-Churchill statement. I again complimented and congratulated his Government.

The Ambassador then tactfully and somewhat delicately referred to the conferences between the United States and Great Britain and the planned conferences between the United States, Great Britain and Soviet Russia, together with reports about the supposed agreements entered into and to be entered into for defense on the part of each against military aggression. The Ambassador said that his Government felt a little regretful and disappointed that China was scarcely mentioned in any manner whatever with possibly one exception, and that this was discouraging. I replied that I and all of us were sorry about this; that it was not intentional on the part of any high official of the Government and especially the President; that we have striven to show our deep and sustained interest in aiding

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<sup>73</sup> Vol. IV, p. 377.

<sup>74</sup> Declaration of the Atlantic Charter released to the press August 14, Department of State *Bulletin*, August 14, 1941, p. 125.

China and in seeing China succeed in resisting the Japanese and that we expect to do this increasingly as time goes on.

I then said to the Ambassador that, off the record, I would like to say to him that some of us have already been giving attention to the point about the supposed neglect of China and finding ways to re-emphasize strongly the interest of this Government in China and in aiding it increasingly in its military resistance of Japan. The Ambassador expressed himself as greatly relieved to hear this. I inquired if his Government proposed to hold on indefinitely in its military resistance of Japan and he spoke with confidence to the effect that it unquestionably would.

The Ambassador then said he had noticed in the press how this Government was proposing to ferry military airplanes from Brazil to Freetown, a distance of some eighteen hundred miles. He said he would like for my Government to keep in mind the fact that it was not over fourteen or fifteen hundred miles from the Philippine Islands to Kwei-lin in the province of Kwangsi, which is not occupied by the Japanese, and that he hoped this Government would keep this in mind relating to any plans to get airplanes to China. I tactfully recalled to the Ambassador that we have probably 100 expert mechanics in China together with a great many other persons who are fliers and instructors, and that I would be interested to know how fast his Government could really train the Chinese to fly and fight with efficiency. The Ambassador said he did not know about this. I replied that many of the finest planes we have sent abroad for fighting purposes have been promptly wrecked by those who thought they had become efficient but who underestimated the extreme delicacy of the machinery of many of the planes.

C[ORDELL] H[ULL]

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*President Roosevelt to Mr. T. V. Soong*<sup>75</sup>

WASHINGTON, August 20, 1941.

DEAR DR. SOONG: I am happy to comply with the request of Generalissimo Chiang Kai-shek, conveyed to me through your letter of August 7, that an American military mission be sent to China. The Secretary of War has selected as chief of the mission Brigadier General Magruder, who is now assembling his mission and will depart, as soon as possible, for Chungking.

I trust that this mission will aid China in her valiant struggle.

Sincerely yours,

FRANKLIN D. ROOSEVELT

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<sup>75</sup> Photostatic copy obtained from the Franklin D. Roosevelt Library, Hyde Park, N. Y.



898.154/366 : Telegram

*The Ambassador in China (Gauss) to the Secretary of State*

CHUNGKING, August 21, 1941—3 p. m.  
 [Received August 22—6: 03 a. m.]

360. For Currie from Arnstein: Generalissimo has decided against Holmes due to his nationality. Present contemplated plan is Chinese managing director with Wilson<sup>76</sup> in complete charge of operation and maintenance of all the lend-lease trucks. Wilson will assume duties as soon as he is released from the Army. [Arnstein.]

GAUSS

898.154/366a : Telegram

*The Secretary of State to the Ambassador in China (Gauss)*

WASHINGTON, August 21, 1941—7 p. m.

194. For the Ambassador from Currie. Do you think that Chiang Kai-shek is in fact ready to grant to an American full authority over the Burma road? Should this be the case, what is the opinion of yourself, McHugh and Lattimore whether Arnstein should for the time being and in order to get the new set-up under way fill the position? Do you think that he would be acceptable to Chiang Kai-shek? Please communicate to Arnstein my view, in which Mr. Harry Hopkins concurs, that he should "keep mum" and "sit tight" for the time being pending the working out of some satisfactory arrangement. I feel that if there is a real opportunity to bring about a centralization of authority over the Burma road, we should not fail to take advantage of such opportunity. It seems to me that it would not be advisable to attempt to press Chiang Kai-shek to appoint anyone who is not *persona grata*. [Currie.]

HULL

740.0011 European War, 1939/17596

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

[WASHINGTON,] August 22, 1941.

The Chinese Ambassador called to see me this afternoon at his request.

The Ambassador commenced the conversation by saying that he had called to see the Secretary of State last Tuesday and in the course of his conversation<sup>77</sup> at that time had indicated the regret and disap-

<sup>76</sup> Capt. James Wilson, U. S. A., Assistant Military Attaché in China.

<sup>77</sup> See memorandum of August 19, p. 708.

pointment of the Chinese Government that some favorable and important reference to China was not made as a part of the announcements which resulted from the meeting between the President and the Prime Minister of England.

The Ambassador said that he had telegraphed to his Government the very friendly reference which Secretary Hull had made to China in the course of his conversation, but that nevertheless opinion in Chungking remained greatly disappointed. The Ambassador said that he had no doubt that in part this was due to the fact that Chungking was now to a very great extent isolated from the rest of the world. He said that Japanese bombing of Chungking had been almost continuous during a good many days and on several occasions had lasted more than fifteen hours during each twenty-four hour period. He said that both official work and ordinary business had naturally had to be suspended to a very considerable extent and that with rising prices and other unfortunate developments in their domestic economy, morale was not good.

The Ambassador then said that he had today received a telegram from his Foreign Minister of which he had brought with him a portion for my information. Dr. Hu Shih then gave me the excerpt from the telegram in question which is attached herewith.<sup>78</sup>

I read the message and said that, animated solely by a desire to be of assistance to China and to have this Government take such action as might within its power be helpful to China, it seemed to me that the suggestion contained in this message was not in the interest of the Chinese Government itself. I said that the approaching Moscow conference was not a joint staff conference but was a conference which was going to be held primarily for the purpose of enabling the United States and British Governments more accurately to determine what the Soviet Union's most vital and pressing needs might be in the way of military matériel and other goods directly related to the Soviet war effort. I said that the whole conference hinged upon the assistance which might thus be rendered by Great Britain and the United States to the Soviet Union in that particular field. I said that if China were included in the conference, it would seem to me that China would be placed in a completely subordinate and subsidiary position inasmuch as China was not able to furnish assistance of this character to the Soviet Union but was actually receiving assistance from the Soviet Union.

As a matter of fact, I said, the reason why the mission to be headed by General Magruder was being sent to Chungking was for exactly the same purpose, and when General Magruder's mission arrived in China the members of that mission, together with the members

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<sup>78</sup> *Infra.*

of the British military mission and the officials of the Chinese Government, would discuss exactly the same problems as those which were to be discussed at Moscow, and it seemed to me that what would be far more in the interest of China would be for it to be made clear by the United States and British Governments that the sending of their respective missions to Chungking was for the identical purpose as that for which missions were being sent to Moscow. The Ambassador immediately said that he fully agreed with what I had said and that he thought his Government's suggestion had been ill-advised. He said that he would request, however, most urgently that as much publicity as possible along the lines I had suggested be given by this Government to the Magruder mission before it left the United States so that his own Government and his own people might realize the importance of the task entrusted to that mission.

I said to the Ambassador furthermore that I could assure him that during the conversations in which I had participated during the meeting between the President and the Prime Minister, the subject of China and the assistance which could be given to China and the steps which could be taken in the interest of China formed as considerable a portion of the subjects that were discussed as any other matter that came up for discussion. I said I hoped that he would make it clear to his Government that the question of China was uppermost in the minds of those who had participated in these conversations.

S[UMNER] W[ELLES]

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740.0011 European War, 1939/17596

*The Chinese Embassy to the Department of State*<sup>79</sup>

TRANSLATION OF A TELEGRAM TO AMBASSADOR HU SHIH FROM FOREIGN MINISTER QUO TAI-CHI, CHUNGKING, AUGUST 20, 1941

. . . The Generalissimo and public opinion in general are greatly disappointed by the apparent fact that, while the relation between the Soviet Union and the Anglo-Saxon Powers has become closer, China, which has been fighting the first battles against aggression, now appears to be entirely left out of the councils of the "Inner Circle." We fully realize that the purpose of the coming Moscow Conference is to discuss ways and means to aid Russia and to combat German aggression, but we cannot help feeling that something should be done towards China, preferably in the form of an invitation to China to send delegates to participate in the Conference so as to demonstrate to the outside world the unity of the anti-aggression. . . .<sup>79a</sup>

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<sup>79</sup> Handed to the Under Secretary of State by the Chinese Ambassador on August 22, 1941.

<sup>79a</sup> Omissions indicated in the original.

793.94/16780 : Telegram

*The Secretary of State to the Ambassador in China (Gauss)*

WASHINGTON, August 22, 1941—6 p. m.

200. Your 339, August 10 [11], 7 a. m. [*p. m.*] We have been giving sympathetic study to the points raised in your conversation with General Chiang and the Foreign Minister and it is suggested that you take occasion to point this out orally to them, or to other appropriate Chinese officials, and to mention some of the considerations which have occurred to us in this connection as follows:

Declarations by officials of this Government in regard to Thailand and neighboring areas have not, of course, in any way indicated a shifting of our sympathies and support from China to other parts of the Far East or any change in emphasis as regards particular sections of the Far East. This has seemed to us to be obvious, and there have been no indications in the American press, which is usually very sensitive to currents and directions of official interest and concern in matters affecting and comprising our foreign relations, that this Government's policy of aiding China in every way that is practicable and appropriate has either lessened or experienced any deviation from that objective. Recent declarations have, on the other hand, served to include specifically within the scope of this Government's repeatedly expressed and energetically implemented policy of extending aid to China, Great Britain and other countries resisting aggression, areas of the Far East whose proximity to China make their inclusion in our policy a matter of vital importance to China as well as to themselves. Reasons for the concern of the Government and the people of the United States in regard to Thailand clearly spring from a recognition of both the specific problem and the broad general problem presented by developments in the region of Thailand. It was not considered in that connection that any specific mention of Yunnan or other part of China would contribute to a clarification of this Government's attitude—which in respect to all parts of China has repeatedly and abundantly been made clear—nor was it considered that absence of mention of China in the declarations in question would result in any misunderstanding anywhere of this Government's attitude and policy toward China or toward any other country. Certainly no clearer expression of our purpose to assist China could be uttered than that of the President of the United States in his address of March 15 in which he referred to our policy as one of "unqualified, immediate, all-out aid" for China and other countries resisting aggression.<sup>80</sup>

In the light of all pertinent aspects of the situation in the Far East, it seems to us to be self-evident that specific inclusion of Thailand

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<sup>80</sup> Department of State *Bulletin*, March 15, 1941, pp. 277, 280.

and neighboring areas in declarations of American policy at this time are in themselves further indication of American support for China and of American interest in protection of the approaches of the Burma Road.

On August 19, the Secretary of State, in a conversation with the Chinese Ambassador, stated to the Ambassador that we have under consideration various possible methods of giving augmented emphasis to the fact that China is playing a valiant and valued part among the powers that are actively resisting aggression.

HULL

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893.248/232

*Captain James Roosevelt, U. S. M. C., of the Office of the Coordinator of Information, to Mr. Harry Hopkins, Special Assistant to President Roosevelt*<sup>81</sup>

[WASHINGTON,] August 22, 1941.

DEAR HARRY: I know the enclosed<sup>82</sup> has been described as just another hysterical letter from one of the three groups, British, Russian, and Chinese yelling for help. I do feel, however, very strongly that something definite, concrete, and *honest* should be done about it.

After all, from a long range point of view, when this war is over, China can be the greatest export market for many years to come that this country has ever seen. I am convinced from personal observations that they are going to have the fastest growing civilization when that time does come. All of this can be true only if they have been sold on our friendship and actual support. Unlike other countries, their tradition has been, and is, to remember their friends. Russia will throw us out of the window, England will use us for her own gain when she is strong and able to do so, but China will use us as a friend. Their ancestor religion may be responsible for this attitude, but let's not miss the chance of taking advantage of it.

Above all else, the most tragic part of the letter for the Chinese mind are the promises and telegrams specifying numbers and amounts all of which turn out to be just so much "bunk."

I specify this because after all I have been there and I do know the state of their mind and the things which mean much to them. If we miss the boat on this, someone should be very soundly kicked!

Sincerely,

JAMES ROOSEVELT

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<sup>81</sup> Copy transmitted to the Under Secretary of State (Welles) by Capt. Roosevelt in his letter of August 22, with the statement: "I hope you will not think that I am intruding on foreign policy, but I felt so strongly about it that I took the liberty of doing so and wanted you to know about it."

<sup>82</sup> See Dr. T. V. Soong's letter of August 16, p. 705.

893.154/367 : Telegram

*The Ambassador in China (Gauss) to the Secretary of State*

CHUNGKING, August 24, 1941—noon.

[Received 1:25 p. m.]

363. Reference Department's 194, August 21, 7 p. m. regarding Burma Road.

1. Arnstein and party left Chungking 22d for Hong Kong en route to the United States before receipt of your message.

2. By Embassy's 360 of August 21, 3 p. m. Arnstein informed Currie of contemplated plan which was accepted at final meeting of Arnstein group with the Generalissimo when the Naval Attaché was also present. Name of Holmes was not again presented. Arnstein declined appointment as managing director, he and his colleagues indicating they must return to the United States. Wilson's appointment depends upon the attitude of the War Department. Chinese managing director will be General Yu Fei-peng who is now Chairman of the Yunnan-Burma Highway Supervisory Commission of which Baker is Inspector General. It is [not?] possible to assess the new setup until after it has commenced functioning. It does not on its face differ essentially from that which has been in effect for the past several months. The spirit and determination [shown?] where it attacks the problem will be the gauge of its success.

3. While the Generalissimo has repeatedly indicated his desire to appoint an American managing director, I understand that he considers it impracticable for a foreigner to exercise the full authority contemplated in the Arnstein report.

4. The new plan should so operate as to place full responsibility on the Chinese and at the same time afford them the expert American technical and mechanical assistance they require for efficient operation of the road. Centralization of authority over the road, in hands that are willing and able to establish needed police controls and to subordinate provincial and private vested interests to the national welfare, is imperative if American technical assistance is to be effective and if aid to China under Lend-Lease is to materialize as anticipated.

5. I believe that the Chinese Government should be authoritatively informed that the extent of Lend-Lease aid to China depends upon the tonnage which can be moved over the road and that, while we are prepared to make available all practicable assistance, solution of the road transport problem is China's full responsibility.

6. The Naval Attaché concurs in general with the foregoing. Lattimore<sup>83</sup> has not indicated to me that he has been informed or consulted regarding the Burma Road.

GAUSS

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893.20/726 : Telegram

*The Ambassador in China (Gauss) to the Secretary of State*

CHUNGKING, August 26, 1941—2 p. m.

[Received August 27—6:45 p. m.]

365. British Ambassador told me today he learned from Chinese that American military mission headed by Magruder is coming to China, that he wondered whether there has been Anglo-American consultation on the subject, and that he telegraphed London yesterday urging desirability close coordination American and British aid to China and between American mission and British and Soviet military attaché establishments which are nuclei of military missions. I replied I could not officially confirm that Magruder is coming to China but I recognize desirability close coordination of aid to China and knowing Magruder and also Dennys,<sup>84</sup> British Military Attaché, I feel utmost confidence of close liaison between them should American military [mission?] come to China.

GAUSS

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893.154/367 : Telegram

*The Secretary of State to the Ambassador in China (Gauss)*

WASHINGTON, August 26, 1941—6 p. m.

205. Reference your 363, August 24, noon.

For the Ambassador from Currie.<sup>85</sup>

Fearing that Wilson will be subject to the same treatment as Baker, I am reluctant to recommend his release. The failure to bring about a genuine reorganization of the Burma Highway with unified control, sufficient financial backing and police authority has been a decided disappointment to me. My task here has been made very difficult by this failure. I shall, however, be happy to arrange for Wilson to be placed

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<sup>83</sup> On September 25 Mr. Alger Hiss, Assistant to the Adviser on Political Relations, commented to Dr. Hornbeck, in another connection, that "Currie has recently expressed to me the view that the Department should be on the alert to help maintain Lattimore's prestige. He suspects that Lattimore's relations with Gauss are none too good and apparently feels that it is unfortunate that it has not been possible to act on any of Lattimore's recent suggestions. Currie says that as a result Chiang Kai Shek has decided that Lattimore is without influence with the U. S. Gov[ernment] and that this undermines Lattimore's influence with Chiang. A. H." (893.01A/169)

<sup>84</sup> Maj. Gen. Lancelot Ernest Dennys.

<sup>85</sup> Notation by the Adviser on Political Relations (Hornbeck): "Based on a draft by Mr. Currie. Shown to and approved by Mr. Currie."

at the disposal of Yu Fei Peng to advise him with regard to all matters pertaining to truck maintenance and operation. For the time being he should, in my opinion, retain his military status, feeling free to report directly to the Military Attaché and later on to General Magruder. The Chinese would, through this arrangement, be enabled to make full use of Wilson's technical knowledge and we would be in a position to conform shipments to the capacity of the Burma Road. Please inform the Generalissimo of my views as expressed above and ascertain whether the foregoing arrangement would be satisfactory to him. [Currie.] HULL

811.20 (D) Regulations/4314e

*The Secretary of State to All Collectors of Customs*

WASHINGTON, August 28, 1941.

SIRS: Unlimited license U-65 has been issued to China Defense Supplies, Inc., authorizing the exportation of all articles and materials subject to export control (except arms, ammunition and implements of war, tinplate scrap, and helium) to China, when the consignee shall be the National Government of the Republic of China or an agent thereof.

The following conditions shall apply to the use of license U-65:

1. All shipments shall be made via Burma.
2. China Defense Supplies, Inc., will furnish a prior release certificate to each exporter authorizing him to make use of their unlimited license in the same manner as the procedure followed by the British Purchasing Commission. Upon presentation of such certificate, properly signed, you are authorized to permit exportations to China (via Burma) against license U-65 without requiring the presentation of individual license.
3. This license is valid only for the exportation of articles and materials released for export under the provisions of the Lend-Lease Act. Hence, no exporters should be referred to China Defense Supplies who merely desire to export in the course of their usual business operations.

Very truly yours,

For the Secretary of State:  
CHARLES W. YOST  
*Acting Chief, Division of Controls*

893.20/729

*The Ambassador in China (Gauss) to the Secretary of State*

No. 100

CHUNGKING, August 28, 1941.  
[Received September 25.]

SIR: With reference to my telegram no. 365 of August 26, 2 p. m. on the subject of the reported American military mission to China



and British proposals for coordination of Anglo-American aid to China, I have the honor to enclose for the information of the Department copy of a memorandum of my conversation with the British Ambassador on August 26.<sup>86</sup>

At the same time, I enclose copy of a memorandum dated August 27,<sup>86</sup> submitted to me by the Naval Attaché of this Embassy, Major J. M. McHugh, U. S. M. C., who had a conversation with the British Ambassador after the latter had seen me, and who was later permitted to see and make notes from the telegram sent to London by the Ambassador recommending coordination of Anglo-American aid to China.

This telegram is an interesting document, and I am somewhat surprised that Sir Archibald Clark Kerr was willing to show it to any American official, in view of the implications of some of his statements. At the same time I should state that Sir Archibald is an earnest, energetic and conscientious British official. He is inclined to be outspoken and frank. He is friendly to Americans and I believe he is genuinely sincere in his attitude on Anglo-American collaboration, although of course he approaches the subject from a distinctly British point of view.

In point 4 of his telegram as it is recorded in the Naval Attaché's memorandum, Sir Archibald makes reference to the appointment of the British economist Niemeyer<sup>87</sup> as a "first class" economic adviser, commenting that the Americans have been content to designate a "third rate man" (Fox). Sir Archibald mentioned to me the Niemeyer appointment and the possible relations with Fox. I dismissed the matter with the statement that Mr. Fox had not been sent out by the American Government as an economic adviser but as the American nominee for the stabilization board, that he is principally concerned with stabilization problems—now, probably, also, with the difficulties arising out of the "freezing" operations—and that while he certainly had expressed the frank hope, when he arrived, that the stabilization board might take a broad view of the stabilization operations and be able by a close and intelligent study of related economic and financial problems to make suggestions and recommendations to the Chinese Government for the improvement of the general economic and fiscal position, I would not consider that Dr. Fox was here in the role of an economic adviser nor had I any reason to anticipate that there would be any conflict between him and Mr. Niemeyer, who, the British Ambassador told me in reply to my inquiry, would not be a member of the stabilization board.

In point 5 of Sir Archibald's telegram it is mentioned that Britain has a very real interest in the Lend-Lease Aid to China "because such

<sup>86</sup> Not printed.

<sup>87</sup> Sir Otto Niemeyer, director of the Bank of England.

assistance must pass through British controlled territory in [to?] China." I have heard the same view expressed more bluntly by Britons in China in words to the effect that Britain controls China's life-line.

He speaks also of the need for common investigation of the Burma Road problem. The British no doubt would have been pleased had the recommendation of the Arnstein "mission" for the appointment of Mr. Holmes, the controller of the Burma section of the Burma-Yunnan highway, as director general or managing director of the China section of that road, been acceptable to the Generalissimo. I believe however that Sir Archibald is anxious that there should be full cooperation by the Burma authorities in the forwarding of American lend-lease supplies for China, though it is evident from his message to London that he considers that since such supplies pass through Burma the British authorities should be consulted in a coordination of the American effort in aid to China.

In point 7 of his message to London, Sir Archibald expresses concern as to the possible relations between the American military mission and the British Major-General-Military Attaché who is the "nucleus" of a "full dress" military mission. As I reported in my telegram under reference, I told Sir Archibald that, knowing General Magruder and also General Dennys, the British Military Attaché, I had the utmost confidence that if the American mission should come to China there would be close liaison between the two officers.

I am in favor of the closest possible collaboration between the American and British authorities in respect to matters relating to aid to China and other problems of mutual interest. I am impressed by the need of the most complete coordination of all American effort in China. It seems to me, however, that the extent of coordination as between the American and British authorities on military problems and lend-lease aid to China must remain to be worked out on the ground after the arrival of the American military mission.

Respectfully yours,

C. E. GAUSS

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893.248/232

*The Under Secretary of State (Welles) to Captain James Roosevelt,  
U. S. M. C., of the Office of the Coordinator of Information*

WASHINGTON, August 29, 1941.

DEAR JIMMY: I thank you for sending me a copy of your letter of August 22 to Harry Hopkins together with its enclosure, Mr. T. V. Soong's eloquent letter of August 16 to Colonel Donovan.

I am glad to have your personal views on this important question. There seems to me to be no question that prompt assistance to China is of vital importance and should at all times be regarded as and be made a part of our program of giving aid to countries that are resisting aggression.

Yours sincerely,

SUMNER WELLES

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893.154/373 : Telegram

*The Ambassador in China (Gauss) to the Secretary of State*

CHUNGKING, August 30, 1941—2 p. m.

[Received August 31—10:41 a. m.]

372. Reference Department's 205 of August 26, 6 p. m. In regard to the Burma Road. I saw the Generalissimo yesterday and made known Currie's views and proposed arrangement regarding Wilson. He simply indicated assent, evidencing no disposition to discuss the matter. However, I anticipate that he may wish to do so later at which time I shall unless otherwise instructed tactfully explain that, while expert American technical advice and assistance will be made available in every practicable way, authority and responsibility with respect to the management and operation of the road ultimately and [properly] rest with China. I shall state that the measure in which lend-lease aid reaches China naturally depends upon the capacity of the road as a transport artery and express confidence in China's ability to effect diplomatic immunities.

The Generalissimo at time was [obviously] preoccupied and anxious with regard to the American-Japanese conversations respecting the Far East and sought, with the Foreign Minister who was also present, to draw me into a discussion of that issue. The Foreign Minister referred to rather definite reports he had received from the Chinese Ambassador in Washington. The conversation was restrained. I was entirely without [official] advice on the subject and so informed them.<sup>58</sup>

GAUSS

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<sup>58</sup> See telegram No. 209, September 2, 10 p. m., to the Ambassador in China, vol. iv, p. 419.

893.248/231a : Telegram

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

WASHINGTON, September 2, 1941—4 p. m.

3521. For Sir Archibald Sinclair<sup>89</sup> from Hopkins.<sup>90</sup>

"I wonder if you and Moore-Brabizon<sup>91</sup> and Portal<sup>92</sup> can have a suggestion to make to help us out of a difficult situation relating to medium bombers for China.

A recommendation has been made by our military people that 66 medium bombers be released to the Chinese over a period of the next few months. While they recommended 33 Hudsons and 33 DB-7s I believe the important thing is that they be satisfactory medium bombers irrespective of the particular type.

The President is anxious to get these bombers and we simply are not in a position to release any more medium bombers immediately out of our own share of the production, which is very small.

Chiang Kai-Shek was advised inadvertently that the bombers would be available.

I realize how difficult it is for you to release these bombers but on the other hand we are in a difficult situation in regard to the Chinese and we know of their very urgent need which the President believes should be met. I know you have given some consideration to this. I earnestly hope that a way can be found to give them the bombers with ammunition.

The Chinese are also making a very urgent request upon us for one hundred tons of incendiary bombs. We have none. Is there any possibility that this request can be met from your stocks?"

HULL

893.48/2138

*The Secretary of State to Mr. Henry R. Luce, of New York*

WASHINGTON, September 5, 1941.

MY DEAR MR. LUCE: I was interested to learn from your letter of August fifth<sup>93</sup> that all of the various separate private agencies concerned with Chinese relief have joined in the effort of the United China Relief, and to know that the appeal for aid for civilian victims of China's struggle is meeting with generous responses in our country.

It is an established practice of the Department of State to refrain from writing letters and endorsing efforts by private organizations to raise funds. However, I can, and am glad to, give you assurances in regard to a particular question to which you call attention. You

<sup>89</sup> British Secretary of State for Air.<sup>90</sup> Harry Hopkins, Special Assistant to President Roosevelt.<sup>91</sup> J. T. C. Moore-Brabazon, British Minister of Aircraft Production.<sup>92</sup> Air Marshal Sir Charles Portal, British Chief of the Air Staff.<sup>93</sup> Not printed.

state that the question is often raised as to whether the raising of funds by the United China Relief is entirely consistent with the policy of the State Department, and that many potential givers are less certain about giving for Chinese relief than, for example, to British relief. I can assure you that the Department of State and the Government as a whole are favorably disposed toward every properly conducted effort, not in conflict with sound essential or accepted economic policies, to minimize or to alleviate human suffering. In accordance with that concept and attitude, we make no distinction between Chinese relief and British relief; both properly conducted are consistent with this Government's policies. Moreover, we believe that the humanitarian purposes of efforts so conducted to relieve civilian suffering among the peoples of other nations testifies to the humanitarian inclinations of our people and should contribute to the strengthening of good will among men and between nations.

The effort of the Chinese people to emerge from the present conflict as a progressive and democratic nation is one in which the sympathies of our own nation are deeply involved. The humanitarian purposes of the United China Relief—the aid of distressed men, women and children—are ones which can be shared by all of us in a generous expression of the traditional friendship of the people of the United States for the people of China.

The kind sentiment which you were so good as to express in your last paragraph is much appreciated.

Sincerely yours,

CORDELL HULL

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893.248/235 : Telegram

*Mr. Lauchlin Currie, Administrative Assistant to President Roosevelt, to Madame Chiang Kai-shek* <sup>94</sup>

[WASHINGTON,] September 5, 1941.

British have agreed to diversion of 33 Hudsons and 33 DB-7s by end of year.

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893.51/7294a : Telegram

*The Secretary of State to the Consul General at Hong Kong (Southard)*

WASHINGTON, September 6, 1941—5 p. m.

256. For Fox from Treasury. For your information and appropriate guidance. Following cable has today been sent to the

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<sup>94</sup> Copy received in the Department on September 6.

American Consul, Shanghai: United States Government, in conjunction with British Government, is requesting all friendly foreign banks in China (including those covered by General License No. 59 under freezing orders) to give their full cooperation to the Stabilization Board of China. All banks named in General License No. 59 have been notified except Underwriters Bank for the Far East, Inc., and Moscow Narodny Bank, Ltd. Please advise these two banks of foregoing and endeavor to obtain assurances of their cooperation. Report results by cable.<sup>95</sup>

Following cable has today been sent to American High Commissioner, Manila: The United States Government, in conjunction with the British Government, is requesting banks in Far East (including those named in General License No. 59) to give their full cooperation to the Stabilization Board of China. Please take appropriate steps to inform all banks in the Philippines, including those licensed under General License 63, of the foregoing and endeavor to obtain assurances of their cooperation. Please report to me the names of any banks refusing or failing so to cooperate.

With both cablegrams there was quoted the following Treasury press release:

The Secretary of the Treasury today announced that the United States Government had requested banks in the Far East to give their full cooperation to the newly created Stabilization Board of China. The British Government is taking similar action. Included among the banks whose cooperation was asked were those named in General License No. 59 issued under the freezing orders.

This measure, the Secretary stated, was in harmony with previous measures taken by the American and British Treasuries in the field of monetary cooperation with China. Both the United States and Great Britain have previously entered into stabilization agreements with China whereby dollar and sterling exchange have been made available to the Stabilization Board of China. Such Board was established recently by China and consists of three Chinese, an American appointed by China on the recommendation of the Secretary of the Treasury, and a British national appointed on the recommendation of the British Treasury.

Through the State Department the Netherlands and Belgian Governments have been asked to have their banks in the Far East cooperate similarly. [Morgenthau.]

HULL

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<sup>95</sup> In his telegram No. 1268, September 13, noon, the Consul General at Shanghai (Lockhart) reported to the Department that both banks "have now replied in writing pledging full cooperation with Stabilization Board." (983.51/7301)

893.24/1143<sup>†</sup> : Telegram

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

LONDON, September 7, 1941—6 p. m.

[Received September 7—2:25 p. m.]

4131. Department's 3017, August 7, 8 p. m. The Foreign Office states Burmese transit duties have been abolished on all Lend-Lease goods for China landed in Rangoon after September 3, 1941. An announcement to this effect will be made by the Government of Burma on Tuesday September 9 and the Department is requested to keep the information confidential until then.

The Far Eastern Department of the Foreign Office explained that to compensate in part for loss of transit duties the British Government has agreed to pay the Government of Burma 10 rupees a ton on Lend-Lease goods, which will cover administrative expenses in connection with the shipments, including upkeep of the road and payment of guards beyond the railhead. Considering all the facts and in view of its internal political and economic problems they feel that the Burmese Government has shown a reasonable attitude towards this question. They therefore read with regret a recent press despatch from Chungking quoting remarks which Currie is alleged to have made<sup>96</sup> disparaging to the Government of Burma.

The Foreign Office is disturbed because the road through China is unable to carry the increasing volume of traffic, and thinks that the unsatisfactory volume is due as much to Chinese inefficiency as to Japanese bombs. The British would, therefore, welcome and support a control commission with executive authority in American hands.

Following the abolition of the transit duties, better identification of Lend-Lease shipments arriving in Burma is desired. Details will be communicated to the Department through the British Embassy in Washington.<sup>97</sup>

WINANT

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<sup>96</sup> In telegram No. 3867, September 17, 8 p. m., the Department asked the Ambassador in the United Kingdom to inform the appropriate British authorities that the remarks under reference were not made by Dr. Lauchlin Currie. The Department, while in no way admitting the remarks to have been disparaging to the Government of Burma, suggested that they might be attributed to one of the American traffic experts making up the Arnstein group.

<sup>97</sup> Following further consultations on this subject during September, about October 1 the Department informed the British Embassy that instructions had been issued by the appropriate agencies of the United States Government with regard to the marking of lend-lease packages and the preparation of separate manifests and requested that the interested British agencies be so informed (893.24/1181; also 893.24/1143 <sup>††</sup>).

893.248/233 : Telegram

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

LONDON, September 9, 1941—2 p. m.

[Received September 9—10:35 a. m.]

4166. Personal for Mr. Harry Hopkins. Sir Archibald Sinclair has given me the following message for you:

"Thank you for your message which I have received from the Ambassador about supplies to China. I am grateful to you for having referred this somewhat difficult question to me, in particular, for giving me an opportunity of suggesting alternative types of aircraft to meet the Chinese needs.

But, as you will, of course, know by this time, we agreed some days ago to release the 33 Hudsons and the 33 Boston III's and we have also arranged to make available to the Chinese 50,000 4-pound incendiary bombs.

We were, as you have gathered, somewhat disturbed by the fact that, owing to inadvertence, the Chinese had been virtually promised that these aircraft would be available before our mission had been consulted. But I am quite sure that with your help this sort of thing will not happen again.

I was very pleased to hear from you again and I am so glad that we have been able to help over these supplies for China."

WINANT

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893.154/380 : Telegram

*The Ambassador in China (Gauss) to the Secretary of State*

CHUNGKING, September 10, 1941—10 a. m.

[Received 7:41 p. m.]

380. Reference my 372, August 30, 2 p. m. in response to Department's 205 of August 26, 6 p. m. with regard to the Burma Road. I have received a letter from the Foreign Minister which reads as follows:

"The Generalissimo wishes me to inform you that he appreciates and accepts the suggestions made recently by Mr. Currie through you relative to the improvement of the Burma Road and that the competent authorities have been instructed strictly to act accordingly.

I should be grateful if you would be good enough to transmit the above to Mr. Currie."

GAUSS



893.154/381 : Telegram

*The Secretary of State to the Ambassador in China (Gauss)*

WASHINGTON, September 17, 1941—7 p. m.

218. For the Ambassador from Currie. Arnstein has called and tells me that General Chiang Kai-shek is prepared to amalgamate Yunnan-Burma Highway agencies. He further states that beginning with Southwest and Yunnan-Burma Highway administration all repair facilities and government trucks are to be handed over to the new organization and that traffic control is to be applied to private commercial agencies. I should be grateful if you would endeavor to confirm the above.

In the event that actual amalgamation is certain, should Wilson in your opinion be released from the Army to concern himself with repair and trucking facilities under General Yu and to supervise the 40 mechanics, dispatchers, loaders, and foremen which we are sending out under the Lease-Lend program, or do you feel that Wilson could act in this capacity while remaining a member of the military mission? Your suggestions and advice in this matter would be greatly appreciated. [Currie.]

HULL

811.20 Defense (M)/3496

*The Chinese Ambassador (Hu Shih) to the Adviser on International Economic Affairs (Feis)*

WASHINGTON, September 17, 1941.

MY DEAR DR. FEIS: In pursuance of our telephone conversation the other day, I am sending you three copies of a memorandum containing the information I told you on the subject of importation of minerals from China to this country.

I take this opportunity to thank you for the pleasant and friendly chat we had in your office last week.

With kindest regards [etc.]

HU SHIH

[Enclosure]

*The Chinese Embassy to the Department of State*

## MEMORANDUM

With reference to the subject of importation of minerals from China to the United States, the following data are given by the New York Office of the National Resources Commission :

Tungsten ore:    4,500 tons have been delivered  
                       1,200 tons are on the way  
                       400 tons are awaiting shipment

Tin:                   1,200 tons have been delivered  
                           800 tons are on the way  
                           400 tons are awaiting shipment  
 Antimony:           300 tons have been delivered

In a telegram from the Minister of Economics, Chungking, dated September 11, 1941, it is stated :

1) Tungsten ores shipped to the United States have now reached an amount sufficient in value to fulfill the requirements for the first year under the loan agreements with the United States.

In the case of antimony, on account of difficulties of transportation and the prevailing low price, it is found not feasible to ship greater quantities for the time being. We are now endeavoring to ship more tungsten and tin to the United States.

2) The Chinese Government has on three occasions increased the purchase price of tungsten ores, commensurate with the general increase in commodity prices. The present price seems high enough to stimulate production, and output has increased month by month since April. At the same time, the National Resources Commission has taken such measures to lower the cost of production and to improve the living conditions of the miners, as the low-interest loans to the producers and workers, the sale of rice and other daily necessities at low prices, and improvements in sanitation and educational facilities.

3) With regard to the smuggling of tungsten in Kwangtung Province, this formed the subject of negotiation last year between the Ministry of Economics and the Government of Hongkong, as a result of which it was decided that all tungsten ore shipped to Hongkong from China, other than that of the National Resources Commission, is considered privately smuggled goods and is to be purchased by the Government of Hongkong. This decision has been put into effect since June of this year, and consequently no tungsten can be shipped from Hongkong to Japan. As to the territories near Hongkong, the Chinese Government has telegraphed instructions to local military authorities to enforce strict measures of inspection for the prevention of smuggling.

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893.512/1535

*The Ambassador in China (Gauss) to the Secretary of State*

No. 145

CHUNGKING, September 18, 1941.

[Received October 13.]

SIR: I have the honor to report that the Ministry of Finance has approved a modification in the assessment and collection of salt taxes for the purpose of effecting an appreciable increase in revenue. The

new duties and collection procedure became effective on September 1, 1941. As of possible interest to the Department a translation of a confidential circular issued by the Directorate-General of Salt Administration on August 28, 1941, is enclosed.<sup>98</sup>

The salt tax is one of the few remaining sources of revenue from which the Central Government derives its income. The amount collected in salt taxes since the outbreak of hostilities with Japan has been reduced considerably due to Japanese occupation of various parts of China. The revised taxes and collection methods are expected to increase the salt revenue from \$100,000,000 (Chinese national currency) to \$930,000,000 (Chinese national currency) annually. Other proposals were considered for increasing the revenue beyond \$930,000,000 but it was feared that higher salt taxes would result in riots. The new taxes on salt now being collected are believed to [be] the maximum that the people will bear without opposition.

The question of creating a government monopoly to control the production, distribution and sale of salt has been under consideration for several months. The officials of the Salt Administration as well as one of the foreign financial advisors to the Chinese Government have objected to the proposal strongly. They pointed out to the Minister of Finance, who is a leading advocate for establishing government monopolies, that such action would wreck the entire Salt Administration which has required years to build up its present organization. The financial burden which it would place on the government was also stressed. The Minister of Finance was convinced by the arguments set forth and agreed not to establish a state monopoly on salt at the present time.

In some respects it may be said that the government has a semi monopoly on salt in as much as it cannot be moved from the place of production or sold until the tax is collected and a permit granted. In some areas the government owns and operates the means of transportation to distributing points. The control exercised over salt through the present tax system and other regulations enforced by the government may be looked upon as a semi government monopoly already in effect.

Respectfully yours,

C. E. GAUSS

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893.51/7319

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

[WASHINGTON,] September 23, 1941.

The British Chargé d'Affaires, Sir Ronald Campbell, called to see me this morning at his request.

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<sup>98</sup> Not printed.

Sir Ronald urged, what he said he had already taken up previously with officials in the Department, that a United States official be designated to collaborate with Sir Otto Niemeyer in Chungking. He said it was felt that Mr. Fox's activities covered many matters with which Sir Otto Niemeyer would not concern himself and that the impression would be created that the United States Government and the British Government were not cooperating fully in this field of their assistance to China. I stated that here again I would have to investigate the question since I was not informed concerning it.

S[UMNER] W[ELLES]

893.154/389½

*The British Embassy to the Department of State*<sup>90</sup>

MEMORANDUM

One of the difficulties likely to arise over the despatch of lease-lend goods to China via Burma is that they may arrive in Burma faster than they can be forwarded to China owing to the limited carrying capacity of the Chinese section of the Burma road. Under present conditions the carrying capacity of the road is estimated at not more than about twelve to fifteen thousand tons a month on an average. This limitation is due to interruption on the Chinese side of the frontier, caused partly by bombing and landslides and partly by mismanagement. There has been no breakdown on the Burma side either by road or rail, and the maximum capacity of the Burmese transport system far exceeds that of the Chinese section of the route.

There is in consequence of these prevailing conditions a danger that the port and warehouse facilities at Rangoon may become seriously overcrowded. As Rangoon, in the event of war with Japan, would be a bombing target, it is essential that such congestion should be avoided.

It is therefore urgently desirable that steps should be taken to regulate the flow of lease-lend goods from the United States in accordance with the capacity of the Chinese section of the road to carry such goods. It is suggested that the United States authorities should, in consultation with the Chinese authorities, themselves devise suitable arrangements for this purpose, and for deciding questions of priority.

In order to facilitate the turn-round of shipping and to avoid congestion at wharves, it is desirable that ships should arrive at Rangoon at more or less regular intervals, and that the authorities in Rangoon should be notified well in advance, both of the nature of the goods intended to be transported to China, and of arrival dates at Rangoon. This could be done through Sir Ashley Sparks, the Representative in New York of the British Ministry of War Transport.

<sup>90</sup> Left on September 24 with the Assistant Chief of the Division of Far Eastern Affairs (Adams) by the First Secretary of the British Embassy (Denig).

The authorities at Rangoon could similarly notify the United States authorities through the Ministry of War Transport of the current transport situation in order that shipment and handling capacity could be kept as far as possible in equilibrium.

WASHINGTON, September 23, 1941.

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893.154/386 : Telegram

*The Ambassador in China (Gauss) to the Secretary of State*

CHUNGKING, September 23, 1941—3 p. m.

[Received September 25—9:45 a. m.]

400. Reference Department's No. 218, September 17, 7 p. m., regarding Burma Road. I am endeavoring to obtain confirmation of Arnstein's understanding as communicated to Currie.

Wilson might well retain his Army status, at least until it becomes clear that services are required of him beyond those he can give in that status.

Baker's future plans appear to be uncertain but he may remain as assistant to General Yu Fei-peng until termination of his contract next March.

Currie may be interested in the following: William Douglas Pawley, an American citizen who built and operates the aircraft factory at Loiwing on the Yunnan-Burma border and who also built and operates an extensive aircraft plant at Bangalore for the Government of India, visited Chungking last week briefly and told me that he has at Loiwing over 1000 experienced Chinese mechanics and skilled workmen of various classes together with a technical staff of 250 including a substantial number of graduates from American technical colleges and 12 Americans of whom 9 have had 6 to 7 years' experience [in?] China and with Chinese workmen; that this force could readily be used in whole or in part as the framework for a maintenance and operations organization for the Burma Road; that if requested by the Chinese Government he would be prepared to undertake such a project if given full authority in his field of operations; but that he does not wish to take the initiative in this matter, believing that it should come from the Chinese side.

Pawley is an American of strong learning, with ability and drive and long experience with the Chinese. It is possible that his organization might be found to form an excellent framework, together with the men being sent out under Lend-Lease but who have had no China experience, for an efficient operating and maintenance force for the road. Obviously, however, there should be careful investigation on the spot with regard to the Pawley organization and with regard

to the manner in which he would coordinate and utilize Lend-Lease technical personnel.

I do not feel that the Embassy or the American Government should make any recommendation or suggestion to the Chinese in this matter. But Currie may wish to discuss Pawley with T. V. Soong. The Chinese Government is well acquainted with Pawley; he needs no official introduction; and the Chinese Government can determine for itself whether to seek the services of Pawley and his organization. Pawley has mentioned this matter in several quarters here through which it will undoubtedly come to the attention of the Generalissimo in due course. Pawley has now returned to Rangoon.

As the Department is aware, the British authorities in Burma and elsewhere are inclined to be highly critical of the situation on the Burma Road and disposed to press the Chinese Government for its improvement. Unfortunately they either ignore or are ignorant of the fact that the closing of the Burma Road by the British last year makes the Generalissimo distrustful of them and their suggestions. Pawley seems to have appropriate relations with the British authorities in Burma, India, and Singapore and I gather from what he said to me that they favor his participation in the operation of the Burma Road and may have so recommended to the Generalissimo—a recommendation on their part which might adversely affect the Generalissimo's attitude. If Pawley were to undertake the project he would probably maintain harmonious relations with the British in Burma which in my opinion is most desirable.

GAUSS

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711.94/2327

*Memorandum by the Chief of the Division of Far Eastern Affairs  
(Hamilton) to the Under Secretary of State (Welles)*

[WASHINGTON,] September 25, 1941.

MR. WELLES: Reference your memorandum of conversation of September 23 with Sir Ronald Campbell in regard to the question of designating an American official to collaborate with Sir Otto Niemeyer.

It is FE's<sup>1</sup> understanding that Sir Ronald, following his discussion of the subject under reference with senior officers of the Department, recently approached Dr. Lauchlin Currie who informed Sir Ronald to the effect that Mr. Fox, who is already in China, is more than amply qualified to cover the field in question; that the appointment of another official would result in at least partial duplication of endeavor

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<sup>1</sup> Division of Far Eastern Affairs.

and might reflect adversely on the standing of Mr. Fox; and that because of these and other considerations he (Dr. Currie) did not deem either necessary or advisable the appointment of any additional official to collaborate with Sir Otto Niemeyer. In this connection it is FE's understanding that Mr. H. Merle Cochran of the Treasury Department is scheduled to depart from San Francisco on September 28 on the same plane on which Sir Otto Niemeyer is traveling; that Mr. Cochran will upon arrival in China collaborate with Mr. Fox; and that the question of possible collaboration with Sir Otto by Mr. Cochran, as assistant to Mr. Fox, is under consideration by Mr. Dean Acheson and by the Treasury Department.

FE fails to perceive any valid basis for Sir Ronald's contention that failure to appoint an official in addition to Mr. Fox would create in China the impression that the United States and the British Governments are not cooperating fully in the field of assistance to China.

With reference to the other factors involved in the general subject under discussion, FE and EA<sup>2</sup> have from time to time as the question has arisen given consideration to the proposed sending to China of an American economic mission. The conclusion tentatively reached by FE, and it is believed by EA, is that the factors for and against such a proposal are very nearly in balance. FE therefore suggests that the procedure as it has been developed to date—the latest development being the departure for China of Mr. Cochran—might advisedly be allowed to continue for the present.<sup>3</sup>

M[AXWELL] M. H[AMILTON]

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898.154/377½ : Telegram

*The Ambassador in China (Gauss) to the Secretary of State*

CHUNGKING, September 25, 1941—5 p. m.

[Received September 27—11 p. m.]

403. Reference Department's No. 218 of September 17, 7 p. m., and my No. 400 of September 23, 3 p. m., regarding Burma Road. Having asked Hollington Tong<sup>4</sup> to confirm from Generalissimo understanding as communicated to Currie by Arnstein, I am now informed by Tong that the new road administration will exercise control over all traffic on the highway, that all transportation agencies hitherto

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<sup>1</sup> Office of the Adviser on International Economic Affairs.

<sup>2</sup> The Assistant Secretary of State (Acheson) wrote the Under Secretary of State that he concurred in Mr. Hamilton's views and added: "It was my understanding that Mr. Cochran's visit was talked over with Sir Otto & was an acceptable substitute for his earlier request which Sir Ronald Campbell repeated to you."

<sup>4</sup> Chinese Vice Minister of Information.

operating independently along the road will be amalgamated under the administration and that all repair stations with their facilities are in process of being taken over by the same.<sup>5</sup>

GAUSS

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893.24/1168 : Telegram

*Madame Chiang Kai-shek to Mr. Lauchlin Currie, Administrative Assistant to President Roosevelt\**

CHUNGKING, September 28, 1941.

DR. LAUCHLIN CURRIE: Generalissimo requested me wire you that owing to present critical military situation China in dire need of 2,000 accessory machine guns of one half inch caliber. Will you please expedite immediate delivery?

(MADAME CHIANG KAI-SHEK)

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893.154/387 : Telegram

*The Consul at Kunming (Perkins) to the Secretary of State*

KUNMING, October 3, 1941—5 p. m.  
[Received October 6—10:35 a. m.]

The press reports that beginning October 1 one-fourth of total of commercial trucks will be allowed to bring in commercial cargo, which is a relaxation of 2 months virtual ban on commercial cargo. General Yu Fei-peng confirmed this in conversation today stating that it was temporary measure. He said that permanent plan was to require all imports of commercial goods to be subject to permit issued by Ministry of Economic Affairs, the latter to certify permits to transport control authorities who would then allot freight space as it became available for this type of imports.

General Yu also said that rate of arrivals at Kunming would be increased from recent 9,000 tons monthly to 20,000 tons in November or December. He did not indicate clearly how this would be done. He estimated about 3,000 tons monthly carried along two highways to Chungking recently.

PERKINS

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<sup>5</sup> The Department's telegram No. 234, October 1, 7 p. m. transmitted Dr. Currie's message to Ambassador Gauss that "The objection which I had to the release of Captain Wilson has been removed" as a result of telegram No. 403, though the matter might be referred to General Magruder.

\* Received in the Department on September 29.



893.154/3891

*The Department of State to the British Embassy*<sup>1</sup>

## MEMORANDUM

Careful consideration has been given by the Department to the proposals contained in the British Embassy's memorandum of September 23, 1941 in regard to the dispatch of Lease-Lend supplies to China via Burma.

As the British Embassy is aware, the demands upon this Government for supply of Lease-Lend aid to countries resisting armed attack is so extensive and so varied, and the facilities for delivery are so limited, that one of the major problems confronting the concerned American authorities has been that of coordinating the available supply of goods with the availability of transportation facilities. The shortage of shipping in the Pacific has indeed been so acute that those authorities have had no option but to dispatch materials for China at irregular intervals when and as it has been possible to obtain shipping space therefor on vessels of varying capacities and speeds. Under the circumstances it will be readily realized that it is not possible at present to arrange for the shipment of goods from the United States to Burma in regular amounts and at regular intervals.

It may be added that the conditions which have delayed the forward movement of goods on the Chinese section of the Burma Road have been the subject of close attention by this Government as well as by the Chinese Government. American transportation experts have recently visited China for the purpose of studying transportation problems on the Burma Road and have made recommendations looking to the solution of those problems. As a result, steps are now being undertaken by General Chiang Kai-shek to reorganize the Burma Road transport system. It is accordingly to be hoped that within a short time marked improvements will have been effected and that as a result Lease-Lend supplies for China will move more rapidly over the Burma Road. In this connection it may be stated, for the British Embassy's confidential information, that the Department is bringing to the attention of the American Ambassador at Chungking the considerations raised in the British Embassy's memorandum and is requesting that the Ambassador take occasion, without mentioning that the British Embassy has suggested regulation of the shipment of Lease-Lend supplies transiting Burma, to emphasize to General Chiang Kai-shek that accomplishment of the hoped-for improvements

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<sup>1</sup> Notation: "Concurred in by Mr. Currie."

in transportation over the Burma Road would seem to be of vital importance.<sup>8</sup>

The Department has taken note of the suggestion of the British Embassy that congestion at wharves in Rangoon might be lessened and use of shipping facilitated through the giving of advance notification to the representative in New York of the British Ministry of War Transport of the nature of the goods being shipped to Rangoon and the arrival dates. According to information recently received from Rangoon, there has been established there by the local authorities an official Transport Coordination Board headed by the former British Home Secretary of the Burma Government. It is understood that shipping, port, road, rail, and river interests are represented in the membership of the Board and that the Board will coordinate all transport activities in Burma in regard to the movement of both transit and domestic cargo. As there is no single organization or authority in the United States in a position to furnish the desired information, and as American shipping interests and China Defense Supplies, Incorporated, are represented at Rangoon, it is suggested that the new Transport Coordination Board at Rangoon is in the best position to obtain the information in question from the local representatives of the agencies and interests concerned, which agencies and interests we are confident would be glad to cooperate in every feasible way.

WASHINGTON, October 6, 1941.

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893.796/293 : Telegram

*The Secretary of State to the Ambassador in China (Gauss)*

WASHINGTON, October 8, 1941—5 p. m.

238. From Currie. Your despatch no. 113, September 3, 1941.<sup>9</sup>

Mr. T. V. Soong has provided me with written assurance that the DC-3 transport planes which are to be procured through Lease-Lend will be operated by China National Aviation Corporation personnel for the Government of China. [Currie.]

HULL

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<sup>8</sup> In Department's instruction No. 31, October 6, the Ambassador was authorized to mention also "to General Chiang that, according to estimates compiled by officials of this Government who have been studying this question, there are now at Rangoon over 79,000 tons of materials for China, including some 33,000 tons of 'dead storage' (described as heavy equipment from Haiphong and Hong Kong and as steel rails), over 12,000 tons of reserve stocks of various kinds, over 22,000 tons of supplies in transit and some 12,000 tons of general supplies including several thousand bales of blankets which have been in storage for a very long period."

<sup>9</sup> Not printed.

893.24/1190 : Telegram

*Mr. Lauchlin Currie, Administrative Assistant to President Roosevelt,  
to Madame Chiang Kai-shek*<sup>10</sup>

[WASHINGTON,] October 16, 1941.

Shipping 285 anti-aircraft 50-caliber guns. No more available at present owing to necessity of arming all our merchant ships. Hope for more later. Authority has been granted for you to hire 200 more pilots here.

893.51/7339

*Memorandum by the Assistant Chief of the Division of Far Eastern  
Affairs (Mackay) to the Acting Chief of the Foreign Funds and  
Financial Division (Livesey)*<sup>11</sup>

[WASHINGTON,] October 23, 1941.

MR. LIVESEY: Reference your memorandum, October 20,<sup>12</sup> in which the suggestion is made that FE may care to comment on the question whether Mr. Fox, in addition to his position as American representative on the Stabilization Board of China, should accept a position as adviser to the Chinese Ministry of Finance.

Bearing in mind that under existing arrangements Mr. Fox is readily available to officials of the Chinese Ministry of Finance who may wish to obtain his advice; that formal acceptance by Mr. Fox of an appointment as adviser to the Ministry of Finance might tend to tie him more closely to that Ministry than is desirable (in view of the circumstance that he is in fact a representative of the United States Treasury Department); that it is not altogether improbable that one of the objectives of having Mr. Fox occupy the position of Financial Adviser is to interfere with his independence in making decisions and also possibly to prevent direct access to General Chiang Kai-shek (which is now possible); and that it would appear inadvisable for Mr. Fox or any individual in effect to serve simultaneously as a representative of the United States Treasury Department and the Chinese Ministry of Finance, FE suggests that FF<sup>13</sup> may care to inform the Treasury Department to the effect that in view of the considerations set forth above it would not, under existing conditions, seem desirable that Mr. Fox accept an appointment as adviser to the Chinese Ministry of Finance, and that the matter should not, prior to decision in regard thereto, be referred to Mr. Fox for his comments.

<sup>10</sup> Copy received in the Department on October 17.

<sup>11</sup> Initialed by the Chief of the Division (Hamilton) and concurred in by the Adviser on Political Relations (Hornbeck).

<sup>12</sup> Not printed.

<sup>13</sup> Foreign Funds and Financial Division.

The further suggestion is offered that the Treasury Department, in making reply to the Chinese Ambassador, state merely that, following careful consideration of the matter, it would appear that existing arrangements cover the situation adequately in as much as Mr. Fox is not only readily available to General Chiang Kai-shek, but also to officials of the Ministry of Finance who may wish to obtain his advice.

NOTE: This subject has been discussed with Dr. Currie who is in agreement with the view that Mr. Fox should not accept an appointment as adviser to the Chinese Ministry of Finance.

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793.94/16902‡ : Telegram

*Mr. Lauchlin Currie, Administrative Assistant to President Roosevelt, to the Adviser on Political Relations (Hornbeck)* <sup>14</sup>

CABLE FROM GENERAL MAGRUDER FOR ATTENTION OF GENERAL MARSHALL AND SECRETARY STIMSON, OCTOBER 28, 1941

Part 1—Not pertinent.

Part 2—He <sup>15</sup> made a particular point of the five questions mentioned and stated that he was very satisfied with all the methods of approach, that had been made.

One point he picked out the first thing was aviation and stated this item was the principal item at this time. He was very strong and exceedingly fluent in a request that he would like to have our Mission take over and have complete control of his aviation. Then, to take complete charge of the general development of the aviation section. He disregarded the forces of his own—that is the Chinese—and stressed particularly the American Volunteer Force under Chennault. He acted and seemed to think the American Volunteer Force was the only one that counted.

He expressed his desire many times that he would like to have a high ranking American Aviation Officer sent to the force over there and he, of course, would be given command of his (K. C. S.) air force.

This did not give me any chance to comment on these points. So I did not have a chance to discuss same.

He became very interested and intent in regards to the fact that another emergency about which he would like to talk and ask immediate assistance.

Part 3—He told me that he had information that the Japanese were all set to attack our City of Kunming and that they would come through Indo China. Their plan was to cut the Burma Road. He

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<sup>14</sup> Evidently received by Mr. Hornbeck on November 1; noted by the Secretary of State.

<sup>15</sup> Generalissimo Chiang Kai-shek.

says that November, about the end, would without a doubt be the date. He said that he could resist any attack if he could concentrate his land forces but he could only do this with plenty of air support. He then repeated his request. He said he had plenty of resources to defeat the Japanese but only with plenty of air support. He wanted to know if this would be forthcoming.

The General insisted that the end would come if Kunming was lost. I agreed on that point. His estimate of the situation is that the key city to the Pacific was Kunming and no doubt if that city was destroyed, China would fall, and that without a doubt the Malaysia area under the attack would and [it] inevitably follows, nothing in the world would then stop a war in the Pacific. That war would be a certainty. He further estimated that if China held, no war in the Pacific would occur, or at least, the peace might be saved.

He says that air support must be given to China and he repeated this is very necessary to be effective. He repeated this more than once. He repeated that the British should give all aid to the American Volunteer unit. The idea must be sold and the British convinced that this is a necessity. He inferred that no other help or assistance would be forthcoming in time. He at no time mentioned reinforcements from us in any way or kind. He pleaded that the situation was very critical and he repeated this many times saying that the British would be the only support for air that could save his country. This would be the only way that peace could be preserved in the Pacific.

Part 4—Then made direct request that Washington be informed immediately of the threatening situation by me and urge that President Roosevelt intercede with British Government London—to have his defenses supported by Singapore Air Forces. The Generalissimo further asked that I personally appeal to the same effect to the C in C of British at Singapore.

An announcement of the Administration to the effect that a Japanese move southward would be detrimental to interests of U. S. was quoted by him and he argued that, if Kunming was attacked, the American Government could properly interpret such an attack in that light. Still more serious was the fact that this would be the first step of a more effective movement toward the south. He also stated that the U. S. right to trade with the Chinese would be infringed upon if Burma Road was cut.

Part 5—Generalissimo further pleaded that Mr. Roosevelt be urgently requested to put pressure of a diplomatic nature on Nipponese and to ask the English at same time to advise the Japanese that if Kunming was attacked, it would be detrimental to both American and British interests. It is his belief that if this action is taken, Japan would give up her plan.

Generalissimo stated that he and the English Ambassador had discussed the problem of air-support several times. His wife interrupted to say that promise of aid of large land forces had been given by Chinese in case of Japanese attack on Singapore, but that the English authorities had refused to promise air-aid in case an advance towards Kunming was started—except in the case that territory belonging to the British Empire was attacked.

Chiang Kai-shek was informed by me that his request could be transmitted by me to Mr. Stimson.

Before seeing the Generalissimo a draft of a cablegram on the probability of an attack on Kunming had been prepared by me. At present indications are strong that such an attack is contemplated. There is but slight doubt that if this attack is made and is a success the resistance of the Chinese would stop. Without effective air support it is true without doubt that the enemy's decisive effort might be successful.

Part 7 [6?]*—*That Kunming is at the moment the key to the Pacific may not be an exaggerated statement at present. Chinese air force has no combat value. At present strength and as equipped now, the volunteers from America alone are ineffective and several months will elapse before they are ready for combat. Lend-lease quotas of material for aviation as now scheduled will be insufficient and arrive too late. The only hope is if Singapore forces or units, properly organized, from Manila could arrive in time to give real aid to defending Chinese troops.

A report on the interview was made to the Ambassador and this cable has been read by him.

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793.94/16967 : Telegram

*The Ambassador in China (Gauss) to the Secretary of State*

CHUNGKING, October 29, 1941—7 p. m.

[Received October 29—3:02 p. m.]

429. The Minister for Foreign Affairs is sending me tomorrow a message from Generalissimo to President which Hu Shih will receive and be instructed to deliver. Following is brief outline of the message as communicated to me orally by [the Foreign Minister].

“Chiang considers concentration Japanese troops in Northern Indochina as preparatory to move into Yunnan within a month and brings forward three points: (1) Japanese move into Yunnan and severing of Burma Road is preliminary move outward; (2), if Japanese are successful in cutting Burma road, Chinese morale will be badly shaken and the policy of resistance endangered; and (3), China has sufficient land forces for defense but requires support of an air force in order to stop the Japanese. Chiang wants British air forces from Singapore and American air forces from Manila in volunteer status. He

asks President to use his influence with British. He points out that defeat of Japanese in a campaign which may probably have effect of causing them to abandon plans for a southern move.<sup>[2]</sup>

Full text of message will be radioed when received.<sup>17</sup>

GAUSS

793.94/169923

*The Secretary of the Treasury (Morgenthau) to President Roosevelt*<sup>18</sup>

WASHINGTON, October 30, 1941.

MY DEAR MR. PRESIDENT: The enclosed message from General Chiang Kai-Shek has just been handed to me at 11:15 o'clock this morning by Mr. T. V. Soong.

Yours sincerely,

H. MORGENTHAU, JR.

[Enclosure<sup>19</sup>]

MESSAGE FROM GENERAL CHIANG KAI-SHEK RECEIVED TODAY,  
OCTOBER 30

Definite information reached me Japanese design attack Yunnan in November. [(1)] This move may possibly be averted if America takes immediate action by informing Japan that attack Yunnan through Indo-China would be viewed by America as definite step in southward expansion and that America cannot remain indifferent. Simultaneously military preparations should be made to meet this eventuality. I must emphasize the critical nature of the Yunnan situation since if Yunnan is lost and last life line for materials from the outside world severed the Chinese people and Army materially and morally would be unable to offer further armed resistance. I am confident with forces in Yunnan and available nearby Chinese able to hold their own land fighting if reinforced airward. Colonel Chennault has only 49 pilots consequently strong air reinforcement essential. [(2)] Urge America use strong pressure on Britain to send Singapore air force to cooperate with Colonel Chennault in order save democratic position in Far East. Britain and America equally concerned to prevent loss of Yunnan as Chinese because if Japanese occupy

<sup>17</sup> In telegram No. 431, November 1, 11 a. m., the Ambassador in China informed the Department that the proposed message was still under consideration by the Generalissimo (793.94/16968).

<sup>18</sup> President Roosevelt on about October 30 transmitted Mr. Morgenthau's letter with enclosure in a note to the Secretary of State: "C. H. Can we do anything along these lines? How about telling Japan a move to close Burma Road would be inimical? F. D. R."

<sup>19</sup> Notations in brackets made by the Adviser on Political Relations (Hornbeck).

Yunnan their next stop [*step*] would involve attack on British Far East colonial possessions and precipitate war in the Pacific. If immediate action taken by Britain in sending air reinforcement these possessions would be saved at a fraction of the cost that their defence would involve later on and Pacific problem would thus be solved. Japanese will concentrate largest air force in Indo-China and if [this were] destroyed [by the] combined air forces [the] threat to Far East [would be] finally removed.

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798.94/169924 : Telegram

*Madame Chiang Kai-shek to Mr. Lauchlin Currie, Administrative Assistant to President Roosevelt* <sup>20</sup>

CHUNGKING, October 30, 1941.

The following is a summary of the Generalissimo's interview yesterday with General Magruder:

The Generalissimo is deeply gratified at the arrival of the Magruder mission, which is unlike the German and Russian military missions engaged by the Chinese Government. The Magruder mission owes its origin to the American Government and is for the common interests of our two countries. The Generalissimo recognizes the friendliness of America's action, especially at this time of tension when all officers are needed by the home government.

[Here follows summary similar to that contained in Generalissimo Chiang's message to President Roosevelt, *supra*.]

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898.24/1244

*Memorandum by Mr. Lauchlin Currie, Administrative Assistant to President Roosevelt* <sup>21</sup>

1. The President has declared that the defense of China is vital to the defense of the United States, and, in accordance with this statement of policy, we are lend-leasing goods to China.

2. Consequently any threat to, or interference with, the delivery of such goods to the Chinese Government in China is a threat to, or interference with, the defense of the United States.

3. Therefore, we must regard any threat to the Burma Road, either outside or inside China, which is the only means by which American lend-lease articles can be delivered to the Chinese Government, as an act hostile to the United States and inimical to the interests of the United States.

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<sup>20</sup> Noted by the Secretary of State.

<sup>21</sup> Copy transmitted to the Adviser on Political Relations (Hornbeck) in covering memorandum of October 31, in which Dr. Currie said: "Attached is a futile little piece of logic that may sadden your soul."



793.94/17028

*The Navy Department to the Department of State*

WASHINGTON, October 31, 1941.

Memorandum for Secretary of State.

The following information has been received from the Naval Attaché Chungking:

Active participation of all American and British Far East Air units would be the only hope for blocking invasion of Yunnan. The Chinese now seek such participation. The supply and protection of available fields would however be a very serious task not presently feasible under existing conditions. Transport over the Burma Road is still insufficient and lacking coordination. Problem is possible of solution only if highest home authorities order immediate action thereby justifying seizure and operating under foreign control of all available transport including civil air transportation. Believe that Chiang Kai Shek will support this and also that general public reaction would inspire voluntary Chinese cooperation. The present indirect methods for timely results are totally inadequate.

R. E. SCHUIRMANN,  
By direction.

973.94/169924

*Mr. Lauchlin Currie, Administrative Assistant to President Roosevelt, to the Adviser on Political Relations (Hornbeck)* <sup>22</sup>

No. 32. Part 1—An attack on Kunming by the Nipponese will result in a serious situation for groups of American volunteer airmen. For consideration are offered the remarks that follow, although I have no information as to American or British proposed military plans of action in the Orient:

My No. 28 has already advised you that Chiang Kai-shek, in our interview, made the question of air support for Chinese Armies of first important [*importance*]<sup>22</sup>—above all meaning strengthening of the American Volunteer group.

Part 2—If the Japanese decide to attack in the direction of Kunming the last of November, and if they avoid and do not violate British Territory there are a few courses that can be followed, listed herewith:

I—Do not in any way give any direct support. This also would include the American Volunteer Force; although the groups are paid from Chinese funds and not by our funds tacitly, we are responsible

<sup>22</sup> Paraphrase of radiogram from General Magruder dated Chungking, November 1, 1941, and received at War Department November 1, 5:54 a. m.; evidently received by Mr. Hornbeck on same date.

for it and it is sponsored by this Government. If we do not let them fight, we would be breaking our agreement and faith with the Chinese.

II—If we should let the American Volunteer Force participate in conflict we would have to overcome the following:—the equipment is rather poor and their supplies are very poor.

Note our 16–20. It is understood that the Chinese can in no way give effective assistance as their air force is not up to the point of combat with the enemy.

Part 3—They have not staff or officers who are trained in staff duties; also they are short of trained commanders. They are not qualified to be committed for at least 2 months or more. Their number is too small to be committed against the Japanese by themselves. No doubt would prove very ineffective. If they should meet the Japanese in combat and the first American Group defeated or destroyed, the moral effect would be very, very bad, and no doubt the repercussions in the United States would be very serious, if it was known that they had been committed not properly equipped.

III—If the American Volunteer Group should by any chance be reinforced by squadrons of our personnel and equipment supplied from either this country or any of our Islands, would also possibly provoke war with Japan. This is not necessarily a fact and if it is done in a proper manner, the strength for combat American Volunteer Group could then be exchanged. This may increase the value. In this way, valueless Chinese bombardment units could be made of some use.

Part 4—All American organization units and the equipment should be assembled and made ready for combat. This should be done in the Islands and sent by carrier up to the vicinity of Burma.

IV—Everything has been suggested for the General to have the British do something in regards to reinforcement of the American Volunteer Group. Note my 28. I have been informed by the British Ambassador that neither he nor his government can do anything, without full backing by the American Government.

V—This would be the same as four except that the support would be forthcoming from the British interests and that Singapore would then be strengthened by various organizations of Americans. That both American units and British units would then be combined and go to the aid of China. Without my knowing the government plans and intentions, what other commitments have been made or where; also the number of units that are available from our aviation. Owing to this, a clear cut plan and recommendation cannot be made here. I cannot make a recommendation as to the best course of action to be made. We cannot formulate this plan here.

Part 5—These points are very pertinent. If we make no prompt investigation on the parts of the United States as well as the English,

it might start trouble enough to provoke a war. This, of course, might not follow, but one cannot tell. Perhaps if diplomatic pressure is combined, it might cause Japan to desist from making any decisive attack. The effective effort and intervention would bolster the fighting land troops of China, and would be a tremendous assistance. If, by chance, the American Volunteer Group should be moved alone from the area of Burma, and then placed in Yunnan, it would without a doubt be placed automatically in a position that it would have to be committed and then perhaps attacked either in position on the ground or air. This pressure, one way or the other, must be prompt to be effective. The performance of material should all be superior much so to the Japanese, figures we estimate on Jap strength which will no doubt be operating from the different fields in Indo-China. We plan to make recommendations as to the strength we shall need for a force to neutralize these Indo-China fields. This strength will be told you at a later date. [Magruder.]

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893.51/7383

*The Chinese Ambassador (Hu Shih) to the Secretary of State*<sup>23</sup>

WASHINGTON, November 1, 1941.

SIR: I have the honor to refer to the Agreement dated as of April 1, 1941, entered into on April 25, 1941, between the National Government of the Republic of China, The Central Bank of China and the Secretary of the Treasury of the United States and extended by supplemental agreement dated June 30, 1941, with reference to the establishment by China of a Stabilization Fund and the acquisition by such Stabilization Fund of United States dollars as a result of the purchase by the Secretary of the Treasury of Chinese yuan, and to my communication to you of April 25, 1941<sup>24</sup> relative to such Agreement.

I have now received and have the honor to transmit to you herewith the following documents:<sup>25</sup>

1. *Certified* copy of Decree No. 4285 of the Ministry of Finance of the National Government of the Republic of China promulgated on August 12, 1941, establishing the Stabilization Board of China, as

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<sup>23</sup> Notation by the Acting Chief of the Foreign Funds and Financial Division (Livesey) in a memorandum dated December 17: "Mr. Victor Kwonglee Kwong, Attaché to the Chinese Embassy, brought in the Chinese Ambassador's note dated November 1, 1941 and the various documents mentioned therein which he said had been requested by the Treasury Department for its records concerning the China Stabilization Board. The Treasury had accepted telegraphic notification of the acts covered by the documents but had requested that the formal documents be supplied as soon as possible. The Ambassador's note was given the date November 1 as an appropriate date in the circumstances. F. L."

<sup>24</sup> Not found in Department files, but see note dated April 18, p. 630.

<sup>25</sup> Enclosures not printed; the documents were transmitted to the Treasury Department on December 20.

contemplated by said Agreement dated as of April 1, 1941, with power and authority to manage and control the United States Dollar-Chinese Yuan Stabilization Fund of China which is also created and established by virtue of said Decree No. 4285, and an official certified translation of such Decree into the English language.

2. *Certified* copy of the minutes of the first regular meeting of the Stabilization Board of China established pursuant to said Decree, which meeting was duly convened and held on August 13, 1941, the minutes of the meetings of said Board being duly and regularly recorded in the English language, which minutes contain a resolution authorizing the members of the Board to act and give instructions on behalf of the Board and with respect to the Fund and the assets and accounts thereof by writings signed by two signatories as more particularly specified in said resolution.

3. Letter dated August 14, 1941 addressed to The Secretary, The Federal Reserve Bank of New York, signed by the Chairman of the Board of the Stabilization Fund of China, containing a resolution relative to the authority of the members of the Board and their alternates to act and give written instructions on behalf of the Board and with respect to the Fund and the assets and accounts thereof and transmitting autographed specimen signatures in triplicate of the members of the Board and of the alternate of one of such members, each duly certified by Mr. Chao-ting Chi, General Secretary of the Board.

4. *Certified* copy of an Agreement dated August 14, 1941 between The Central Bank of China, the Bank of China, the Bank of Communications and the Farmers Bank of China of the one part, and the Government of the Republic of China of the other part, relative to the \$20,000,000 contributed by those banks to the United States Dollar-Chinese Yuan Stabilization Fund of China.

In connection with the enclosed documents, I have the honor officially to advise you on behalf of the Chinese Government as follows:

(a) That on August 12, 1941, Dr. H. H. Kung, Minister of Finance of the National Government of the Republic of China, duly promulgated Decree No. 4285, dated August 12, 1941, pursuant to authority duly and regularly granted by the Executive Yuan, the appropriate governmental agency authorized to grant such authority, a true and correct copy and an official translation of which decree are enclosed herewith.

(b) That Dr. H. H. Kung, Minister of Finance of my Government, whose signature is subscribed to the enclosed copy of such Decree, was duly and legally authorized and empowered to issue such Decree, and that the seal affixed thereto, and to the English translation thereof, is the official seal of the Ministry of Finance.

(c) That such Decree is the valid and binding act of the National Government of the Republic of China and the valid and binding law of China.

(d) That said Stabilization Board of China is an agency and instrumentality of the Chinese Government with full power and authority under the laws of China, and in accordance with the enclosed Decree No. 4285, dated August 12, 1941, to carry out and perform all of the terms and provisions of the Agreement dated as of April 1, 1941, as extended by supplemental agreement dated June 30, 1941,

which Agreement as so extended represents the valid and binding obligation of the National Government of the Republic of China and The Central Bank of China.

(e) That the National Government of the Republic of China has duly and legally appointed as members of the Stabilization Board of China the following members:

Mr. K. P. Chen  
Mr. Tsuyee Pei  
Mr. Hsi Te-mou  
Mr. A. Manuel Fox  
Mr. E. L. Hall-Patch;

that Mr. K. P. Chen has been duly and legally designated as Chairman of such Stabilization Board of China, and that the following members of the Board have duly and legally appointed as their respective alternates the following: Mr. Hsi Te-mou has appointed Mr. K. K. Kwok, and Mr. A. Manuel Fox has appointed Mr. William H. Taylor.

(f) That Mr. K. P. Chen and Mr. Chao-ting Chi, Chairman and General Secretary, respectively, of the Stabilization Board of China, whose genuine signatures are subscribed to the enclosed copies of minutes of the first regular meeting of the Stabilization Board of China, the letter dated August 14, 1941 addressed to The Secretary, The Federal Reserve Bank of New York, and the autographed specimen signatures of the members of the Stabilization Board of China and of the alternate of one of such members transmitted with such letter, are duly authorized and empowered to sign and certify the same.

(g) That such Agreement dated August 14, 1941 between The Central Bank of China, the Bank of China, the Bank of Communications and the Farmers Bank of China of the one part, and the Government of the Republic of China of the other part, relative to the \$20,000,000 contributed by those banks to the United States Dollar-Chinese Yuan Stabilization Fund of China, is the valid and binding agreement of such banks which are agencies and instrumentalities of the Chinese Government with full power and authority under the laws of China to carry out and perform all of the terms and provisions of said Agreement.

You will note that the autographed specimen signatures transmitted with the enclosed letter dated August 14, 1941 addressed to The Secretary, The Federal Reserve Bank of New York, have been duly authenticated by me.

I beg to request that you kindly authenticate my signature on the enclosed schedule of autographed specimen signatures of the members of the Stabilization Board of China and of the alternate of one of such members and furnish copies of this letter and its enclosures to the Secretary of the Treasury and the Federal Reserve Bank of New York as fiscal agent of the United States for their information.

Accept [etc.]

HU SHIH

793.94/170018

*Mr. Owen Lattimore, American Political Adviser to Generalissimo Chiang Kai-shek, to Mr. Lauchlin Currie, Administrative Assistant to President Roosevelt*<sup>26</sup>

CHUNGKING, November 2, 1941.

DR. LAUHLIN CURRIE: Just returned from Yunnan. Military potentialities there worry provincial as well as central authorities. Governor Lung Yuan [*Yun*] told me he had not been seriously alarmed hitherto but now urged me to entreat Generalissimo for greatly increased aid, small food reserve combined with transport slowness meaning that large scale military activity would cause grave complications. Consequently in Yunnan even mountainous terrain would cause Chinese defense more disadvantage and less advantage than elsewhere and medium size Japanese offensive well covered by air force and backed by transport might succeed in deep penetration. Control of air is decisive factor.

Returned from Kunming with Mowrer<sup>27</sup> who reported British Malaya[,] Burma air forces very confident their superiority to Japanese. Australian land and air forces would even like to undertake preventive intervention in Thailand. However divided councils among British with some much more passive than others. Duff Cooper<sup>28</sup> especially critical of Home Government lack of initiative. He told Mowrer that three days before fall of Konoye Cabinet Craigie wired Mecca<sup>29</sup> approximately "Time now suitable for real peace with Japan. Hope this time American cynicism will not be allowed to interfere with realistic statesmanship." Personally consider pivot of Southeastern Asia for immediate future is Yunnan not Thailand. Politically the key is immediate American initiative in coordinating defense of Yunnan against threat to Burma Road. Without American initiative danger that British will do too little and do it too late. With America and Great Britain becoming active central government could rapidly overcome remaining provincial and internal organizational difficulties on Burma Road and traffic would greatly increase.

LATTIMORE

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<sup>26</sup> The Adviser on Political Relations (Hornbeck) on November 3 submitted this message to the Secretary of State: "Herewith another message from China bearing on the suggestions made in the message received by the President on October 30 from Generalissimo Chiang Kai-shek. This message has come to Mr. Currie from Lattimore, under date Chungking, November 2." (FE Files, Lot 244.)

<sup>27</sup> Edgar Ansel Mowrer, *Chicago Daily News* war correspondent.

<sup>28</sup> Alfred Duff Cooper, British Minister for Information.

<sup>29</sup> Presumably London.

793.94/17001½

*The Chinese Embassy to the Department of State*<sup>30</sup>

## MESSAGE OF GENERALISSIMO CHIANG KAI-SHEK TO PRESIDENT ROOSEVELT

"In view of a rapidly developing danger which threatens to change the whole military situation in China, I have communicated the following views to Mr. Winston Churchill:

"Intelligence in which I have complete confidence shows that the Japanese are determined upon an attack against Yunnan from Indo-China in order to take Kunming and to cut China's lines of communication with Britain and the United States. Preparations are already on foot and the attack may be expected shortly. This is in my view the first step in their policy of expansion either northward or southward, and I feel therefore that I should bring to your notice certain facts and aspects of the situation. Indeed I feel it my duty and my right to impress them upon you, for much [of] the future lies in your hands.

Once Kunming is taken, the Japanese would be rid of all fear of capture in the rear. You will, I feel sure, be the first to see that its capture is not merely one objective of Japan's war of aggression on China but is a first and necessary step to free herself for fresh enterprises. And you will appreciate how vitally the coming battle will bear upon the safety of all countries on the Pacific, upon yourselves and ourselves alike.

You know you may count upon me to do my utmost to defend Kunming, and believe me when I tell you that my armies can do it. But you know as I do that I have no air force. And without an air force what can our army do against another that is strong in the air? A glance at the map will show that if the city falls, China will be cut off from supplies outside, and her armies will be encircled and deprived of all contact with yours and those of her other friends. And moreover the morale of the Chinese army and Chinese people will be shaken to its foundation. Our morale has stood for more than 4 years on the eastern fronts where our friends cannot directly reach us. It would be gravely menaced by a Japanese triumph on the one front where as all the nation knows the armed forces of our friends are within a hand's reach. For the first time in this long war a real collapse of resistance would be possible.

For more than 4 years now China has kept some 5 million men in the field and thus immobilizes the man-power of Japan. The implications of this must be clear to you; indeed I think they are already recognized by yourself and all other friends of China. If Kunming fell, Japan would then be able to cast all caution away and turn her

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<sup>30</sup> Coded text dated November 1 of telegram sent on the afternoon of November 2 to the Chinese Ambassador in Washington by the Chinese Foreign Office (793.94/17002). Handed at 9:30 a. m. on November 4 by the Counselor of the Chinese Embassy (Liu) to the Adviser on Political Relations (Hornbeck). Corrections in brackets based on revised copy received from President Roosevelt on November 11 and on text received from the Embassy in China on November 21 (793.94/17001½, 17002); President Roosevelt inquired November 11 of the Secretary of State whether "I should make any change in the message I am to hand Hu Shih on Wednesday", November 12.

whole might elsewhere. The coming battle is therefore not merely a question of victory or defeat of China but the peace and security of the Pacific hang upon it. Indeed it is not too much to say that the outcome of the European [*whole*] war may hang upon it.

If China had the air force she needs, I should be making no appeal to you, because I should feel confident of our ability to defeat the invaders. But we have nothing that can be called an air force to match against what the Japanese would bring to bear upon us, for we may be sure that they will use their finest and their strongest. If however in the battle the Japanese air force can be checked or even smashed, her power to enter upon what I have called fresh enterprise[s] will be much diminished. It is true that her navy will remain to her, but with that she can do little without the strength in the air without which there would be an end to her schemes of expansion. From then on her submission could be brought about by political and economic pressure. Do not let us therefore make mistakes as they have made elsewhere in this war, and let the Japanese attack us, as they mean to do, one by one. I am not asking you to declare war upon Japan. I merely wish to leave you in no doubt about the situation in which I find myself, to make it clear that I am no match of the enemy in the air, to tell you what this means and to suggest a remedy. The American volunteer air force now under training is good but very small. Our only hope is that the British air force in Malaya, with American cooperation, may come into action and support the American volunteers and the existing Chinese air force. The British air force could cooperate as part of the Chinese air force or assume the role of an international volunteer force. The result would be to save China and to save the Pacific.

You might feel at a first glance that this would involve you in war with Japan while you are fighting with such courage in Europe and the Middle East. I see things otherwise. I do not believe that Japan feels that she has the strength to attack so long as the resistance of China persists. But once she is rid of this, she will attack you as and when it suits her and whether or not she is [given a pretext] by such action on your part as I have now suggested. It would be impossible to minimize the importance of British air action in Yunnan, for upon this the fate of democratic cause will turn. China has reached the most critical phase of her war of resistance. Her ability to defend landward approaches to Singapore and Burma now depends primarily on British and American willingness to cooperate in the defence of Yunnan. If the Japanese can break our front here we shall be cut off from you, and the whole structure of your own air and naval coordination with America and the Netherlands East Indies will be seriously threatened in new ways and from a new direction. I should like to express, with all the strength at my command, the conviction that wisdom and foresight demand that China be given the plea [*help*] that I have indicated. Nothing else can ensure alike the defeat of Japan and the success of the countries now resisting aggression.'

I have also discussed the strategic subject matter of the foregoing letter with Brigadier-General Magruder and have asked him to convey to you what I consider to be the decisive importance of the [coming]



campaign in Yunnan. In addition I should like to urge on you my conviction that British determination in dealing with Japan waits at present upon the lead and stimulating influence of America. If the United States would draw on its air arm in the Philippines to provide either an active unit or a reserve force in the combined operation [as I have suggested to Mr. Churchill I feel that success would be assured]. I am convinced that unless Japan is checked sharply and at once, she is on the verge of winning a position from which she can deal with each of us separately and in her own time. The opportunity to check her is a fleeting one. You are, Mr. President, recognized as the leader in the front of democratic nations fighting aggression. I feel sure that you will move with the rapidity that the urgency of the moment demands. It is now essential to avoid the errors by which statesmen of Europe allowed Nazi Germany to divide them, and to acquire a commanding position, and to prevent Japan from attacking us in succession and separately and thus attaining the stature of a second Nazi Germany in the Far East." (signed) Chiang Kai-shek

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798.04/17044

*Memorandum by the Adviser on Political Relations (Hornbeck)*

[WASHINGTON,] November 3, 1941.

The Chinese Ambassador called on me yesterday. I learned from him that on Friday, October 31, T. V. Soong called on the President and brought to the President's attention the telegram from Chiang Kai-shek. In reply to inquiries on my part, the Ambassador said that he earlier had received from the Chinese Foreign Office a message that the Foreign Office would send him shortly a message for the President from Chiang Kai-shek and that the same message would be communicated in Chungking to the American Ambassador. The staff of the Chinese Embassy here had awaited receipt of the message until midnight of October 31. The Embassy had not yet received the message. The Ambassador had finally inquired of T. V. Soong whether he had received a message; and at that point Soong had informed the Ambassador that he had received the message and had taken it to the President; that the message asked that the American Government warn the Japanese against an attack on Yunnan and urge the British to send air assistance to China; that the President had stated to Soong that we might be able to do something with regard to the requested warning but that it would be difficult for the British to give the assistance suggested; that Soong did not supply the Ambassador with a copy of the message; and that the Ambassador hoped that we would be able to respond helpfully to Chiang Kai-shek's requests.

740.0011 European War 1939/16814

*Memorandum by the Adviser on Political Relations (Hornbeck)*

[WASHINGTON,] November 3, 1941.

A. Chiang Kai-shek, in a message directed to the President (delivered on October 30), suggests and urges that this Government:

1. Warn the Japanese against an attack via Indochina on Yunnan and the Burma Road; and
2. Urge the British to send planes and personnel to supplement the strength of China's aviation which has already been reinforced by the American planes and personnel that are under the direction of Colonel Chennault.

General Magruder and the American Naval Attaché at Chungking have, in communications to their respective Departments, endorsed these suggestions.

B. The British Government has asked that we:

1. Release a few (24?) airplanes for Thailand and permit aviation gasoline and lubricating oil to go to Thailand for the Thai air force; and
2. (In cooperation with Great Britain) Warn the Japanese against making an attack upon Siberia or a blockade of Vladivostok or both.

C. Putting A. and B. together, it is suggested that we might consider:

It is suggested that we might consider:

Saying to the British Government that if they will comply with the Chinese desire that they send planes and personnel into China we would be willing (a) to release a few (24?) planes for Thailand and (b) release for Singapore as many planes as they, the British, send to China and (3) (c) to take parallel action with them in issuance to Japan of a new warning [keeping in mind the stern warning given last August<sup>31</sup>] against further movements of aggression by Japan against neighboring countries, with *perhaps* a specific statement that freedom of the seas and keeping open of highways to commerce are important interests of all peaceloving nations.

S[TANLEY] K. H[ORNBECK]

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<sup>31</sup> See memorandum and oral statements of August 17, 1941, *Foreign Relations, Japan, 1931-1941*, vol. II, pp. 554, 556, and 557. Brackets appear in the original.

793.94/16971 : Telegram

*The Ambassador in China (Gauss) to the Secretary of State*

CHUNGKING, November 3, 1941—5 p. m.

[Received November 4—6 : 45 a. m.]

435. Reference my 431 of November 1, 11 a. m.<sup>32</sup> Foreign Minister has now sent me copy of Generalissimo's message to President which was telegraphed yesterday to Hu Shih who no doubt will make it available to the Department. I am forwarding copy by airmail unless instructed to repeat it by radio.

The message differs in form but not in substance from that originally summarized to me by Foreign Minister.

It is not yet certain that Japan will undertake the difficult invasion of Yunnan from Indochina but I believe it is certain that in any case large Japanese air forces will operate from that base against the Burma Road within China and against the American or any other volunteer air force when they enter China.

It is true, of course, that a major defeat of a Japanese attack upon Yunnan would have very advantageous effects in restraining Japanese ambitions in the Far East.

If it should be found possible and practicable to send Anglo-American air units into Yunnan they should be in sufficient force to maintain themselves against heavy Japanese air concentrations.

Half or token measures would prove disastrous. Maintenance and supply of such an air force in Yunnan would heavily tax facilities of the Burma Road, operation of which would probably need to be under effective military control. Advance depots of supplies would need to be built up at once. Time factor is of utmost importance if, as the Generalissimo thinks, Japanese are to move in immediate future.

The successful invasion of Yunnan by the Japanese would probably seriously affect Chinese morale and deprive China of supplies for continued organized resistance. I do not believe, however, that it would result in any early solution of Japan's problem in China. Japan would still find herself obliged to maintain large forces in this country for an indefinite period.

GAUSS

793.94/16967 : Telegram

*The Secretary of State to the Ambassador in China (Gauss)*

WASHINGTON, November 3, 1941—7 p. m.

252. Reference your telegram 429, October 29, 7 p. m.

1. There have come to this Government, and have been communicated to this Department in various ways, during the last 3 days, ~~three~~

<sup>32</sup> See footnote 17, p. 740.

different versions, through as many channels, none of them through you or the Chinese Ambassador here,<sup>33</sup> and all differing in one or more important particulars, of a message from Chiang Kai-shek.

2. Please get from the Generalissimo or the Minister for Foreign Affairs as exact a statement as possible of the Generalissimo's estimate of the military and political situation, especially as regards Japan's possible contemplation of new operations against Yunnan and the Burma Road, and of what it is that the Chinese Government is suggesting that this Government do in the premises. Inquire also what the Chinese Government is suggesting to the British Government.

3. In your conversation with the Generalissimo or the Minister for Foreign Affairs, you may make it a point to say, in the form of mere observations, that this country is confronted at present with the problem of giving material aid not only to China but to Great Britain, to Russia, to the Netherlands, and to some 20 other countries that are amassing arms for purposes of essential preparedness; and, in addition, we are forced to equip ourselves toward preventing or resisting possible attacks upon us in two oceans, with a possibility even of having to fight in self-defense on both fronts simultaneously. You should say that we are having to consider, in our strategy of production and distribution of materials and equipping of our own armed forces, the whole world, and that it is essential that, keeping constantly in mind all theatres of actual and possible operations, timing, coordination, et cetera, we give our program and efforts proper balance.

4. You may also say, on the Department's authority, that round-about methods of sending messages and use of several different channels in each of which the messages are reported in different words, causes delay and confusion in the giving here of appropriate attention to the important subject matter of the original and authentic version of the message.

5. You may also tell the above, on the Department's authority, to the Naval Attaché and to General Magruder, adding that in our opinion recommendations involving questions of high political policy, no matter by what officers made, should either be channeled originally through the Ambassador or be filed in paraphrased duplicate with the Ambassador for immediate report by him with his comments to this Department. Quite apart from any question of Departmental jurisdictions, this view rests on considerations of efficiency involving factors of time, of cooperation, and of coordination in procedures for best serving the interests of the United States in formulation of policy, in relations with and negotiations with other Governments, and in operations of implementation.

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<sup>33</sup> His was received in the Department of State on November 4; see footnote 30, p. 748.

6. After reporting on paragraphs 1 and 2 above, please give in a succeeding telegram, your comments and estimate.

7. For your information, messages referred to in paragraph 1 above came (a) from the Generalissimo, via T. V. Soong, to the President;<sup>34</sup> (b) from the Naval Attaché to the Navy Department; (c) from General Magruder to the War Department, Magruder's report stating that you had been informed.

HULL

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703.94/16907 : Telegram

*The Secretary of State to the Ambassador in China (Gauss)*

WASHINGTON, November 4, 1941—noon.

254. Reference, Department's telegram 252, November 3, 7 p. m. The Chinese Embassy has just brought to the Department a telegram dated Chungking November 2 containing a message from the Generalissimo to the President. In this telegram there is given what apparently is a text of "views" communicated to Mr. Churchill by the Generalissimo; and a message to the President.

We suggest that the approach which you are instructed to make be made to the Minister for Foreign Affairs. Perhaps he has already given you a copy of the message above under reference.

HULL

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893.20/734

*The Ambassador in China (Gauss) to the Secretary of State*

No. 205

CHUNGKING, November 4, 1941.

[Received November 21.]

SIR: With reference to my despatch no. 100 of August 28, 1941, I have the honor to enclose a memorandum<sup>35</sup> of a conversation which I had recently with the Minister for Foreign Affairs in regard to suggestions that there be close coordination among America, China, and Great Britain on matters of common interest in connection with China's war effort and the general Far Eastern situation. Appended to the memorandum is a note reporting a subsequent conversation with the British Ambassador on the same subject.

As I informed the Foreign Minister, I do not feel justified in referring the proposal for "coordination committees" to the American

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<sup>34</sup> *Ante*, p. 740.

<sup>35</sup> Not printed.

Government in the undeveloped form in which it has been submitted to me. I am prepared to discuss the matter sympathetically with a view to exploring the possibilities but at present I frankly do not see that any good purpose would be served by formally setting up Anglo-American-Chinese coordination committees to deal, I gather principally, with the matter of American lend-lease aid to China. Close liaison by the concerned American officials with the Chinese, and with the British when needed, would seem to me to accomplish the ends desired more effectively than formalized cooperation committees. However, I am keeping an open mind and shall inform the Department in regard to any further discussions I may have on the subject.

Respectfully yours,

C. E. GAUSS

893.24/1193 : Telegram

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

TOKYO, November 5, 1941—10 a. m.

[Received November 10—2:48 p. m.]

1748. Embassy's 1747, November 5, 9 a. m.<sup>86</sup> Following is text of Embassy's letter published in this morning's *Japan Times and Advertiser*:

"To the Editor: While it is not the usual practice of the American Embassy in Tokyo to take public cognizance of inaccuracies appearing in the press with regard to the policies and actions of the United States, the Embassy is constrained, under present circumstances, to depart from that practice in respect of certain specific charge[s] put forward in the editorial of the October 31 issue of *Japan Times and Advertiser*. It was alleged therein that the United States had presented at Chungking certain demands which, if accepted, would create a mortgage on China, these demands, specifically, begin [*being*]: First, exclusive rights to maintain and utilize four unnamed naval bases in China to be retained in the postwar period, and, Second, the adoption by China of certain economic measures which would result in the virtual economic domination of China by the United States.

The American Embassy is authorized to say that these charges are without foundation in fact and are, therefore, wholly imaginary.

The Embassy would appreciate your courtesy if you would be so good as to bring the foregoing statement to the attention of your readers.

The American Embassy, Tokyo, November 4, 1941."

Sent Department via airmail to Shanghai.

GREW

<sup>86</sup> Not printed.

793.94/16972 : Telegram

*The Ambassador in China (Gauss) to the Secretary of State*

CHUNGKING, November 6, 1941—3 [p. m.]  
 [Received 6:05 p. m.]

438. Reference Department's No. 252 of November 3, 7 p. m. I called on the Foreign Minister this morning. With regard to paragraph 2 of the reference telegram, I requested any more precise and detailed information that might be available to permit of an exact evaluation of the situation. He said that he would endeavor to obtain further information and let me have it as soon as possible but stated that there might be some delay. Regarding paragraph 4 I informed him of the Department's comments with which he readily agreed saying he would mention them to the Generalissimo when he saw him this afternoon. He was obviously embarrassed that the matter had been put forward, perhaps prematurely, through other than regular diplomatic channels. He said that the message to Churchill quoted in the message to the President was sent through the British Ambassador here.

Without special reference to the Generalissimo's message, I took advantage of an opportunity to make the general observations contained in paragraph 3. In the conversation that ensued the Foreign Minister manifested a clear understanding of the American Government's position.

My replies to other portions of the reference telegram will follow. The Department's No. 254 of November 4, noon, has been received.

GAUSS

893.24/1223a : Telegram

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

WASHINGTON, November 6, 1941—8 p. m.

5011. Your 4131, September 7, 6 p. m. Mr. Currie has been informed that the Government of Burma is exacting payment of full Burmese import duties (as distinguished from transit tax) on lend-lease equipment to be used in Burma for the assembly of lend-lease material for China and on lend-lease trucks imported into Burma for use in Burma in the transportation of lend-lease material for China.

A specific instance has arisen with regard to the importation of a portable lend-lease assembly plant which arrived in Rangoon on the steamer *Warrior* to be set up in Rangoon for the exclusive purpose of assembling lend-lease trucks to be shipped to China.

Please take this matter up at your earliest opportunity with the appropriate British authorities with a view to securing customs exemption on such lend-lease materials. Please inform the Department promptly by telegraph of the results of your representations.

HULL

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893.248/252 : Telegram

*The Secretary of State to the Ambassador in China (Gauss)*

WASHINGTON, November 10, 1941—11 p. m.

263. We have information that in an official Japanese broadcast on or about October 28 there was made a statement that "Chiang Kai-shek himself is allegedly resisting 'Magruder's terms' (complete control by America, no Chinese representation) for the building of American air bases in China."

We of course note the source of this statement and hold no opinion regarding its basis. It serves, however, to remind us that this Department has received no authentic information regarding General Magruder's observations, efforts, recommendations, et cetera, except his reports of and comments on his conversation with Chiang Kai-shek of October 28. It would be helpful for us in connection with problems of policy, to have knowledge of any recommendations which General Magruder may make to Chiang Kai-shek which would have a bearing on political matters either within China or in relations between China and this and other countries.

HULL

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893.248/252a : Telegram

*The Secretary of State to the Consul General at Rangoon (Brady)*

WASHINGTON, November 13, 1941—5 p. m.

28. For Chennault from Currie.

"It has been suggested that we supply personnel for the reorganization and operation of the whole Chinese air force including the A. V. G.<sup>37</sup> It is felt that this is impractical. As an alternative we suggest the following on which we should like your reaction. We understand that the Chinese have some first-class pilots. Our thought is that you might organize one or possibly two all-Chinese groups with officers and pilots selected by you and under your tactical command. We would undertake to secure more Americans to assist you as staff officers in your larger duties. We believe this preferable either to turning planes over to Chinese air force or to assuming any responsibility for operation of Chinese air force. If this experiment is successful you could organize still another Chinese group as Amer-

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<sup>37</sup>American Volunteer Group.



ican equipment becomes available along with the organization of further American groups. We are uncertain as to whether any of the Chinese planes are suitable for your combat purposes. Are facilities available and adequate for the training of both American and Chinese groups in Burma? Whenever couriers are available, I should appreciate more detail on your progress and problems. Your cable to CDS<sup>88</sup> just received. Will try to meet your requests."

The contents of this telegram should be regarded as strictly confidential for the Consul General and Chennault only.

HULL

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793.94/17044

*President Roosevelt to the President of the Chinese Executive Yuan  
(Chiang Kai-shek)*<sup>89</sup>

I have for some days had before me your message of November 2 which was delivered to me through your Ambassador here on November 4; also, your earlier message which was delivered to me through Dr. T. V. Soong on October 30.

We have had for some time very much in mind the situation created by the menace of a Japanese attack against Kunming from Indochina to which you call special attention. When I received the first of your messages under reference, officers of this Government, including high officers of the Department of State, the Army and the Navy, entered immediately into consultations in order to give renewed and urgent consideration to all aspects of the problems underlying that situation. It soon became our conclusion that, while it would be a grave error to underestimate the gravity of that situation, it did not appear that preparations by Japan for a land campaign against Kunming had advanced to a point which would indicate probable immediate imminence of an attack. Given the difficult character of the terrain and the formidable resistance which your land forces would offer in Yunnan, an invasion of that province from Indochina by land forces calls for substantial preparation and extensive operations. At the same time we fully realize that it is important that your forces be adequately prepared, equipped and disposed in all branches. Under existing circumstances, taking into consideration the world situation in its political, military and economic aspects, we feel that the most effective contribution which we can make at this moment is along the

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<sup>88</sup> China Defense Supplies, Incorporated.

<sup>89</sup> President Roosevelt on November 11 approved text of the message drafted by the Department and noted: "I want to see Hu Shih for five minutes on Wednesday", November 12. The message was handed the Chinese Ambassador at 6 p. m. on November 14 by the Adviser on Political Relations (Hornbeck), and copies were transmitted on November 17 to the Chief of Staff (Marshall) and the Chief of Naval Operations (Stark).

line of speeding up the flow to China of our Lend-Lease materials and facilitating the building up of the American volunteer air force, both in personnel and in equipment. We are subjected at present, as you know, to demands from many quarters and in many connections. We are sending materials not only to China and Great Britain, but to the Dutch, the Soviet Union and some twenty other countries that are calling urgently for equipment for self-defense. In addition, our program for our own defense, especially the needs of our rapidly expanding Navy and Army, calls for equipment in large amount and with great promptness. Nevertheless, I shall do my utmost toward achieving expedition of increasing amounts of material for your use. Meanwhile we are exchanging views with the British Government in regard to the entire situation and the tremendous problems which are presented, with a view to effective coordinating of efforts in the most practicable ways possible.

I believe that you will share my feeling that measures such as the foregoing, together with such as the British doubtless are considering, adopted and implemented simultaneously with your intensive efforts to strengthen the defenses of Yunnan Province are sound steps toward safeguarding against such threat of an attack upon Yunnan as may be developing. Indirectly influencing that situation: American military and naval defensive forces in the Philippine Islands, which are being steadily increased, and the United States Fleet at Hawaii, lying as they do along the flank of any Japanese military movement into China from Indochina, are ever present and significant factors in the whole situation, as are the increasing British and Dutch defensive preparations in their territories to the south.

This Government has on numerous occasions pointed out to the Government of Japan various consequences inherent in pursuit of courses of aggression and conquest. We shall continue to impress this point of view upon Japan on every appropriate occasion.

In the present state of world affairs, I feel—and I am confident that you will agree with me—that there rests on the United States, in connection with every move which it considers and every decision which it makes, extraordinary obligation to give intensive thought to widespread political stresses and strains, to both long-swing and short-swing potentialities, and to the weight of various possible and probable advantages in comparison with the weight of other possible or probable disadvantages. The world conflict is now being waged in many theaters and with a great variety of weapons, both physical and moral. Resistance to the forces of conquest takes many forms. In all probability, the efforts of all of us who are engaged in that resistance, efforts of China and of the United States and of many other countries, will have to be continued and be sustained over a long

period of time before our countries, one and all, will again be made secure and our people again be enabled to turn their whole thought and effort to peaceful and constructive pursuits.

I assure you that the situation and the problems which are the subject of this correspondence will continue to have my own and my country's constant attention.

[FRANKLIN D. ROOSEVELT]

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798.94/170018

*The Chinese Embassy to the Department of State*<sup>40</sup>

In a telegram to the Ambassador dated November 11, Generalissimo Chiang Kai-shek asked whether the United States Government had received any definite information from the British Government in regard to China's appeal for the aid of British air force in the defence of Yunnan Province. He expressed the earnest hope that as no time should be lost in the present emergency, the United States Government might again use its good influence to persuade the British Government to give a definite favorable reply at an early date.

In a telegram dated November 12, Dr. Quo Tai-chi, Minister of Foreign Affairs expressed the belief that China's appeal for help must have received the favorable consideration of the American and British Governments as is evidenced by the announcement of the withdrawal of American marines,<sup>41</sup> the references to China by the President in his address to the delegates to the Conference of the International Labor Organization<sup>42</sup> and the speech of Prime Minister Churchill<sup>43</sup> pledging support to the United States in the event of war with Japan, and by other utterances by other high officials of the United States Government on Armistice Day.<sup>44</sup> All these pronouncements, in the opinion of Dr. Quo, constitute important warnings to Japan. He feels, however, that these utterances and the actions hitherto taken by the American and British Governments in support of China must be supplemented by further action in order effectively to achieve practical objectives. He fears, for example, should the Japanese start to invade Yunnan they might, first of all, concentrate their air strength on the destruction of the small American volunteer air unit which is now in Burma.

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<sup>40</sup> Received in the Department on November 14.

<sup>41</sup> See telegram No. 259, November 6, 7 p. m., to the Ambassador in China, p. 578.

<sup>42</sup> November 6; Department of State *Bulletin*, November 8, 1941, p. 357.

<sup>43</sup> See telegram No. 1796, November 13, 3 p. m., from the Ambassador in Japan, vol. iv, p. 587.

<sup>44</sup> For address on November 11 by the Under Secretary of State (Welles), see Department of State *Bulletin*, November 15, 1941, p. 391.

793.94/17031

*The British Prime Minister (Churchill) to Generalissimo  
Chiang Kai-shek*<sup>45</sup>

I am very much aware of the serious danger which you have pointed out in your message regarding Japan's impending new drive against China. While the Japanese may threaten South China, I am not certain that they would attack Yunnan with the present forces at their disposal at Tonking which are reported to be only half of what my military experts think they would require for such a venture. Japan may strike first in such territories where she can get the material which she lacks because of embargoes against her. However, I do realize the gravity of the situation if the Japanese should take Kunming. I am studying special means to help strengthen the International Air Force you have and give immediate support in personnel and material.

Brooke Popham<sup>45a</sup> informs me Colonel Chennault is ready to move into China with three squadrons in ten days' time and is asking Chennault how we can best help him.

I will keep in touch with you and I hope to send more definite statement of what we can do. Needless to say, I am keeping the President informed.

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893.24/1221 : Telegram

*Mr. Lauchlin Currie, Administrative Assistant to President Roosevelt,  
to the Naval Attaché in China (McHugh)*<sup>46</sup>

[WASHINGTON,] November 17, 1941.

For Omita.<sup>47</sup> President has cabled Generalissimo.<sup>48</sup> I am personally satisfied that real consideration is now being given to China's needs and that flow of lend-lease will henceforth increase. Also the air program will be much better organized. Have made reservation but regret you will be away so long.

C[URRIE]

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<sup>45</sup> Message sent via T. V. Soong. Copy transmitted by Mr. Soong to the Adviser on Political Relations (Hornbeck); apparently received November 17 and noted by the Secretary of State.

<sup>45a</sup> Sir Robert Brooke-Popham, British Air Chief Marshal, in command of entire Far East area (1940-42).

<sup>46</sup> Copy transmitted on November 17 to the Adviser on Political Relations (Hornbeck).

<sup>47</sup> Owen Lattimore.

<sup>48</sup> For text, see p. 758.

811.42793/488a

*The Secretary of State to the Secretary of the Navy (Knox)*RC <sup>49</sup>

WASHINGTON, November 21, 1941.

MY DEAR MR. SECRETARY: Dr. William B. Pettus, an American citizen, President of the College of Chinese Studies at Peiping, at which a large number of officers of this Department as well as of the Navy and War Departments have received training in the Chinese language and instruction in Chinese customs and institutions, in the course of the last few years, has requested the Department to facilitate, if possible, the transportation on a naval transport from Chinwangtao or Shanghai to Manila and thence to the United States of ten members of the College's Chinese faculty who are now at Peiping, including:

|                   |                |
|-------------------|----------------|
| Chang Ping-nan    | Secretary Wang |
| Kwang Tzu-chen    | Yeh Shao-ting  |
| Librarian Pai     | Wang Po-chuan  |
| “ Chang Hsueh-lou | Chin Yueh-po   |

The Department's restrictive passport policy, which necessarily operates at this time to discourage American citizens from proceeding to China for the purpose of studying the Chinese language, has resulted in the conclusion of an arrangement between the College of Chinese studies and the University of California at Berkeley for the temporary transfer of the College to this country to function as a refugee guest college on the University's campus at Berkeley. Although there are of course a number of institutions of learning in this country which provide instruction in the Chinese language, such instruction is necessarily limited in its practical application by various circumstances, including the absence of facilities for extensive practice in speaking with natives of China.

From the Department's knowledge of the College of Chinese studies, derived from various of its officers who at times have attended that Institution and from others who are familiar, from first hand observation, with the Institution and its work and from naval and military officers of this Government who have studied under Dr. Pettus, I am of the opinion that the College has served as an important factor in the cultural relations between this country and China, and that its establishment in this country with a considerable staff of native Chinese teachers from Peiping, trained in the particular needs of Americans who are intending to pursue their vocations in China, will provide a continuity in the acquisition by American officials and other citizens of a practical knowledge of the Chinese language.

I, therefore, view it as highly desirable, and in the interest of this Government, to assist Dr. Pettus in so far as is possible in establishing

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<sup>49</sup> Symbol for Division of Cultural Relations.

his Institution in this country, and to that end would appreciate it greatly were it feasible for the Navy Department to arrange transportation from Chinwangtao on either the SS *President Madison* or the SS *President Harrison* for the ten Chinese teachers referred to. They are expected by Dr. Pettus to be prepared to leave Peiping almost immediately.

Sincerely yours,

CORDELL HULL

893.248/254 : Telegram

*The Ambassador in China (Gauss) to the Secretary of State*

CHUNGKING, November 21, 1941—11 a. m.

[Received November 23—2:35 a. m.]

456. By his message No. 53, November 18 to War Department, Magruder reports information obtained by him at Rangoon and unknown to us here that British are furnishing personnel and material for one squadron of Buffalo fighters and possibly one squadron Blenheim bombers for volunteer duty under command of Chennault under same terms as American volunteers. Same message details deficiencies of material and personnel of American volunteer group and makes recommendations regarding: (1) supply of material; and (2) assignments for army officers to military mission to be made available to volunteer group.

GAUSS

893.248/253 : Telegram

*The Consul General at Rangoon (Brady) to the Secretary of State*

RANGOON, November 21, 1941—9 p. m.

[Received November 22—3:07 a. m.]

45. Reference Department's telegram No. 28 of November 12 [13], 5 p. m. Following from Chennault for Currie paraphrased:

Competent Chinese pilots estimated at 200 bombardment and 150 pursuit. For operation of American planes all of these would require some transition and unit training. If these pilots were completely relieved from commission aeronautical affairs and placed same status as American volunteer units except in matter of pay, I believe I could organize, train and operate effective groups. Pay of these pilots should not be equal to that of Americans but should be raised. As an experiment I am willing to undertake one group immediately, P-48 planes to be used as they arrive. Thirty American staff officers at least would be urgently required for this group together with some administrative and technical personnel. The transition and the unit training facilities are available and adequate in Burma. The number of combat machines the Chinese have is so small as to be negligible and suitable bombers number only about 20.

BRADY

811.42793/489

*The Secretary of the Navy (Knox) to the Secretary of State*

WASHINGTON, November 24, 1941.

SIR: As a result of your letter of November 21, 1941, RC, the Navy Department sent a despatch to the Commander-in-Chief of the Asiatic Fleet<sup>50</sup> stating that ten to twelve members of the Chinese Faculty of the College of Chinese Studies, are to be brought to California, and that names of individuals may be obtained from Reverend Earle H. Ballou, Peking. It was further suggested that they be brought to Manila on the transport which evacuates the Marines from Peking<sup>51</sup> and that they be given further transportation where practicable, subject to the usual reimbursement for subsistence. It was stated that the Navy Department is interested in this project in order to provide a continuance of Chinese language instruction.

Respectfully,

FRANK KNOX

793.94/17006: Telegram

*The Ambassador in China (Gauss) to the Secretary of State*

CHUNGKING, November 25, 1941—11 a. m.

[Received November 25—7: 13 a. m.]

460. I have brought to the attention of General Magruder the Department's 252, November 3, 7 p. m. and 263, November 10, 11 p. m. He states that he made no recommendations on high political policy and adds that informal recommendations have been made by him to the Generalissimo covering subjects such as the following:

1. Movement of arsenal materials,
2. Appointment of Chinese officials to head activities in Rangoon and Lashio, and
3. Improvement of transportation on the Burma Road. He informs me that he has requested the War Department to make available to the Department paraphrase of his messages which might be of interest and that similarly he will make paraphrases available to me.

With reference to the Department's 253, November 3, 11 p. m.<sup>52</sup> General Magruder concurs in general with the estimate contained in the Embassy's 441, November 7, 4 p. m.<sup>53</sup>

GAUSS

<sup>50</sup> Adm. Thomas C. Hart, U. S. N.<sup>51</sup> The U. S. Marines from Peiping were taken prisoner by Japanese military forces in China before they could sail to Manila.<sup>52</sup> Vol. iv, p. 565.<sup>53</sup> *Ibid.*, p. 572.

113/965a

*The Secretary of State to the Director of the Bureau of the Budget  
(Smith)*

WASHINGTON, November 27, 1941.

MY DEAR MR. SMITH: Reference is made to the Department's letter of November 8, 1941<sup>54</sup> with which there was transmitted an estimate for an allocation of \$150,000 to be made to the Department of State for the fiscal year 1942 from the Emergency Fund for the President for the purpose of permitting the Department of State to initiate a cultural relations program with China.

It is understood that the Bureau of the Budget has raised the question of the emergency character of the cultural relations program in question. In the opinion of this Department there is a definite emergency involved. The Government of the United States has recognized that China is struggling against aggression by a foreign power and it is the declared policy of the Government, enunciated by the President and other high officials, to aid China in every appropriate and practicable way. Aid extended to China under the provisions of the Lend-Lease Act has been limited by the needs of our own defense program as well as by the limited nature of transportation facilities. The Chinese have now been fighting for over four years and are naturally war-weary and in urgent need of every encouragement and help. We have been unable to meet many Chinese requests which we should wish to meet. It accordingly seems to us all the more imperative that we should utilize such means as are in our power to support and raise the morale of the Chinese people. It is believed that the institution of the cultural relations program with China is a method by which we can without delay take concrete and effective action to support and raise the morale of the Chinese people. It is, therefore, strongly urged and recommended that the request for the allocation of \$150,000 be given prompt and favorable consideration.

Sincerely yours,

CORDELL HULL

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893.24/1229 : Telegram

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

LONDON, December 14, 1941.

[Received December 14—5:45 p. m.]

6050. Our 5743, [November] 28.<sup>54</sup> Following informal Foreign Office note, dated December 13th, received today:

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<sup>54</sup> Not printed.



"On 8th November you raised with me the exemption from import duty of Lend-Lease equipment imported into Burma for the assembly of Lend-Lease materials for China and also of Lend-Lease trucks imported into Burma for the transport of Lend-Lease materials to China.

I am now glad to be able to inform you that arrangements have been made to exempt such materials from duty on importation into Burma. There remains the question of how these materials are ultimately to be disposed of, but this I suggest can be left for discussion at a later date."

WINANT

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893.51/7368 : Telegram

*The Ambassador in China (Gauss) to the Secretary of State*

CHUNGKING, December 21, 1941—10 a. m.

[Received 11:30 p. m.]

516. Reference my 515, December 21, 9 a. m.<sup>56</sup> Following is résumé of China's financial position given orally by Sir Otto Niemeyer to Vincent<sup>57</sup> for my information:

Chinese Government expenditures during 1940 approximately 6 billion Chinese dollars; those for 1941 are reportedly about 7 billion but actually are nearer 10 billion dollars. Revenues from all sources amounted to about 10% of the expenditures this year. The 1941 deficit has been met almost wholly by issuance of new currency, roughly 7 billion dollars. In 1937 national currency in circulation amounted to about 2½ billions. At the end of 1940 it amounted to approximately 7 billion dollars; at the end of 1941 it will amount to about 14 billions. Rate of increase is obviously alarming.

Budget for the year 1942 called for 30,000,000,000 dollars; this is arbitrarily reduced to 16½ billion of which 1½ are for provincial as distinguished from National Government demands. Chinese estimate revenue from increased taxation and collection of land tax in kind (rice) at 5 billion. This will mean a deficit of 10 billions during 1942 if the budget estimates are maintained which is not expected. If deficit is met by further currency issue total note circulation will be close to 25 billion dollars.

It is known but not officially that the Chinese Government [is] contemplating a request to the American Government for a loan of half a billion U. S. dollars (equivalent at the stabilization rate roughly to the amount of the 1941 budgetary obligations). Niemeyer believes that a loan in that amount would be a mistake because it could not be utilized effectively and would therefore be misleading.

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<sup>56</sup> Not printed.

<sup>57</sup> John Carter Vincent, First Secretary of Embassy in China.

He suggests considering a loan which would permit the issue of 2 billion Chinese dollars worth of bonds; half supported by British Government, half by American. (British Ambassador tells me this is being considered by British Treasury which may later approach the United States.)

Balance of report follows lines of memorandum<sup>58</sup> outlined in my telegram no. 515.

GAUSS

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893.24/1236 : Telegram

*The Ambassador in China (Gauss) to the Secretary of State*

CHUNGKING, December 29, 1941—noon.

[Received 2:49 p. m.]

543. General Magruder has reported to the War Department on the recent military conference at Chungking. Recommendations adopted had Chinese concurrence but there is nothing as yet to indicate that we may expect early Chinese military activity against the Japanese in China.

It is particularly unfortunate at this time that as reported by Magruder to War Department the British in Rangoon, apparently acting with unauthorized agreement of United States Army officers on the spot, navy [*have?*] impounded certain lend-lease supplies consigned to China.<sup>59</sup> Notwithstanding that these supplies may be needed by the British, this was an arbitrary and obtuse action which aroused deep resentment on the part of Chiang against both America and Britain. We may be certain that the incident will become known perhaps in distorted form. With tact the desired release could probably have been obtained and Chiang made to feel satisfaction that he had contributed something to allies in arms at a difficult time. I believe that everything possible should be done by the British to make amends for their action. While Magruder appears to have convinced Chiang that the action at Rangoon was unauthorized and contrary to policy of American Government, I feel that it should be made known to Chiang that the matter has come to the attention of the President who confirms the position as stated by Magruder and who at the same time has learned with gratification of the broadminded attitude of Chiang in overlooking the incident and agreeing to the release to the British at Burma of the immediately

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<sup>58</sup> Copy transmitted to the Department by the Ambassador in China in his covering despatch No. 261, December 31; received January 19, 1942. Neither printed.

<sup>59</sup> This is a reference to the *Tulsa* incident; for a documented account of the incident, see Charles F. Romanus and Riley Sunderland, *Stilwell's Mission to China* (Washington, Department of the Army, 1953), pp. 57-60.

available supplies in question much needed by them in the present situation.

I have carefully refrained from intruding on operations of our military mission but in view of the political angles of the incident I cannot pass it without foregoing comment and recommendation.

GAUSS

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893.51/7372 : Telegram

*The Ambassador in China (Gauss) to the Secretary of State*

CHUNGKING, December 30, 1941—6 p. m.

[Received December 30—3:04 p. m.]

548. General Chiang sent for me today and after reviewing briefly recent measures for military and political collaboration with America and Britain, he turned to the economic situation stating in substance as follows: Whereas intelligent Chinese do not lack confidence in final victory of the anti-Axis powers, there are the uninformed masses, the doubters and those associated with the Chinese traitors who lack such confidence. The initial Japanese successes and Japanese exploitation thereof for propaganda purposes have affected morale. He specifically mentioned the recent radio appeal made to him by the Prime Minister of Thailand for Asiatic solidarity against westerners. China can help the common cause with fighting manpower but America and Britain must help China financially in order to prevent further deterioration of the economic foundation, confidence in Chinese currency, et cetera. Such help would go far to strengthen morale and silence the doubtful and critical elements. He wants a credit of about 1 billion American dollars. He has asked the British Government through the British Ambassador to provide about half of this total or 100 million pounds, America to provide the balance or about half a billion dollars. He asked that I transmit his request to the American Government and emphasize the importance of such aid coming at this time to Chinese morale toward overcoming Japanese propaganda and in giving needed support to China's economic structure. He said that the proposed loan would be used partially [in?] a domestic bond issue designed to curb inflation pointing out that the present currency issue is more than 13 billion paper dollars and that the budget for 1942 shows a deficit of at least 9 billion Chinese dollars.

I informed Chiang that I would of course immediately and faithfully report his request and observations to the American Government saying that I was confident that we would be disposed to give sympathetic consideration to any reasonable proposals for aid to China in her resistance to Japan. I suggested however that in considering his

request and in approaching the Congress for necessary legislation to authorize American participation in a loan or credit to China there should be submitted a carefully prepared outline of the needs of the situation based upon the studies and recommendations of the financial experts and advisers of the Chinese Government together with an outline of the measures proposed to be undertaken to meet the situation including measures to be taken by China to help herself. I added that I was not suggesting that the terms of any proposed loan should be outlined but rather the needs of the situation and the definite measures to be taken to meet them.

The Generalissimo stated that plans for the use of the proposed loan or credit were being worked out by experts and advisers but meanwhile he desired me to make the proposal to my Government and when the loan is assured the proposals for its application can be put forward.

The British Ambassador tells me that he has been approached for [a] British loan of £100,000,000 and has referred the matter to London. He was equally without specific proposals as to the manner in which the loan if granted would be applied to the difficult Chinese economic situation; the Generalissimo considered it urgently necessary that he should be able to show to the people and the armies that the British Government had faith enough in victory to give China quickened aid.

My comments will follow.<sup>60</sup>

GAUSS

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893.24/1236 : Telegram

*The Secretary of State to the Consul General at Rangoon (Brady)*

WASHINGTON, December 30, 1941—6 p. m.

57. A telegram has been sent to General Magruder by the Secretary of War to the effect that the Secretary of War approves the attitude adopted by General Magruder in regard to the sequestration of Lend-Lease materials by the British without General Chiang Kai-shek's assent; that without General Chiang Kai-shek's consent the Secretary of War does not support any such sequestration; that, however, in view of Burma's importance in China's defense and of the need for making decisions on the ground, the Secretary of War suggests that General Chiang should send at once to Rangoon a representative having authority to make with the British arrangements as to what Lend-Lease materials if any can be turned over to the British to assist them in the defense of Burma, the Lend-Lease materials not thus turned over to be sent forward at once to China over the Burma Road. If Colonel Twitty<sup>61</sup> is still at Rangoon the Secretary of War desires that

<sup>60</sup> Telegram No. 549, December 31, 5 p. m., p. 771.

<sup>61</sup> Lt. Col. Joseph J. Twitty, U. S. A.

he advise the British authorities that this Government is not willing to re-consign to the British Lend-Lease materials which are destined for China without first obtaining General Chiang's consent. If Colonel Twitty has left Rangoon, you are requested yourself to convey this information to the appropriate British authorities.

HULL

893.51/7372

*Memorandum by the Chief of the Division of Far Eastern Affairs (Hamilton) to the Secretary of State*

[WASHINGTON,] December 31, 1941.

MR. SECRETARY: If Manila falls soon to the Japanese, the effect on the morale of the Chinese and of other native peoples in the Far Eastern area is bound to be adverse.

With regard to China, I think it important that this Government be prepared to grant promptly to the Chinese Government a substantial loan (Ambassador Gauss reported in his telegram no. 548 of December 30 that Chiang Kai-shek had requested such a loan<sup>65</sup>). I suggest that you may care to speak to the President in regard to this matter.

With regard to other native peoples in the Far East (the natives of Malaya, the Dutch East Indies, India, Burma), I think it important that Colonel Donovan's<sup>66</sup> organization put forth unusual and special effort to disseminate propaganda favorable to our cause. I suggest that you might care to speak to the President on this point with a view to the President's possibly speaking to Colonel Donovan.<sup>67</sup>

M[AXWELL] M. H[AMILTON]

893.51/7626

*Memorandum by the Assistant Chief of the Financial Division (Luthringer) to the Assistant Secretary of State (Berle)*

[WASHINGTON,] December 31, 1941.

MR. BERLE: I mentioned to Mr. Harry White<sup>67a</sup> this morning Chiang Kai-shek's proposal for a \$500,000,000 loan. We were discussing the contemplated reply to Irigoyen that the Argentine suggestion of a credit to ease internal finance in the Argentine did not appear to be an appropriate matter for use of our Stabilization Fund. Mr. White

<sup>65</sup> Notation by Mr. Hamilton: "Mr. Berle is having studied the question of a loan. M. M. H."

<sup>66</sup> Col. William J. Donovan, Coordinator of Information.

<sup>67</sup> Notation by the Adviser on Political Relations (Hornbeck): "Concur. S. K. H."

<sup>67a</sup> Harry Dexter White, Special Assistant to the Secretary of the Treasury.

replied that the Chinese proposal does relate to an effort to prevent depreciation of the Chinese currency by price inflation in China and was thus more appropriate for the Stabilization Fund but that the Chinese problem had not yet been given much consideration.

Attached is Mr. Luthringer's memorandum on the China problem,<sup>68</sup> No doubt some reply, suspensive if not definitive in nature, should be made promptly to Chiang's proposal. Mr. Luthringer's memorandum may afford a basis for taking the matter up with the Treasury and possibly with Mr. Currie, as well as, of course, Mr. Hornbeck and FE, with a view to determining the lines of prompt and reasonably responsive acknowledgment of Chiang's proposal. The drafted telegram prepared by Mr. Luthringer before this proposal was received is rendered somewhat inappropriate by the receipt of a direct proposal which subordinates the importance of dealing independently with Mr. [Sir Otto] Niemeyer's suggestion.

We have not yet received the comment Ambassador Gauss is sending on the proposal. At some early stage we should also speak with the British, presumably Sir Frederick Phillips, regarding the whole matter.

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893.51/7373 : Telegram

*The Ambassador in China (Gauss) to the Secretary of State*

CHUNGKING, December 31, 1941—5 p. m.

[Received 10:35 p. m.]

549. Reference my No. 548, December 30, 6 p. m. Following are my comments:

Initial Japanese successes, which are being exploited in Japanese radio propaganda directed toward China at the same time that the Japanese forces in this country are taking the offensive, have undoubtedly affected the morale of the people, including the upper classes. It remains to be seen how the army has been affected. We are watching Chinese resistance to the new Japanese drive against Shanghai [*Changsha*] with some anxiety.

General Chiang described the proposed loan as a political measure. While we have known from the inside that China was proposing before December 7 to ask for this American loan, even while failing realistically to face the drastic domestic measures which should be taken to meet the deteriorating economic situation, the problem now takes on full political character.

The absence of definite proposals for the use of the Anglo-American loan, aside from support for a domestic bond issue to slow up inflation,

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<sup>68</sup> Missing from Department files.

makes for difficulty. I suggest, however, that the Congress might be asked to authorize the granting of loans or credit stock in a [*sic*] up to a specified amount under agreements to be made by the executive branch of our Government.

With this as an immediate measure to bolster the situation here and to indicate support of General Chiang as the leader of the policy of resistance, the actual issuance of the loan for [*or*] credits might follow upon the presentation and consideration of definite proposals on the use they [*to be?*] made of them.

We know that the advice and recommendations of the financial experts and advisers of the Government have been given but scant consideration. They may be able to work out proposals which will permit of a sane and helpful application of the financial support sought.

Our information indicates that a domestic bond issue would attract perhaps 2 billion Chinese dollars and not more than 4 billion, the amount depending in large measure upon whether distribution is primarily among the public as distinguished from the Government banks. Grants of loans to encourage domestic production independent of imports, backed or supported by foreign credits, might amount to a billion dollars Chinese. This total of 5 billion Chinese dollars might be doubled to provide for the political or psychological factors, or for other legitimate demand, but still the total would not exceed 10 billion Chinese dollars as compared with the equivalent of 20 billion requested by the Generalissimo from the British and ourselves. I think that credits not exceeding this amount would satisfy requirements, and credits in excess of the amount would be misleading and invite attempts at misuse.

GAUSS

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893.24/1236: Telegram

*The Secretary of State to the Ambassador in China (Gauss)*<sup>69</sup>

WASHINGTON, December 31, 1941—midnight.

336. Your 543, December 29, noon. Please convey immediately to General Chiang Kai-shek a message from the President along lines as follows:

The President has given his personal attention to reports of the recent incident involving the question of disposal to the British authorities in Burma of Lend-Lease materials consigned to China and awaiting onward shipment in Burma to their destination. The President wishes to assure General Chiang Kai-shek that the action taken was contrary to the policy of the Government of the United States which is directed toward furnishing all possible aid to China. The

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<sup>69</sup> Notation by President Roosevelt: "OK FDR".

President wishes to give General Chiang Kai-shek further assurances that it is not the policy of the Government of the United States to transfer material consigned to China under the Lend-Lease program except upon the basis of prior conference and consultation with the Chinese Government. In sending General Chiang these assurances, the President desires at the same time to express his deep appreciation of the statesmanlike and unselfish attitude of the Generalissimo in agreeing, in the interests of the common cause to which all of us are dedicated, to the release to the British in Burma of certain items apparently much needed for defense in that area.

HULL

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POLICY OF THE UNITED STATES TO RELINQUISH BY AGREEMENT  
EXTRATERRITORIAL RIGHTS IN CHINA <sup>70</sup>

794.00/254

*The Ambassador in China (Gauss) to the Secretary of State*

No. 3075

PEIPING, April 16, 1941.  
[Received May 16.]

SIR: I have the honor to enclose as of possible interest to the Department a copy of a letter dated April 2, 1941 <sup>71</sup> addressed by Dr. J. Leighton Stuart, President of Yenching University, to his Board of Trustees in the United States. This is one of Dr. Stuart's periodic reports to his Board on conditions at the University and in the Far East in general; copies or summaries of some of his previous reports have been sent to the Department in telegrams and despatches from this Embassy.

Much of Dr. Stuart's letter follows the general lines of previous views expressed by him. He believes that the Japanese hold tenaciously to their southward or oceanic expansion policy, but that a number of obstacles exist, as well as divergences of opinion among the Japanese. He feels that war between the United States and Japan in the immediate future is unlikely, but that the "real danger is that, aware now of our determination to oppose any further southward aggression, Japan will penetrate unobtrusively while issuing declarations to the contrary, and will thus have made such strategic gains that we shall then feel compelled to act under conditions far less favorable to us than at present". He comments that the "reverse of this policy of stealthy intrusion is that Japan invariably withdraws

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<sup>70</sup> See also *Foreign Relations, Japan, 1931-1941*, vol. I, pp. 927-930.

<sup>71</sup> Not printed.



when convinced of the strength of the opposing force", and cites as the classic instance the withdrawal of the Japanese when faced by strong Soviet forces at Nomanhan.<sup>72</sup> He expresses the opinion that the "surest method therefore of averting a truly calamitous conflict later is to convince Japan of the folly of provoking America to hostile action". He believes that the most effective way to circumvent Japan's "piratical ambitions in the South Seas", and with the minimum cost to ourselves, is to aid China by all measures short of war, and that the more promptly and publicly this can be done the better.

Dr. Stuart makes the interesting suggestion that

"It would be a wise and gracious bit of statesmanship if at this critical period we took the initiative in abrogating all the treaty privileges which have been forced on China and thus recognize her right to equality of treatment. If Japan wins, or is able to keep her grip on any part of China, we lose these as well as all our interests wherever Japan is in control, and if China wins these anachronistic and insulting encroachments on her sovereignty will be cancelled as soon as her Government feels sufficiently well established. But spontaneous action by us now would be extremely cheering to the Chinese nation in its heroic struggle and would neutralize Japanese propaganda at the only point where the western powers are really vulnerable."

The Embassy feels that there is much merit in Dr. Stuart's suggestion. Japanese propaganda in the Far East during the past months has frequently stressed Pan-Asianism and denounced the alleged encroachments of Occidental powers in China and elsewhere. The Embassy considers that an immediate abrogation by the United States of its extraterritorial rights in China might not be advisable, in view of certain conditions such as the situation at Shanghai,<sup>73</sup> but it does believe that a public announcement by the United States Government of intention to give up its extraterritorial rights upon the conclusion of hostilities in China might have a salutary effect and counteract most effectively present Japanese propaganda.

It should be borne in mind, in reading Dr. Stuart's letter, that it was written before the announcement of the signing of the recent Soviet-Japanese "neutrality" pact.<sup>74</sup>

Respectfully yours,

For the Ambassador:  
ROBERT L. SMYTH

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<sup>72</sup> See *Foreign Relations*, 1939, vol. III, pp. 1 ff.

<sup>73</sup> See pp. 822 ff.

<sup>74</sup> Signed at Moscow, April 13; see telegram No. 763, April 13, 11 p. m., from the Ambassador in the Soviet Union, vol. IV, p. 944.

711.93/477

*Memorandum by the Chief of the Division of Far Eastern Affairs  
(Hamilton) to the Secretary of State*<sup>75</sup>

[WASHINGTON,] May 14, 1941.

MR. SECRETARY: The Chinese Ambassador<sup>76</sup> called this morning with reference to the question of the proposed exchange of notes between you and the newly appointed Chinese Foreign Minister<sup>77</sup> on the subjects of equality of treatment and extraterritoriality.

Dr. Hu Shih stated that he had received a telephone call last night from Dr. Quo urging that, if possible, consideration and conclusion of the matter be expedited. Dr. Hu's subsequent remarks tended to cover comprehensively the whole situation, including the circumstances under which Dr. Quo did not return to China via Russia but chose the route through the United States instead, and Dr. Hu repeated several times with considerable earnestness Dr. Quo's and his hopes that the proposed exchange could be effected because of the moral and spiritual encouragement which the exchange would afford not only the Chinese Government but especially the Chinese people.

He stated that he and Dr. Quo had studied the draft statements very carefully and that they were very much pleased with them. He offered one suggested change: elimination in the draft letter to Dr. Quo of the words "as soon as improved conditions warrant", which appears in the first paragraph, line 4 of page 3 of the draft. Dr. Hu stated that in his and Dr. Quo's opinion the implication of this phrase was strongly imbedded in the context and its elimination would give the context the appearance of being more concrete and specific.

Several days ago the drafts were shown to Mr. Pasvolsky<sup>78</sup> and the proposal was discussed with him at some length. Mr. Pasvolsky indicated that he favored the proposed exchange of notes and that he considered the commitment in regard to equality of treatment which we, for our part, obtain in the draft letter from the Chinese Foreign Minister to be a practical and desirable step forward.

For convenience of reference, drafts of the two proposed notes are attached hereto.<sup>79</sup>

M[AXWELL] M. H[AMILTON]

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<sup>75</sup> Drafted by the Assistant Chief of the Division (Atcheson).

<sup>76</sup> Hu Shih.

<sup>77</sup> Quo Tai-chi, formerly Chinese Ambassador in the United Kingdom.

<sup>78</sup> Leo Pasvolsky, Special Assistant to the Secretary of State.

<sup>79</sup> Drafts dated May 2, not printed.

711.93/477

*Memorandum by the Adviser on Political Relations (Hornbeck) to the Secretary of State*

[WASHINGTON,] May 14, 1941.

MR. SECRETARY: I favor proceeding with an exchange of *letters* along the line suggested.<sup>80</sup> You will note that FE<sup>81</sup> reports that Mr. Pasvolsky favors such procedure. In the record, FE takes no position. Mr. Hamilton has told me off the record that he is "neutral." Mr. Atcheson has told me off the record that he is favorably disposed.

The situation, in brief, is, it seems to me, this: The Chinese need assistance—of many sorts; we have promised them assistance; the material assistance which we expect to give them moves slowly and reaches them in a trickle; at this point their Minister of Foreign Affairs and their Ambassador here ask us for something in the way of moral encouragement, which it is within our power to give and the giving of which would cost us nothing and commit us to little; we must either give them this or in effect decline to give it. In my opinion it is better to say and to do "Yes" than in effect to say and to do "No".

S[TANLEY] K. H[ORNBECK]

711.93/473

*The Ambassador in China (Gauss) to the Secretary of State*

No. 12

CHUNGKING, June 3, 1941.

[Received June 19.]

SIR: With reference to the Department's telegram no. 111 of May 31,<sup>82</sup> quoting the texts of letters exchanged between Dr. Quo Tai-chi, Foreign Minister designate of China, and the Secretary of State,<sup>83</sup> on the subject of Sino-American relations and American special treaty rights in China, I have the honor to enclose copy<sup>82</sup> of a memorandum of a conversation I had on the afternoon of June 2 with Dr. Hsu Mo, Vice Minister of Foreign Affairs, who disclosed that the Chinese Government had instructed Dr. Quo Tai-chi while in the United States to seek a treaty under which the United States should surrender the remaining "special privileges" enjoyed under existing treaties. Dr. Hsu Mo stated that Dr. Quo had reported that the matter would be covered in an exchange of notes between himself and the Secretary of State, and some days ago the texts of the two notes had reached

<sup>80</sup> See *supra*.<sup>81</sup> Division of Far Eastern Affairs.<sup>82</sup> Not printed.<sup>83</sup> For exchange of letters dated May 26 and May 31, see *Foreign Relations, Japan, 1931-1941*, vol. I, pp. 927 and 929.

the Foreign Office, which, however, had not expected that the texts would be made public until after Dr. Quo had reached China and taken up his post as Foreign Minister.

I am aware, of course, that there is some American opinion in China holding that the United States should at this time make the political gesture of entering into a formal treaty engagement with China relinquishing extraterritorial jurisdiction and our remaining special privileges under the old treaties. I have learned with considerable satisfaction from Dr. Hsu Mo's statements as recorded in the enclosed memorandum that the Department apparently has not accepted that view. The American attitude on the subject of extraterritorial jurisdiction and special rights in China has been stated repeatedly and is well known. The good faith of our declarations cannot be challenged. There is no acute political situation which demands that we should enter prematurely into formal treaty engagements abolishing our special rights before China has demonstrated that the necessary safeguards for the protection of our nationals and our interests in this country can be afforded.

In my opinion the present exchange of letters serves all necessary political purposes of the moment.

Respectfully yours,

C. E. GAUSS

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**JAPANESE INTERFERENCE WITH AMERICAN TREATY RIGHTS AND WITH EQUALITY OF COMMERCIAL OPPORTUNITY IN CHINA**<sup>84</sup>

393.115/1071 : Telegram

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

WASHINGTON, January 3, 1941—7 p. m.

4. Your 1332, December 17, midnight.<sup>85</sup> The Department suggests that, in your discretion, you inform the Minister for Foreign Affairs,<sup>86</sup> orally or in writing, that you have referred to your Government the statement which was handed to you on December 17 by the Foreign Minister, and that your Government regrets that it cannot consider this statement as responsive to the representations which have been made to the Japanese Government by the Government of the United States.<sup>87</sup>

HULL

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<sup>84</sup> Continued from *Foreign Relations*, 1940, vol. iv, pp. 484-565; see also *Foreign Relations*, Japan, 1931-1941, vol. i, pp. 901-924.

<sup>85</sup> Not printed, but see Ambassador Grew's memorandum and the Japanese oral statements of December 17, 1940, *ibid.*, pp. 895-900.

<sup>86</sup> Yosuke Matsuoka.

<sup>87</sup> For Ambassador Grew's oral statement to Mr. Matsuoka, January 7, 1941, see *Foreign Relations*, Japan, 1931-1941, vol. i, p. 901.

893.61331/246 : Telegram

*The Secretary of State to the First Secretary of Embassy in China (Smyth), at Peiping*

WASHINGTON, January 4, 1941—5 p. m.

4. Tsingtao's 152, December 30, 5 p. m.<sup>88</sup> Universal Leaf Tobacco Company. The Department desires that, unless you perceive objection, you take up through the Japanese Embassy at Peiping the matter of Japanese interference with the activities of the Universal Leaf Tobacco Company, carefully avoiding, however, any reference to "allotments" or to any agreement which the Universal Leaf Tobacco Company may have made with the Japanese authorities in derogation of the company's rights as an American firm to conduct its business in China.<sup>89</sup>

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

HULL

393.115/1055 : Telegram

*The First Secretary of Embassy in China (Smyth) to the Secretary of State*

PEIPING, January 8, 1941—2 p. m.

[Received January 9—9:30 a. m.]

15. Tokyo's 1353, December 20, 7 p. m.<sup>88</sup> Visit of Mr. Terasaki to China.<sup>90</sup>

Mr. Terasaki was scheduled to depart this morning for Nanking after 4 days in Peiping. Although he met the whole staff of this Embassy at a dinner given by his brother (Second Secretary Hidenari Terasaki recently transferred to Washington) he made no attempt to discuss international relations with any American at that or any other time so far as the Embassy is aware. The simultaneous presence here of the Chief of the East Asia Bureau of the Japanese Foreign Office and of the new "Ambassador to China" leads to the assumption that Mr. Terasaki came more for consultative and instructional purposes than to seek remedies for strained American-Japanese relations.

Admiral Nomura, new Japanese Ambassador to the United States,<sup>91</sup> spent December 30 and 31 in Peiping on what the Japanese press described as a tour of inspection. He apparently made no attempt to

<sup>88</sup> Not printed.<sup>89</sup> In telegram No. 13, January 7, 3 p. m., the Embassy at Peiping reported its representations to the Japanese Embassy on January 7 (893.61331/250).<sup>90</sup> Taro Terasaki was Director of the American Bureau of the Japanese Foreign Office.<sup>91</sup> Adm. Kichisaburo Nomura presented his credentials to President Roosevelt on February 14.

obtain information from Americans relative to American interests in the occupied areas. At the request of the Japanese, Dr. Leighton Stuart<sup>92</sup> called on Admiral Nomura and was greeted with the question, "Why are you Americans continuing to assist Chiang Kai-shek?"

Dr. Stuart reports that this question and the attitude of the United States toward communism appeared to be the only topics in which the Admiral was interested. Subsequently Mr. Wakasugi<sup>93</sup> who is "adviser" to the new Ambassador and who will accompany him to Washington called on Dr. Stuart and had a long discussion; like the Admiral he was chiefly interested in the two topics mentioned above. Dr. Stuart states that the two gentlemen could only be described as "obtuse".

Admiral Nomura apparently spent most of his time in Peiping with General Tada, commanding the Japanese North China army, and other Japanese military officials; it is probable that he was informed by them along the lines mentioned by Ambassador Grew in Tokyo's telegram under reference and this no doubt was also the case with Mr. Terasaki. The Embassy here shares the skepticism of the Embassy in Tokyo as to the possibility of positive results from the mission of Mr. Terasaki. In fact from the point of view of improving American-Japanese relations it would probably have been far better if both Mr. Terasaki and Admiral Nomura had remained in Japan where they would not have been exposed to the persuasions of Japanese military in China.<sup>94</sup>

I paid a courtesy call on Admiral Nomura during his stay in Peiping but he like Mr. Terasaki did not mention American-Japanese relations.

Sent to the Department. Repeated to Chungking, Tokyo, Shanghai.

SMYTH

793.94/16482

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

[Extract]

No. 159

SHANGHAI, January 9, 1941.

[Received February 12.]

SIR:

With the arrival in Shanghai of a new Japanese Consul charged with handling economic matters of the Japanese Consulate General,

<sup>92</sup> American President of Yenching University, Peiping.

<sup>93</sup> Kaname Wakasugi, later Japanese Minister in the United States.

<sup>94</sup> For memorandum of conversation on February 6 by the Ambassador in Japan (Grew), following Mr. Terasaki's return to Tokyo, see *Foreign Relations, Japan, 1931-1941*, vol. I, p. 901.

there has been initiated an approach to various local American business men with the request that they supply to the Japanese Consulate General information as to how their enterprises may have been adversely affected as a result of the operation of Japanese restrictions and regulations for the control of trade in the Lower Yangtze region. American business men are being advised by this Consulate General that no reason is perceived why they should not comply with the request of the Japanese authorities for information of that general nature. It would seem highly problematical whether the general program of the Japanese Army in China could be reversed or so altered at this late date as to permit again a substantial degree of freedom of trade to third Power interests; however, it is perhaps indicative of the problems now confronting Japanese political leaders that there should be made at this time moves which seem aimed at exploring the possibility of bettering Japanese-American relations. Incidentally it is conceivable that particular cases of Japanese interference with American trade may be given more sympathetic consideration.

Respectfully yours,

FRANK P. LOCKHART

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893.516/736 : Telegram

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

TOKYO, January 30, 1941—6 p. m.  
[Received January 30—9:35 a. m.]

142. Reference Embassy's 1320, December 13, 1940;<sup>95</sup> 1333, December 18, 1940;<sup>96</sup> and mail despatch 5217, December 14, 1940.<sup>97</sup> New bank of issue in Central China.

1. The British Embassy informed us this morning that they are prepared to make a statement to the Japanese Government along the lines of that quoted below, in reply to the views of that Government as set forth in the oral statement of the Foreign Minister of December 13, noted in my communications under reference.

2. "His Majesty's Government noted the Japanese Government's intention to support the new bank and currency and His Majesty's Government will hold the Japanese Government responsible for any injury to British trade interests that may ensue."

3. The British Embassy has asked whether I am prepared to make a similar *démarche* to the Japanese Government. Please instruct.<sup>98</sup>

GREW

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<sup>95</sup> *Foreign Relations*, 1940, vol. IV, p. 557.

<sup>96</sup> *Ibid.*, p. 559.

<sup>97</sup> Not printed.

<sup>98</sup> In telegram No. 78, February 4, 9 p. m., the Department authorized separate approach "in your discretion".

393.115 Tung or Wood Oil/284 : Telegram

*The Consul General at Hankow (Spiker) to the Secretary of State*

HANKOW, February 12, 1941—2 p. m.  
[Received February 13—2:35 a. m.]

14. After being held in Hankow many months due to military restriction, 750 tons of wood oil are now being shipped by the military to Shanghai. Heavy buying is in progress here.

Am reliably informed that word has gone out that all cargo here of various products marketable in the United States are to be shipped at once. Owners have for months been vainly seeking permission from military to ship such cargo.

Sent to the Department. Repeated to Chungking, Peiping and Shanghai. Shanghai please mail to Tokyo.

SPIKER

793.94112/418 : Telegram

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

TOKYO, February 15, 1941—5 p. m.  
[Received February 16—6:55 a. m.]

234. Department's 15, January 9, 7 p. m., Embassy's 66, January 14, 6 p. m.<sup>99</sup> Motor vessel *Estelle L.*<sup>1</sup>

A reply has been received from the Foreign Office in regard to this case affirming the right of the Japanese Navy to seize the ship and stating that the vessel's violation of the blockade was open and intentional. The American authorities are asked to extend greater cooperation to the Japanese local authorities in cases of this nature.

Sent to the Department via Shanghai. Shanghai please repeat to Chungking, Peiping.

GREW

893.61331/260 : Telegram

*The First Secretary of Embassy in China (Smyth) to the Secretary of State*

PEIPING, February 21, 1941—3 p. m.  
[Received February 21—12:58 p. m.]

66. Peiping's 13, January 7, 3 p. m.<sup>1a</sup> Universal Leaf Tobacco Company. The Japanese Embassy here informed this Embassy yesterday in writing that the Universal Leaf Tobacco Company had been authorized as of February 20 to purchase Shantung leaf tobacco at following

<sup>99</sup> Neither printed.

<sup>1</sup> For correspondence concerning this vessel, see *Foreign Relations*, 1940, vol. iv, pp. 531-559, *passim*.

<sup>1a</sup> See footnote 89, p. 778.



places west of Weihsien: Tanchiafang, Yangchiachuang and Hsintien. It is understood that although the company's allotment for purchase has not been increased the Japanese authorities might give favorable consideration to a request for an increase after the present allotment has been exhausted.

The Embassy learns that the Yee Tsoong Tobacco Company has likewise been authorized to purchase west of Weihsien.

The above concessions may have come too late in the season to be of any practical benefit. It has been reliably reported that the Shantung tobacco crop this year although of better than average quality is only two-thirds of normal.

Sent to the Department, repeated to Chungking, Shanghai and Tsingtao, by air mail to Tokyo.

SMYTH

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893.61331/261 : Telegram

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

TOKYO, February 25, 1941—9 p. m.  
[Received February 26—7:10 a. m.]

303. Embassy's 1326, December 17, 6 p. m.,<sup>2</sup> Universal Leaf Tobacco Company. A note from the Foreign Office dated February 19 in reply to my representations of December 17 was translated just prior to the arrival by mail of Peiping's 66, February 21, 3 p. m., concerning a communication from the Japanese Embassy of February 20.

The Foreign Office note is in general evasive and makes no satisfactory reply to the points raised in my representations. It is advised that negotiations be continued in Peiping and the suggestion is made that the authorities there are considering the American company's requests. The note denies that foreign tobacco interests will be driven out of North China, refers to the decrease in the tobacco crop, and states that the company has not been prohibited from re-drying or packing leaf tobacco. No mention is made of the company's desire to sell to other than the North China Tobacco Company.

This reply and the action taken at Peiping would seem to be another instance of the Japanese granting minor "concessions" without discussing the fundamental points at issue.<sup>3</sup>

Sent to the Department via Peiping. Peiping please repeat to Chungking, Shanghai, Tientsin and Tsingtao.

GREW

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<sup>2</sup> *Foreign Relations*, 1940, vol. iv, p. 558.

<sup>3</sup> In telegram No. 361, March 5, 7 p. m., Ambassador Grew reported that a further note from the Japanese Foreign Office dated February 27 added that the amount of tobacco to be purchased and the period of purchase would be considered "later".

793.94/16673½ : Telegram

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

SHANGHAI, June 11, 1941—noon.  
[Received June 12—10:15 a. m.]

679. Shanghai's 389, May 4, 4 p. m., 1940,<sup>4</sup> regarding passage of President Lines vessels through Nantao boom. During the past 12 months this office has made repeated oral and written representations to the Japanese Consulate General here regarding this matter. The Japanese naval authorities have taken the position that the channel through the boom is not sufficiently wide or deep to permit the passage of American President liners. Actually this is not the case because officials of the American President Lines and Conservancy [Board state it?] is large enough to allow passage of American liners without danger. For several months the Japanese naval authorities have reiterated their intention to widen and deepen the channel, but this work has not been undertaken and it has become increasingly clear that they have no intention of permitting American President liners to pass through the boom. This is a further instance of the complete disregard displayed by the Japanese authorities of American rights and interests.

Sent to the Department, repeated to Chungking and Peiping, by airmail to Tokyo.

LOCKHART

811.51693 Manchuria/61 : Telegram

*The Consul at Dairen (Chase) to the Secretary of State*

DAIREN, July 28, 1941—5 p. m.  
[Received July 29—6:45 p. m.]

The local manager of the National City Bank of New York states that the local manager of the Yokohama Specie Bank has informed him that at a meeting of Japanese bankers called by the Governor of the Kwantung Leased Territory this morning it was decided:

1. Until further instructions are received the National City Bank may pay no depositors of any nationality.

2. Clearinghouse facilities are suspended for the National City Bank.

3. By tomorrow morning the bank must report to the authorities the name and nationality of every depositor, together with the amount of the deposit, the type of deposit, the date deposited, and the due date in the case of time deposits. At the same time there must be reported the name and nationality of every borrower, the amount and date of the loan, the due date and the security.

<sup>4</sup>Not printed.

It was intimated that a formula will soon be evolved for paying all depositors except Americans and British and that reasonable provision will be made for American and British depositors to withdraw living expenses.

The local manager of the National City Bank stated that Chinese debtors of the bank who attempted to obtain cash from Japanese banks in Dairen to repay loans due today to City Bank were refused cash for this purpose. The manager states that these measures are practically equivalent to closing the bank.

All these measures are also applied to the Hong Kong and Shanghai Banking Corporation.

The local manager of the Yokohama Specie Bank inquired how the American Consulate was to obtain money for current expenses. The Governor is reported to have requested that the question be not brought up for a day or two.

Sent to Tokyo, repeated to Peiping for the Department.

CHASE

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840.51 Frozen Credits/2820 : Telegram

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

SHANGHAI, July 31, 1941—1 p. m.  
[Received August 1—10:35 a. m.]

987. 1. One effect of the freezing order<sup>5</sup> has been to bring to Shanghai much sooner than was expected the export permit system which has been in use in North China for about 2 years. This system worked, in the end, as a serious retarding factor in trade between North China and non-Axis countries and the same will prove to be the case here. The imposition of similar restrictions in this area creates in effect, as it did in the north, a monopoly in favor of Japan on many items of trade. Fear is entertained that the restrictions may also be employed against American ships seeking stores and supplies while here. American shipping companies have expressed concern on this point as well as regards possible interference with the taking on of cargo already booked and already cleared through the customs. The list of items requiring export permits already includes practically all items of major importance except cotton yarn and cotton piece goods, raw silk embroideries, bristles, and sausage casings. The setting up of a committee to administer the permit system will be tedious and delays and irritations such as those experienced in North China are certain to occur.

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<sup>5</sup> Executive Order No. 8832 of July 26, 1941, *Foreign Relations, Japan, 1931-1941*, vol. II, p. 267.

2. It is doubtful whether the economic position of Shanghai has ever before been so profoundly shaken as it was by the freezing order. Although the shock is gradually wearing off, there are many who look to the future with grave forebodings because they believe that rigid restrictions will further reduce the already greatly shrunken shipping facilities available [here?], [great]ly handicap export trade, prevent the importation of needed raw materials for [which?] manufacturers command [*clamor?*], thus contributing to unemployment, and divert a previously profitable trade between China and the United States from American into Japanese hands. The pessimism prevalent in business circles has, [however,?] become slightly relaxed by reports that the "freezing" rules will be administered more liberally than was believed at first would be the case. At least a [short time?] more will be required before the full effect on the port can be reasonably well estimated.

3. Notwithstanding repeated newspaper reports from Washington and London that one of the retaliatory measures which the Japanese intend to employ would be the taking over of the International Settlement, there have been no outward signs of any such present intention. The dissemination of such reports does great harm and creates needless anxiety among the Chinese.

Sent to the Department, repeated to Chungking, Peiping. Code text by air mail to Tokyo.

LOCKHART

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393.115/1149a : Telegram

*The Acting Secretary of State to the Counselor of Embassy in China (Butrick), at Peiping*

WASHINGTON, July 31, 1941—5 p. m.

132. Tsingtao's 40, July 28; Swatow's 17, July 28, noon; Chefoo's 8, July 28<sup>a</sup> and other messages in regard to Japanese interference with American persons, properties and firms in China.

The Department desires to receive prompt, detailed and comprehensive reports in regard to such developments. Please instruct consuls accordingly.

In cases of Japanese occupation of American property or cases of detention of Americans or unwarranted detention of non-American employees of American organizations the consuls should, as in other cases of unwarranted interference with American rights and interests, lodge protests with the local Japanese authorities and you should make emphatic representations to the Japanese Embassy. In such representations you should, where appropriate, point out that this Government views with serious concern actions by Japanese au-

<sup>a</sup> None printed.

thorities which constitute expansion of Japanese interference, which has already reached such extensive proportions, with American rights and interests in China.

Please repeat this telegram to Tokyo with the request, as from the Department, that the Embassy at Tokyo in such cases also make appropriate representations to the Japanese Foreign Office along lines mentioned above.<sup>7</sup>

Sent to Peiping. Repeated to Chungking and Shanghai.

WELLES

393.115/1145 : Telegram

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

PEIPING, August 2, 1941—1 p. m.

[Received August 3—3:15 p. m.]

197. Department's 132, July 31, 5 p. m., Japanese interference with American rights and interests in China. I called on [Counselor] Tsuchida of the Japanese Embassy this afternoon and registered emphatic oral protest, leaving with him memorandum of recently reported instances of Japanese interference with Americans and their properties.<sup>8</sup> He read the memorandum and said that the freezing regulations were a new thing [to] the Japanese and differences had arisen in their administration but that he would "look after" the matters mentioned in my memorandum. I received the impression that he is not in sympathy with the harsher methods instituted by the Japanese [military?] in connection with the application of their regulations.

Sent to the Department, repeated to Chungking, Shanghai, Tokyo.

BUTRICK

840.51 Frozen Credits/2818 : Telegram

*The Acting Secretary of State to the Counselor of Embassy in China (Butrick), at Peiping*

WASHINGTON, August 2, 1941—5 p. m.

133. Your 195, July 31, 6 p. m.<sup>9</sup>

1. While the Department of course desires that in cases mentioned in its 132, July 31, 5 p. m., representations continue to be made with the

<sup>7</sup> For two notes by the Embassy in Japan to the Japanese Foreign Office on August 6 and 7, see *Foreign Relations*, Japan, 1931-1941, vol. 1, pp. 906 and 907. For the Japanese reply, see telegram No. 1577, October 7, 10 a. m., from the Ambassador in Japan, *ibid.*, p. 921.

<sup>8</sup> See telegram No. 203, August 4, 5 p. m., from the Counselor of Embassy in China, *ibid.*, p. 905.

<sup>9</sup> Not printed.

local Japanese authorities and with the Japanese Embassy at Peiping, the Department desires that in regard to freezing or census regulations put into effect by Japanese or Japanese-sponsored authorities, officers for the present as a general rule subject to exceptions in the discretion of the Embassy merely report such measures without actively opposing them or attempting to have them modified. The Department desires that you instruct consuls to advise Americans seeking information that, although they are under no legal obligation to comply with whatever freezing or census regulation the Japanese or their instrumentalities may institute, American citizens themselves must judge whether it appears necessary or expedient to do so, and further that if Americans submit lists of property they should, if possible, submit such lists directly to the Japanese or Japanese-sponsored authorities requiring them, and file copies with the American consulate for possible future reference.

2. The new Executive Order 8389, as amended,<sup>10</sup> extends to China and Japan the usual freezing controls. Although certain general licenses have been issued permitting the carrying on of trade with China, all transactions by, with, or on behalf of Japan are subject to individual license by the Treasury Department. Under General License number 11, as amended, all foreign nationals having blocked accounts in the United States may for the present withdraw as much as \$500 each month for living, traveling, and similar personal expenses in the United States. This applies to all Japanese nationals in the United States, including consular officers and employees, but no special provision has been made for consular officers and employees. The question of special provision for the official accounts of Japanese officials in the United States is at present under consideration. You will be informed when a decision is reached. Meanwhile, should you consider that it would serve a useful purpose you are authorized to inform local Japanese and Japanese-sponsored officials in a personal and informal manner of such part of the contents of this numbered paragraph 2 as may seem advisable. Please convey the information and the authorization contained in this paragraph to the consuls.

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

WELLES

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<sup>10</sup> 6 *Federal Register* 3715.

893.61331/288: Telegram

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

PEIPING, August 5, 1941—1 p. m.

[Received August 8—12:30 p. m.]

205. The draft memorandum transmitted in my 204, August 5, 11 a. m.<sup>11</sup> will be unsigned by either party but will govern the activities of the mentioned subsidiaries of the British-American Tobacco Company. It was given me by the director participating in yesterday's negotiations with the Japanese officials of the China Affairs Board. Noteworthy details related to me by the director are (1) he was ordered by the Japanese to come to Peiping from Tientsin on very short notice, (2) he was told during negotiations that, if the companies did not accept the terms, other provisions would be made for operating their business, (3) he was informed that the companies could take all the American money out of the country which they could get as the Japanese no longer had any interest in American money, (4) he was ordered to go by plane to Shanghai today to consult his fellow [workers?] for their opinion; remain there 2 days and return the following day by plane to Peiping, (5) he was treated civilly but it was made clear to him that there would be little if any negotiating and that it was a "take it or leave it" proposition, which had the approval of the Board, the Japanese Army and the Japanese Embassy, however the director feels that paragraph number 6 of the memorandum is to prevent sabotage of plants in case of war and that the terms practically give complete control of [company?] to Japanese who likewise will gain complete knowledge of business in a comparatively short time [by?] persons [who are?] titled advisers.

Sent to the Department, repeated to Chungking, Shanghai; code text by air mail to Tokyo, Tientsin, Tsingtao.

BUTRICK

125.3511/99

*Memorandum by the Adviser on Political Relations (Hornbeck)*

[WASHINGTON,] August 9, 1941.

Reference, Dairen's telegram via Peiping: 6, August 5, 5 p. m.<sup>12</sup> This telegram is only one of many that we have had, not alone and in great numbers during the last few days but stretched over the period

<sup>11</sup> Not printed.

<sup>12</sup> Not printed; in it Consul A. S. Chase reported police at Dairen were stopping and questioning persons entering or leaving the Consulate, examining documents carried by messengers, and intimidating employees of the Consulate and its staff.

of the last 10 years, giving account of illegitimate interference with the legitimate activities of our nationals, both civilian and official, in the Far East, by Japanese authorities of one type or another. This particular telegram brings into sharp focus the nuisance activities in which such Japanese authorities are engaging in regard to our official establishments.

The time has come when, in my opinion, we should take strong action with regard to this matter. As regards this particular feature, I think the time has come when we should warn the Japanese Government that if it does not give clear indication of substantially effective effort on its part to put an end to these nuisance practices, we will dismiss the Japanese consular establishments from this country. Of course, if and when we give such a warning, we should be fully prepared to carry through, should it become necessary, with execution of the measure which we threaten to take. [*Note:* There are in addition plenty of other good reasons which contribute to the warrant for the taking of such action.]<sup>12a</sup>

S[TANLEY] K. H[ORNBECK]

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125.3511/81 : Telegram

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

WASHINGTON, August 9, 1941—3 p. m.

489. Dairen's July 29, 11 a. m., and August 2, noon, to Tokyo and 6, August 5, 5 p. m.<sup>13</sup> The Department assumes that, on the basis of the telegrams under reference and in accordance with the Department's wishes as indicated in its 132, July 31, 5 p. m., to Peiping, the Embassy is lodging an emphatic protest with the Japanese Foreign Office in this matter. It is our opinion that the conduct of the Dairen authorities toward the American Consulate and their interference with the legitimate activities of the Consulate evidence a desire on the part of those authorities to make the position of the American Consul and his assistants intolerable and seem especially reprehensible in the light of the courteous treatment by American officials and freedom from interference in the performance of their recognized duties which is enjoyed by Japanese consular officers in this country.

HULL

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<sup>12a</sup> Brackets appear in the original.

<sup>13</sup> None printed.



125.3511/87 : Telegram

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

TOKYO, August 13, 1941—6 p. m.  
[Received August 13—9:12 a. m.]

1229. Department's 489, August 9, 3 p. m. The Counselor<sup>14</sup> during his call this morning on the Director of the American Bureau read to the latter pertinent portions of Dairen's 16, August 12, 2 p. m., to Tokyo<sup>15</sup> and lodged a strong protest, bringing out in this connection the considerations presented in the Department's telegram under reference. Mr. Terasaki telephoned the appropriate official in the Kwantung Government in Tokyo and in the Counselor's presence requested that telegraphic instructions be sent to the Kwantung police authorities to cease immediately the practices complained of.

2. Dairen is requested to keep us informed.

Sent to the Department. Repeated to Dairen.

GREW

393.115/1152a : Telegram

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

WASHINGTON, August 14, 1941—11 a. m.

500. 1. I asked the Japanese Ambassador to call August 13 and handed him a statement with title "Recent Cases of Interference with American Rights and Interests in Japan and in Japanese-Occupied Areas of China" as follows:

[Here follows text printed in *Foreign Relations, Japan, 1931-1941*, volume I, page 908.]

2. Upon handing Admiral Nomura the above statement I made comment to him substantially as follows:<sup>16</sup>

It has been our hope, based in part upon reported statements by Japanese officials, that treatment of American citizens under Japanese freezing control would be *pari passu* with treatment accorded Japanese subjects in this country, that the recent serious expansion of interference with American rights and interests undertaken by Japanese authorities in Japan and such authorities and their instrumentalities in occupied China would gradually subside. We have expected that when the various Japanese and Japanese-sponsored authorities should come to realize that Japanese officials and subjects

<sup>14</sup> Eugene H. Dooman.

<sup>15</sup> Not printed.

<sup>16</sup> For memorandum of conversation on August 13, see *Foreign Relations, Japan, 1931-1941*, vol. I, p. 907.

in this country were continuing to enjoy courteous and generous treatment and freedom of movement, those authorities would take steps to cease activities directed against American interests which do not have direct relation to freezing control as such. Our hopes have in no way been fulfilled. Surely the Japanese Government cannot expect that, in the face of the numerous and serious complaints of activities of the Japanese authorities and Japanese-sponsored authorities, not only in the Japanese-controlled areas outside of Japan but in Japan itself, against our officials and citizens, this Government will be able to continue to maintain over an extended period the attitude of liberality and forbearance which we have thus far consistently maintained in our treatment of Japanese, both officials and civilians, and their activities in this country. We should like to have, and we request, a statement at an early moment of the attitude and intention of the Japanese Government in relation to these and related matters.

3. I desire that you seek an early opportunity to take up this urgent matter with the Japanese Foreign Minister<sup>17</sup> along lines similar to those of my action vis-à-vis the Japanese Ambassador described above.

HULL

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893.48/2144 : Telegram

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

WASHINGTON, August 28, 1941—7 p. m.

545. The Department hereby requests that Shanghai repeat to you its July 8, 11 a. m. and Canton's 30, July 3, 5 p. m. and 50, August 20, 10 a. m.<sup>18</sup> with regard to sale to the public by Japanese firms in Canton of cracked wheat which had been sent to China as a gift of the American Red Cross.

The Department desires that the Embassy make appropriate protest to the Japanese Foreign Office.<sup>19</sup>

Sent to Tokyo via Shanghai. Shanghai please repeat to Canton, Peiping, Chungking, Hong Kong.

HULL

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<sup>17</sup> Adm. Teijiro Toyoda.

<sup>18</sup> None printed.

<sup>19</sup> In his telegram No. 1414, September 7, 9 a. m., Ambassador Grew informed the Department that he had addressed to the Japanese Minister for Foreign Affairs a first-person note protesting the seizure and sale of these supplies (893.48/2160).

893.61331/297 : Telegram

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

PEIPING, September 4, 1941—1 p. m.

[Received September 6—6 a. m.]

253. My 205, August 5, 1 p. m. Further negotiations between Takase, the Chief of the Economic Section of the China Affairs Board here, and the Director of the Yee Tsoong Tobacco Distributors Limited have been conducted for past 2 weeks. In letter September 2 Director informed Takase unwillingness to admit Japanese adviser to organization but of willingness to continue operations and pay new increased consolidated taxes, amounting to \$9,000,000 local currency on undistributed manufactures and thereafter approximately 5,000,000 monthly, otherwise company will reluctantly become compelled to close down.

Takase orally informed Director Japanese would then take over and operate plants. Director smilingly replied while company had a very elaborate organization it did not have an army. Takase evidently taken aback by company's strong stand, said he would refer matter to higher officials of Board, army and diplomatic service in Tokyo.

Director informed me company now felt that time for resistance of Japanese infiltration methods has arrived and that it would rather have its business and properties taken by force than to lose them gradually by negotiations to which company would be a party.

Sent to the Department. Repeated to Chungking, Shanghai. Code text air mail to Tokyo.

BUTRICK

893.61331/298 : Telegram

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

PEIPING, September 8, 1941—1 p. m.

[Received September 8—9:25 a. m.]

258. Further to my strictly confidential 253, September 4, 1 p. m., Director informed me this morning he had received oral negative reply from Takase on 6th. Director feels this is final and is attempting to close plants Tientsin and Tsingtao on 10th. If Takase's decision stands, this case will represent outstanding example of Japanese elimination of foreign business from North China.

Company on August 19th closed its Kalgan offices and under charge of violation of exchange control laws turned over to the Mengchiang Government its Kalgan bank balance of over half million yen and

“loaned” its Kalgan property worth nearly a half million yen to His Imperial Japanese Majesty’s army indefinitely. Kalgan negotiations were conducted with Japanese *gendarmérie*.

Sent to the Department, repeated to Chungking, Shanghai.

BUTRICK

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894.711/77a : Telegram

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

WASHINGTON, September 8, 1941—6 p. m.

571. Department’s 500, August 14, 11 a. m., sections relating to interference with mail to and from American nationals, and your 1351, August 30, 2 p. m.,<sup>20</sup> interference with mail at Dairen.

Recent reports clearly indicate that there continues to be flagrant and completely unwarranted interference by Japanese authorities and their agents with mail addressed to American nationals, including Government officials. The Chase Bank of New York has informed the Department that certain registered mails, the numbers of which are unobtainable but which were dispatched to them on Japanese vessels by their offices in Tientsin and Shanghai during the period from June 15–July 30, are believed to be detained in Japan. The Chase Bank desires that this mail, which consists of drafts and documents covering merchandise valued at nearly 1 million dollars, be released and sent to China for forwarding to the United States on American vessels.

In view of the foregoing and the conditions reported in Tientsin’s 100, August 23, Canton’s 54, August 28, 5 p. m., and Peiping’s, September 5,<sup>21</sup> which Peiping is hereby requested to repeat to you, the Department desires that you again approach the Foreign Office and in most emphatic terms request that immediate steps be taken to bring to an end interference with American mails not only in Japan but in Japanese occupied areas. You should also point out that to date Japanese mails in the United States have in no instance been subjected to treatment similar to that accorded American mails by Japanese authorities and their agencies and that the American Government looks to the Japanese Government for prompt remedial action irrespective of whether the interferences under reference may have taken place within Japanese post offices or within Chinese post offices situated in Japanese occupied areas.<sup>22</sup>

Sent to Tokyo via Peiping. Repeated to Shanghai, Chungking and Canton.

HULL

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<sup>20</sup> Latter not printed.

<sup>21</sup> None printed.

<sup>22</sup> For Ambassador Grew’s representations on September 13, see *Foreign Relations, Japan, 1931–1941*, vol. I, pp. 913–917.

811.7193/57 : Telegram

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

PEIPING, September 10, 1941—3 p. m.

[Received September 10—9:35 a. m.]

261. Following are essential parts of my note to Japanese Embassy August 22 to which I have received no reply:

“Word has been received at this Embassy from the American Consul at Chefoo to the effect that his official mail shows evidence of having been opened and resealed prior to delivery to him. The Consul refers particularly to an air mail cover, number 06829, from this Embassy, mailed at Peiping on July 23, 1941, and delivered at Chefoo on August 1, 1941, bearing plain evidence that one of the wax seals on the cover had been removed and the side flap thereunder opened.

The American Government attaches much importance to the preservation of the inviolability of its official correspondence. I must, therefore, remonstrate against any interference with official mails of the United States Government in China by Japanese censors or Japanese-controlled Chinese postal employees. I should be glad to receive assurance that appropriate steps have been taken by the Japanese authorities in China to estop this unauthorized practice.”

On September 3, I wrote the Japanese Embassy in regard to non-delivery of *Time*, *Life* and the *Reader's Digest* in Peiping, stating “since Japanese authorities are known to be in control of the postal, rail and other communication facilities in North China, and since the disappearance of Embassy periodicals has been too frequent to be explained as an inadvertence, it will be appreciated if you will cause a complete investigation to be made so that these American periodicals will be delivered to their owners by the postal authorities without further delay.” I have received no reply.

Tsingtau's despatch No. 106, August 30 to this office,<sup>23</sup> a copy of which is being air mailed Tokyo, reports that the American Consul on August 12 forwarded to his Japanese colleague several covers addressed to his office which had been skillfully opened in transit. His colleague replied on August 20 “You state that this tampering with your Consulate's mail must have been done either by the Japanese authorities themselves or by people who had their consent and request that steps be taken to stop this practice. In reply, I have the honor to inform you that the Japanese authorities have no control whatsoever in regard to this matter.” On August 26 the American Consul replied force[ful]ly and renewed his representations that tampering with and delaying of the Consulate's mail must be effectively stopped.

Sent to the Department. Repeated to Chungking and Tokyo.

BUTRICK

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<sup>23</sup> Not printed.

393.115/1152b : Telegram

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

WASHINGTON, September 19, 1941—6 p. m.

598. Reference Department's 500, August 14, 11 a. m. and your 1249, August 15, 10 a. m. [*p. m.*],<sup>24</sup> interference with American rights and interests.

Having in mind the cases mentioned in the following telegrams which have been repeated or which Peiping is hereby requested to repeat to you (Shanghai's August 30, 1 p. m., Peiping's August 16, noon, Mukden's 67, August 28, 7 p. m., Saigon's 81, August 25, 2 p. m., Foochow's September 7, 1 p. m., Foochow's September 7, 2 p. m., Foochow's September 3, 7 p. m., Chungking's 368, August 28, 9 a. m., Amoy's 41, August 21, 3 p. m., Dairen's 50, September 11, 11 a. m.<sup>25</sup>) the Department desires that in your discretion you approach the Foreign Minister again on this matter; point out that there has been little improvement in the situation and that on the contrary many new cases of interference have occurred since your approach of August 15; and ask the Foreign Minister what steps the Japanese Government has taken or intends to take to remedy the situation under reference.<sup>26</sup>

Sent to Tokyo via Peiping. Repeated to Chungking and Shanghai.

HULL

893.5151/860 : Telegram

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

WASHINGTON, September 24, 1941—11 p. m.

612. Peiping's despatch no. 3123, May 20, seizure of American relief funds from Mr. Elmer W. Galt; despatch no. 36, June 18, seizure of American currency belonging to Mr. M. H. Patton; and despatch no. 37, June 18, confiscation of Chinese currency belonging to Mr. Bergman B. Lee.<sup>25</sup>

The Department desires that the Embassy, if it perceives no objection and has not already done so, make appropriate representations to the Foreign Office with regard to these three cases involving seizure

<sup>24</sup> Latter not printed, but see Ambassador Grew's memorandum of August 15, *Foreign Relations, Japan, 1931-1941*, vol. I, p. 911.

<sup>25</sup> None printed.

<sup>26</sup> For further correspondence between Ambassador Grew and the Japanese Minister for Foreign Affairs (Toyoda), see *Foreign Relations, Japan, 1931-1941*, vol. I, pp. 913-924.

of funds belonging to Americans and an American organization by Japanese officials and by Japanese agents.<sup>30</sup>

Sent to Tokyo via Peiping. Repeated to Tientsin and Chungking.  
HULL

840.51 Frozen Credits/4070

*The Ambassador in China (Gauss) to the Secretary of State*

No. 148

PEIPING, September 26, 1941.  
[Received October 27.]

SIR: I have the honor to enclose a copy of a note dated September 3, 1941,<sup>31</sup> in which the Japanese Embassy at Peiping was informed that this office continued to receive reports from which it could reach no other conclusion than that American citizens throughout north China, especially those residing in the smaller cities and towns, were still being subjected to discriminatory restrictions on their movements. The Japanese Embassy was requested to have the situation remedied as soon as possible. I pointed out that the United States Government had imposed no retaliatory restrictions of such a nature on Japanese subjects residing in the United States, and that the continued restriction of the legitimate rights of American citizens in areas under Japanese occupation is a matter of serious concern to the American Government.

Since little or no improvement has been noted and no reply has been received, this office has today addressed another note to the Japanese Embassy asking to be informed of the steps which have been taken to rectify this situation. A copy of the note is enclosed.<sup>31</sup>

Respectfully yours,

For the Ambassador:  
RICHARD P. BUTRICK  
*Counselor of Embassy*

811.71593/71: Telegram

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

WASHINGTON, September 27, 1941—noon.

620. Peiping's despatch no. 24, June 3, 1941,<sup>31</sup> refusal of postal authorities to accept parcel post packages containing furs for transmission to the United States.

<sup>30</sup> In telegram No. 1551, October 1, 10 a. m., Ambassador Grew reported to the Department that appropriate representations were made to the Japanese Foreign Office in a third-person note dated September 30 (893.5151/872).

<sup>31</sup> Not printed.

The Department desires that the Embassy, if it has not already done so, and unless it perceives objection, make appropriate representations to the Foreign Office as a matter of record in this case.<sup>32</sup>

Sent to Tokyo via Peiping. Repeated to Chungking, and Tientsin.

HULL

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811.51693 Manchuria/63 : Telegram

*The Consul at Dairen (Chase) to the Secretary of State*

DAIREN, September 30, 1941—10 a. m.

[Received October 2—10:39 p. m.]

61. Reference is made to paragraph 4 of the Consulate's telegram 44, September 5, 11 a. m.<sup>33</sup> The National City Bank has received permission to collect its outstanding loans, all of which have now been paid into Yokohama Specie Bank and frozen. Permission has also been given to pay about 10 percent of the depositors amounts totaling 25% of the deposits (including those referred to in the Consulate's telegram under reference). The manager is of the opinion that bribery was involved in obtaining most of the permits.

The authorities are making a strongly obstructionist attitude in all matters relating to closing the bank, which has been orally informed that a blanket license for the necessary transactions will not be granted, but that each transaction of any kind will require a special permit. As the requirements of the authorities [are?] met, new requirements are brought forward to be followed by yet others when they have been complied with. Permits are not refused but action is continually postponed. It now appears that the authorities are attempting to collect taxes of more than double that previously stated by them. The Embassy will be kept informed of developments.<sup>34</sup>

Sent to Tokyo. Repeated to Peiping for the Department.

CHASE

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<sup>32</sup> In telegram No. 1801, November 14, 6 p. m., Ambassador Grew reported that representations were made on October 3, and that the Japanese Foreign Office had replied on November 11, giving probable reasons for a refusal of the postal authorities to accept the fur shipments, i. e., freezing regulations in occupied China and Japanese military requirements (811.71593/74).

<sup>33</sup> Not printed, but see footnote 21, p. 419.

<sup>34</sup> The Ambassador in Japan reported in telegram No. 1559, October 2, 7 p. m., that informal representations were made to the Japanese Foreign Office looking toward an amelioration of the difficulties of the National City Bank (811.51693 Manchuria/64).



811.7193/55a Suppl. : Telegram

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

WASHINGTON, October 2, 1941—7 p. m.

631. Reference Department's 571, September 8, 6 p. m., interference with American mails. The National City Bank of New York has informed the Department that mails containing drafts valued at over \$300,000 dispatched to them by their Tientsin branch between the period June 18 to July 30 on the Japanese vessels mentioned below have not yet been received: *Awata Maru*, *Heian Maru*, *Nitta Maru*, *Kimikawa Maru*, *Nozima Maru*, *Asama Maru*, *Bordeaux Maru*, *Hiei Maru*, *Kango Maru*, *Tatuta Maru*, *Hikawa Maru*, *Yusya Maru*; that mails involving documentary bills valued at about one-quarter of a million dollars, dispatched by the Yokohama, Kobe and Tokyo branches of the bank between July 7 and July 30, are still missing; and that mails pertaining to bills amounting to \$14,000 negotiated by the Peiping Branch of the bank are also unaccounted for.

The Department assumes that you have already taken up with the Foreign Office the question of interference with American mails as outlined in the Department's telegram under reference. The Department desires that you approach the Foreign Office again on this matter; bring to its attention the additional information given above; and ascertain what steps have been taken to release American mails detained by Japanese authorities or their agents.<sup>85</sup>

Sent to Tokyo via Peiping and naval radio. Repeated to Chungking, Tientsin, and Shanghai.

HULL

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893.61331/303 : Telegram

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

PEIPING, October 7, 1941—10 a. m.

[Received October 8—2:40 a. m.]

295. 1. Further to my strictly confidential 258, September 8, Director informs me that on October 1 he concluded a temporary arrangement with the Japanese whereby sales are restricted to 12,000 cases for October, no Japanese adviser and unrestricted use of company funds permitting purchase of foreign exchange. Director is hopeful of obtaining definitive agreement permitting larger sales with other terms unchanged.

2. It seems apparent that the reaching of this agreement on terms acceptable to the company was due to the resolute attitude at

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<sup>85</sup> In telegram No. 1575, October 6, 4 p. m., Ambassador Grew reported that representations were made on September 11, September 30, and October 6 (811.7193/60).

the head office in London, the board of directors and the negotiating director in Peiping. I may add that the company will doubtless be a large purchaser of foreign exchange in Shanghai or other markets and that such purchases will either be supplied by the stabilization fund or the black market and unless an excess of foreign exchange exists will have an adverse effect on the value of Chinese currency.

Sent to the Department. Repeated to Chungking and Shanghai.

BUTRICK

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893.61331/304 : Telegram

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

PEIPING, October 8, 1941—noon.

[Received October 8—3:24 a. m.]

296. Please refer my 295 yesterday. Director orally informs me arrangement held up by Japanese gendarmes who complain not consulted. Director states now appears necessary, in addition to approval China Affairs Board and Federal Reserve Bank, that Japanese *Gendarmerie* Special Service Mission (or section) and Freezing Committee, whose membership consists of representatives of the Japanese army, gendarmes, Embassy, C. A. B. and F. R. B.,<sup>36</sup> give approval. Director still thinks arrangement will go through but commented on extent and power of Japanese bureaucracy.

Sent to the Department. Repeated to Chungking and Shanghai.

BUTRICK

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893.61331/305 : Telegram

*The Consul at Tsingtao (Meyer) to the Secretary of State*

TSINGTAO, October 9, 1941—9 a. m.

[Received October 10—1:27 a. m.]

Universal Leaf Tobacco Company formally requested allotment of the 1941 Shantung tobacco crop and has been informed that it will definitely not be permitted to buy any leaf this year. Japanese refuse to negotiate about the matter and state that no third power companies will be permitted to buy until the political situation clears up.

The crop this year is reported to be extremely small and is expected to net only approximately 25 million pounds.

Sent to the Embassy at Peiping. Repeated to the Department, Chungking and Shanghai. By air mail to the Embassy at Tokyo.

MEYER

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<sup>36</sup> China Affairs Board and Federal Reserve Board, both Japanese organizations.

393.115/1198 : Telegram

*The Consul at Chefoo (Roberts) to the Secretary of State*

CHEFOO, October 9, 1941—9 a. m.

[Received October 10—12:16 p. m.]

Reference is made to the Embassy's telegram of October 7, 6 p. m., repeating Tokyo's number 1577, October 7, 10 a. m. to Department<sup>37</sup> concerning Japanese interference with American firms here.

1. Measures were not protective in any way and can be considered only a use of duress to obtain information about assets of American concerns.

2. Managers of American firms deny that there was any advance understanding and claim that their first knowledge of measures came when police under Japanese orders descended upon them and stopped all communications with outside.

3. Guards have now been removed from offices but are still maintained over warehouses belonging to Standard-Vacuum Oil Company and Texas Company to prevent removal of oil stocks.

4. American businessmen were detained incommunicado in their business premises several hours until the Japanese authorities finished.

ROBERTS

893.48/2189 : Telegram

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

TOKYO, October 23, 1941—11 a. m.

[Received 7:12 p. m.]

1675. Embassy's 1414, September 7, 9 a. m.,<sup>38</sup> Japanese seizure of Red Cross cracked wheat Canton. A reply dated October 21 to the Embassy's representations has been received from the Foreign Office stating that the wheat was seized by the Japanese Navy while being smuggled from Hong Kong in violation of the Japanese blockade, a fact which is recognized by persons connected with the Canton Relief Society, presumably a Japanese sponsored organization.

There is no denial that the wheat was sold commercially.

Sent to the Department via Shanghai, Chungking, Peiping, Hong Kong, Canton.

GREW

<sup>37</sup> *Foreign Relations*, Japan, 1931-1941, vol. I, p. 921.

<sup>38</sup> See footnote 19, p. 791.

894.711/82 : Telegram

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

PEIPING, October 24, 1941—3 p. m.  
[Received October 25—9:20 a. m.]

317. With reference to Peiping's despatch No. 156 of October 1, 1941<sup>89</sup> in regard to Japanese interference with American mails, the following is the substance of the reply of the Japanese Embassy dated October 14th to the various representations of this Embassy.

"I have the honor to acknowledge the receipt of your notes of August 22, September 3, September 17, and October 1 regarding the alleged censorship of and interference with mail addressed to American consular offices and nationals in North China.

An investigation into the matter by the competent Japanese authorities and the Chinese authorities concerned has resulted in the following findings:

1. Neither the Japanese military authorities nor the Chinese authorities have on any occasion tampered with or opened official mail addressed to the American Consuls at Chefoo and Tsingtao as charged.

2. No action has been taken either by the Japanese military authorities or the Chinese authorities to prevent the delivery of American periodicals, such as *Time*, *Life* and others addressed to local American citizens. The same also applies to the alleged nondelivery of mail matters addressed to Americans in Fenchow, Shansi.

With regard to other alleged delays in the delivery of mail matters, it is pointed out that neither the Japanese nor Chinese authorities have followed or intend to adopt a discriminatory policy as regards mail addressed to Americans. If by any chance however any delay occurs, this is dictated purely by reasons of military necessity within areas where large-scale military operations are being conducted. At such times it is obvious that the transportation of goods and the despatch of mail by the public at large, including foreigners, may unavoidably be delayed. It is therefore difficult to understand the American allegation that American mail matters in particular are being singled out for illegal interference."

The Embassy has recently received reports from the Consulate at Tsinanfu. These reports are en route by mail to the Department and to the Embassy at Tokyo.

In view of the evasiveness of the Japanese Embassy's reply it is not believed that further representations on this subject at Peiping will serve any useful purpose.

Sent to the Department. Repeated to Chungking and Tokyo.

BUTRICK

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<sup>89</sup> Not printed.

894.711/85

*The Consul at Hanoi (Reed) to the Secretary of State*

No. 254

HANOI, November 3, 1941.

[Received December 8.]

SIR: I have the honor to report, as of possible interest to the Department, that the Japanese authorities in Indochina continue to detain at Haiphong approximately 7,000 sacks of parcel post material addressed to places in unoccupied China. According to a representative of the Chinese Postal Service, these 7,000 sacks were among the more than 14,000 sacks that were passed by the Japanese authorities in January of this year. This representative has been in Indochina for some months to endeavor to persuade the Japanese authorities that, having once passed the parcel post material in question and having allowed a large number of sacks to be delivered to unoccupied China, they should allow the remaining sacks to be forwarded. According to him, the Japanese authorities do not appear to be desirous of liquidating this matter and will not give a definite answer as to what may be done with the parcel post material—recently it was suggested that the sacks be returned to the post offices of origin or that the material be sold at auction for the benefit of the owners, but since making the suggestion the Japanese authorities have given one excuse and then another for not permitting the carrying out of the one or the other of their own suggestions. The representative states that he has the distinct impression that the Japanese authorities in Indochina are awaiting the arrival of the Yoshizawa Mission<sup>40</sup> before taking any definite steps with regard to pending questions, such as the fate of the parcel post material in question.

Respectfully yours,

For the Consul at Saigon,  
CHARLES S. REED II

893.811/1167: Telegram

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

SHANGHAI, November 7, 1941—10 a. m.

[Received November 11—9:34 a. m.]

Whangpoo Conservancy.

1. Under date of September 29 the Japanese Consulate General addressed a letter to the Whangpoo Conservancy Board in which it was stated that the Japanese naval authorities have need of the vessel *Chienshe*, one of the Conservancy's largest dredgers. It was further

<sup>40</sup> Kenkichi Yoshizawa, former Japanese Minister for Foreign Affairs.

stated that in accordance with the agreement reached in 1939 (Shanghai's despatch No. 2755, December 18, 1939<sup>41</sup>) "it was clearly understood that in the event of military necessity the Japanese military and naval authorities had the right to avail themselves of the use of this vessel at any time" but that they proposed not to requisition the dredger but to charter it. The chairman of the board who is Commissioner of Customs objected to the Japanese interpretation of the above mentioned agreement and to the chartering of the dredger. He was out-voted by the other members who are Japanese and Chinese appointed by Nanking.

2. Following a meeting of the Whangpoo Consultative Board held on October 14th the board informed the Whangpoo Conservancy Board that in its opinion it would not be advisable to charter the *Chienshe* and requested reconsideration of this matter. On October 23rd the Conservancy Board replied that majority of the board remained in favor of chartering the dredger to the Japanese authorities. On October 24th the Consultative Board brought this matter to the attention of the senior consul and requested that representations be made to the Whangpoo Conservancy Board by the consular representatives concerned against proceeding with the chartering of the dredger.

3. The Norwegian Consul General, who is chairman of the Whangpoo Conservancy Consular Committee, decided to call a meeting of the Committee. The Japanese Consul General refused to attend, and it was felt that no useful purpose would be served by convening a meeting under such circumstances. However, the British and Norwegian Consuls General and this office have addressed letters to the senior consul stressing the international status of the Whangpoo Conservancy Board and declining to accept the Japanese contention that they have the right to take over and use Conservancy equipment or that the agreement of 1939 gave the Japanese authorities any such right. Furthermore, it was emphasized that the exercise by the Japanese authorities of the right of military necessity mentioned in the agreement of 1939 clearly referred only to dredging operations. The senior consul was requested to communicate these views to the Conservancy Board and to request a reconsideration of the question of chartering the *Chienshe*.

4. These communications have failed to deter the Japanese from taking over the dredger which left Shanghai day before yesterday for an unknown destination under Japanese control. My British colleague and I feel that the Japanese contentions and their disregard

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<sup>41</sup> Not printed.

of the international interests involved should be made the subject of representations to the Japanese Government.<sup>42</sup>

Sent to Chungking. Repeated to the Department and Peiping. Copy by air mail to Tokyo.

STANTON

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398.115/1223 : Telegram

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

PEIPING, November 11, 1941—10 a. m.

[Received 10:17 a. m.]

347. Department's 624, September 27, 8 p. m. to Tokyo and Tokyo's reply 1539, September 30, noon.<sup>43</sup>

Japanese reply to communication handed by Secretary of State to the Japanese Ambassador August 13 in regard to Japanese interference with American rights and interests.<sup>44</sup>

This office circulated the Department's reference telegram to concerned offices in China as directed and also to Dairen on October 23 after it received a copy of Tokyo's despatch transmitting a copy of the reply. Dairen and Swatow have replied telegraphically and Tientsin, Mukden, Chefoo, Tsinanfu and Tsingtao by despatch; Tokyo should by now have copies of all these communications and the Department has or will have them either directly or via this office.

These responses and numerous other reports on freezing restrictions from Consular offices show that the treatment of Americans in North China and Manchuria still cannot be said to correspond to that accorded Japanese nationals in the United States. The principal causes for complaint now are travel restrictions (notably in the Tsinanfu consular district), interference with official and private mails, and unsolicited guarding of American properties for [inspect]ing or controlling the movement of American staffs. The limited relief from said interference, which has been forthcoming, has been largely confined to specific cases which have been the subject of official protests. The responses and reports of the Consuls refute the repeated statements in the Japanese reply to the effect that matters reported by American consular officers were "not facts." In this connection, a consular officer remarks that the Japanese reply implies "—that American consular officers in China are unreliable if not outright

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<sup>42</sup> The Ambassador in China (Gauss), in telegram No. 447, November 13, 10 a. m., also expressed the opinion that a protest should be recorded at Tokyo (893.811/1168).

<sup>43</sup> Neither printed.

<sup>44</sup> For communication of August 13 and the Japanese reply of September 16, see *Foreign Relations, Japan, 1931-1941*, vol. I, pp. 908 and 917.

prevaricators" and such he considers "—to be distinctly understood as an affront to every officer of the American Government concerned". A second consular officer states in a despatch in regard to the reply of the Japanese Foreign Office to a protest on freezing restriction (Tokyo's despatch No. 5903, October 7, 1941<sup>45</sup>) that "the Japanese attempt to explain the illegal entry on American property and the stationing of police guards over American premises as protective measures is not opposed and probably was not intended to receive any credence".<sup>46</sup>

Sent to the Department. Repeated to Chungking and Tokyo.

BUTRICK

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893.811/1168 : Telegram

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

WASHINGTON, November 24, 1941—11 p. m.

775. Shanghai's November 7, 10 a. m. to Chungking and Chungking's 447, November 13, 10 a. m. to the Department,<sup>47</sup> Whangpoo Conservancy. The Department desires that you make appropriate representations to the Foreign Office in regard to the recent action of the Japanese naval authorities at Shanghai in chartering the vessel *Chienshe*. You may state in substance that the American Government considers that the agreement reached in 1939 between the Whangpoo Conservancy Board and the Japanese authorities at Shanghai contains no provisions which would justify or empower the Japanese authorities to take over and use Conservancy equipment; and that this action is an impairment of the integrity of the Whangpoo Conservancy Board and in disregard of the international character and status of that body.<sup>48</sup>

Sent to Tokyo via Shanghai. Repeated to Chungking and Peiping.

HULL

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840.51 Frozen Credits/7512

*The Ambassador in China (Gauss) to the Secretary of State*

No. 214

PEIPING, November 26, 1941.

[Received August 26, 1942.]

SIR: I have the honor to enclose for the Department's information a copy of despatch no. 129 of November 6, 1941 from the Consulate at

<sup>45</sup> Not found in Department files.

<sup>46</sup> For Ambassador Grew's comment, see his telegram No. 1846, November 25, 6 p. m., *Foreign Relations, Japan, 1931-1941*, vol. I, p. 924.

<sup>47</sup> Not printed, but see footnote 42, p. 804.

<sup>48</sup> The American and British Embassies in Japan made prompt representations to the Japanese Foreign Office (893.811/1169).



Tsingtao to this Embassy transmitting a copy of a letter from the Texas Company (China) Limited, Tsingtao,<sup>49</sup> requesting assistance in effecting the release of frozen funds desired to pay the salaries of its foreign and Chinese employees.

It will be noted from the Company's letter that the Japanese authorities have permitted the release of but a small portion of the funds required for salaries during the period July through September and have indicated informally that no more will be forthcoming.

A call on the Counselor of the Japanese Embassy here on November 25 afforded me an opportunity to bring this matter to his attention informally. I explained the facts of the case briefly and said I would appreciate anything that could be done, especially as I did not believe there were corresponding restrictions on the payment of salaries by Japanese firms in the United States. The Counselor stated that he would look into the case. I believe the action taken is in consonance with the Department's telegraphic instruction no. 133, August 2, 5 p. m., to this Embassy.

Respectfully yours,

For the Ambassador:  
 RICHARD P. BUTRICK  
*Counselor of Embassy*

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**EFFORTS BY THE UNITED STATES AND OTHER POWERS TO PROTECT  
 CHINESE CUSTOMS AND OTHER REVENUES, PLEDGED AS SECURITY  
 FOR LOANS, FROM JAPANESE ENCROACHMENT**<sup>50</sup>

693.002/1105 : Telegram

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

WASHINGTON, July 17, 1941—10 p. m.

406. Reference Shanghai's 843, July 12, 11 a. m.,<sup>51</sup> Inspectorate General of Customs.

1. Please protest strongly to the Japanese Foreign Office, in such manner as you may deem appropriate, against the action of Japanese officials in causing the withholding of funds necessary to meet the current expenses of the Inspectorate General of the Chinese Maritime Customs in order to force compliance with Japanese demands in regard to increased Japanese representation in the Customs personnel. Say that this Government has repeatedly brought to the attention of the Japanese Government its interest in the maintenance of the administrative integrity of the Chinese Maritime Customs and that this Government considers that the withholding of the funds in question for the purpose of forcing compliance with Japanese demands is utterly

<sup>49</sup> Neither printed.

<sup>50</sup> Continued from *Foreign Relations*, 1940, vol. iv, pp. 715-727.

<sup>51</sup> Not printed.

indefensible and that this Government urges that the Japanese Government issue appropriate instructions in the matter without delay.

2. You may wish to consult your British colleague<sup>52</sup> and invite him to take separate parallel action in the event that he has not already made an approach to the Japanese Government in the matter.

3. The American Consul General at Shanghai<sup>53</sup> is authorized, in his discretion, to make known to the Inspector General of Customs<sup>54</sup> the substance of this telegram.

WELLES

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693.002/1107 : Telegram

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

TOKYO, July 29, 1941—5 p. m.

[Received July 30—6:15 a. m.]

1117. Department's 406, July 27 [17], 10 p. m., Inspectorate General ex-member [of] Chinese Maritime Customs. He [*The Embassy?*] has been delayed in taking action in order to ascertain from Shanghai whether the information contained in its 843, July 12, 11 a. m.<sup>55</sup> was sufficiently authoritative to warrant a formal protest. Shanghai replied July 25, 5 p. m. that the funds were withheld but that the demand for a Japanese Commissioner at Shanghai had been made orally and indirectly.

The Embassy's first-person note to the Foreign Office of July 29 accordingly stressed the withholding of the funds and the necessity for maintaining the integrity of the Inspectorate General. The demand for a Japanese Commissioner was not mentioned, as the Foreign Office might deny that it had ever been made.

Sent to the Department via Shanghai, Shanghai please repeat to Chungking and Peiping.

GREW

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693.002/1111 : Telegram

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

SHANGHAI, August 13, 1941—1 p. m.

[Received 8:30 p. m.]

1074. My 843, July 12, 11 a. m.<sup>55</sup>

1. Inspector General of Customs has now informed me in writing that the situation vis-à-vis the expenses of the Inspectorate General has become critical inasmuch as he has no assets to meet salaries and

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<sup>52</sup> Sir Robert L. Craigie, British Ambassador in Japan.

<sup>53</sup> Frank P. Lockhart.

<sup>54</sup> Sir Frederick W. Maze, British.

<sup>55</sup> Not printed.

liabilities for August, and that in such circumstances he does not feel that he will be able to maintain the integrity of the customs service; that the Inspectorate's funds having now become exhausted it will necessarily cease to function in occupied China or alternatively it will be necessary to arrange a *modus vivendi* with the Japanese authorities on the basis of the appointment of a commissioner of Japanese nationality in Shanghai. The Inspector General points out that the interested powers have repeatedly declared their respective reasons for the maintenance of the integrity of the Chinese Maritime Customs Administration and the uninterrupted service of the Lighthouse Department and that he is of the opinion that should the protest which has been lodged at Tokyo prove ineffective it would not be in reason for the powers to expect the Inspector General to appoint a Japanese Commissioner at Shanghai without first receiving the declared approval and assurance of support of the interested powers, i. e., Great Britain and the United States. The Inspector General added that he noted that the American Government has not hitherto concerned itself with customs personnel matters, but I emphasized that the proposed appointment of a Japanese Commissioner at Shanghai is not altogether a normal service appointment and that such an appointment might be received unfavorably by the Chungking Government.

2. I had previously informed Sir Frederick of the fact that Ambassador Grew had made representations to the Japanese authorities at Tokyo and that no indication of the attitude of the Japanese in the matter had been received. Tokyo's 1117, July 29, 5 p. m. to the Department is that, for the reason stated in the telegram, no mention was made of the appointment of a Japanese Commissioner and separate representations were made. I did not inform Sir Frederick of this fact.

3. The appointment of a Japanese Commissioner at Shanghai would unquestionably not be well received in non-Axis business circles here and would probably result in the strengthening of the Japanese position in the Maritime Customs but, inasmuch as the American Government as a principle has long maintained an attitude of non-interference in customs personnel, I doubt the advisability of interfering in the present matter or in the proposed measures which has already been taken by the Embassy in Tokyo. It is possible, however, that it would be opportune to renew representations at Tokyo with emphasis being laid upon the question of the undesirability of taking any action which would impair in any way the smooth functioning of the Maritime Customs.

Sent to the Department.

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

LOCKHART

693.002/1112: Telegram

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

SHANGHAI, August 18, 1941—1 p. m.

[Received 6:40 p. m.]

1114. My 1074, August 13, 1 p. m. I inquired of the Inspector General on August 15 whether he had personally interviewed the Japanese Consul General at Shanghai<sup>57</sup> concerning the question of the discontinuance of the Inspectorate allowance and the appointment of a Japanese Commissioner at Shanghai. Sir Frederick replied that he had called upon the Japanese Consul General on two occasions lately in connection with this matter and that the latter had informed him that he regretted that he was not in a position to modify his attitude. The Inspector General sent Kishimoto, chief secretary, to see the Japanese Consul General on August 14 but the latter informed him that he could not refer to Tokyo any proposal which has for its object the relaxation of the stand which the Japanese authorities have taken vis-à-vis the Inspectorate General in connection with the question of the appointment of a Japanese Commissioner at Shanghai. He added, however, that the Inspector General's request would be considered if he could promise that the contract of the present Commissioner, who is a British subject,<sup>58</sup> would not be extended (the contract expires in October). Kishimoto, under instructions from the Inspector General, requested that the allowances for the expenses of the Inspectorate be continued until the end of October 1941 and that an increase of about half a million dollars in the monthly expenses proposed by Shanghai customs be agreed to in order that high cost of living allowances to the Chinese staff and [an] increase of salary [for] foreign employees might be granted. These proposals were rejected and the situation vis-à-vis the Inspectorate General and the appointment of a Commissioner stands as reported in the reference telegram.

Sent to the Department, repeated to Chungking, Peiping. Code text by airmail to Tokyo.

LOCKHART

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<sup>57</sup> T. Horiuchi.

<sup>58</sup> L. H. Lawford.

693.002/1114 : Telegram

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

SHANGHAI, August 23, 1941—9 a. m.

[Received August 24—3:20 a. m.]

1142. My 1074, August 13, 1 p. m.; and my 1114, August 18, 1 p. m. Sir Frederick Maze has addressed a further letter to me, dated August 21, stating that he is anxious to avoid if possible adopting independent action which may either run contrary to the wishes of interested powers or be calculated to weaken any representations they may be making in Tokyo in connection with the customs situation here. Sir Frederick intimates that due to the financial embarrassment of the Inspectorate he may be obliged to assume personal responsibility independently of the Chungking Government and the interested powers and undertake to appoint a commissioner of Japanese nationality at Shanghai. He is in the greatest quandary and is giving consideration to the question of whether to refer the matter to the Minister of Finance<sup>59</sup> which would virtually mean inviting negative instructions or declining to accept the Japanese "demand" for a Japanese Commissioner for the integrity of the service cannot, in Sir Frederick's opinion, be maintained. The latter also states if the Minister of Finance were to undertake to finance the Inspectorate [with?] funds from free China Japanese requirements [respecting?] the commissionership would not be satisfied and the Inspectorate's authority throughout occupied China would cease to exist. Inspector General further points out that he has been for some time, in the administration of the customs service, submitting to what amounts to *force majeure* and he seeks to have the interested powers indorse his action if he is similarly required to act in connection with the appointment of a Japanese Commissioner. He holds that to assume an unyielding attitude would precipitate the disruption of the service.

I have made no commitments either in writing or orally to the Inspector General in connection with the pending problem, having confined myself to the mere statement that his views have been communicated to the Department and to the Ambassador. As previously reported, I have informed Sir Frederick that Ambassador Grew had made appropriate representations at Tokyo. The Inspector General finds himself in the unfortunate position where if he appoints a Japanese Commissioner he will displease his superiors in Chungking and if he declines to meet their wishes funds will not be available to him for paying the expenses of the Inspectorate General. I see no way

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<sup>59</sup> H. H. Kung, at Chungking.

to assist him in his dilemma beyond the suggestion set forth near the end of my 1074, August 13, 1 p. m. reference telegram.

Sent to the Department, repeated to Chungking, Peiping, code text by airmail to Tokyo.

LOCKHART

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693.002/1116: Telegram

*The Ambassador in China (Gauss) to the Secretary of State*

CHUNGKING, August 27, 1941—noon.

[Received 6:45 p. m.]

366. Reference Shanghai's No. 1142, August 23, 9 a. m., regarding Chinese customs. While I am fully aware of the fact that the present Executive [*Customs*] Commissioner has become little more than a figurehead, the Shanghai customs being largely controlled by a Japanese Administrative Commissioner, I believe in putting to the Inspector General that we are not prepared to endorse his yielding to the Japanese demand for the appointment of a Japanese Commissioner at Shanghai. The integrity of the customs has already been impaired by continued yielding to Japanese pressure and the situation at Shanghai seems to me to have deteriorated to a point where there is little if anything to be gained even diplomatically by giving way further to the Japanese in order to avoid a definite break. I would have sympathy with a decision by the Inspector General that it is not desirable at this juncture to appoint as Shanghai Commissioner an American, Briton, or Japanese, provided a competent Senior Commissioner of ability of some other nationality is available.

While the Japanese apparently have not made the demand directly to the Inspector General, it would seem from Shanghai's despatch No. 667 of August 8,<sup>60</sup> that the demand has been made through Kishimoto, the Japanese Chief Secretary of the Customs, and I believe that official cognizance might be taken [apparent omission] very conservative.

I suggest that if the situation there so permits, further representations might be made there regarding the withholding of the funds of the Inspectorate General and that the Japanese Government [be] told that we are aware of Japanese pressure for the appointment of a Japanese Commissioner in Shanghai apparently as one of the [conditions?] to the release of funds for the Inspectorate General and that we regard such pressure as in violation of the integrity of the customs which Japan has undertaken to respect.

Sent to the Department, repeated to Peiping and Shanghai. Shanghai please repeat to Tokyo.

GAUSS

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<sup>60</sup> Not printed.

693.002/1111 : Telegram

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

WASHINGTON, August 28, 1941—4 p. m.

592. Reference your 1074, August 13, 1 p. m., and 1142, August 23, 9 a. m., in regard to the Chinese Maritime Customs. The Department approves your attitude in regard to the communications of the Inspector General as reported in your telegrams under reference. The Department does not wish to depart from the position which it has taken of refraining from undertaking to influence the Chinese Government in the administration of the Chinese Maritime Customs.

The question of Japanese interference with that administration has been the subject of repeated representations by the American Embassy in Tokyo and the Department assumes that the Embassy will supplement those representations, when and as it feels that it can do so usefully, upon the basis of Shanghai's 1114, August 18, 1 p. m., and 1142, August 23, 9 a. m., including the question of Japanese demands for the appointment of a Japanese Commissioner of Customs at Shanghai.

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

HULL

693.002/1116 : Telegram

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

WASHINGTON, September 3, 1941—8 p. m.

561. Chungking's 366, August 27, noon, and Department's 592, August 27 [28], 4 p. m., to Shanghai in regard to the Chinese Maritime Customs. The Department approves the views set forth in Chungking's telegram under reference, and desires that you supplement your previous representations in regard to the withholding of funds of the Inspectorate General, adding that you are aware of Japanese pressure for the appointment of a Japanese Commissioner of Customs at Shanghai as one of the conditions for the release of such funds. You may state that this Government regards such pressure as in violation of the integrity of the customs which the Japanese Government has undertaken to respect.

Sent to Tokyo via Shanghai. Repeated to Chungking and Peiping.

HULL

693.002/1121 : Telegram

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

TOKYO, September 8, 1941—4 p. m.  
[Received September 9—6:04 a. m.]

1422. Department's 561, September 3, 8 p. m. via Shanghai and 406, July 17, 10 p. m. via Shanghai, withholding by Japanese of funds normally handed over to Inspectorate General [of] Chinese Maritime Customs.

Just before receipt of the first mentioned instruction directing me to supplement my previous representations on this subject, there was received from the Foreign Office a note dated September 2 in reply to my note of July 28 to the following effect :

“Recently the attitude of the Inspector General in regard to cooperation with the Japanese authorities has not been in conformity with the existing situation and has been regrettable in some respects. Therefore, the Japanese authorities in the locality concerned consider it inappropriate to continue such well intentioned actions and have been obliged to suspend remittances for current expenses of the Inspectorate General. So long as the attitude of the Inspector General is not corrected, consideration cannot be given to a renewal of these remittances.”

In view of the foregoing which is a definite statement of the Japanese attitude in this matter, does the Department wish to supplement its instructions to me of September 3, 8 p. m. upon which I have thus far postponed acting?

Sent to the Department via Shanghai. Shanghai please repeat to Chungking, Peiping.

Sent to the Department. Repeated to Chungking, Peiping.

GREW

693.002/1122

*The British Embassy to the Department of State*

## MEMORANDUM

The British Embassy at Shanghai telegraphed on September 10th to the effect that the Inspector-General of Customs had received a warning from the Chief Secretary of the Chinese Maritime Customs that the present situation with regard to the appointment of a Japanese Commissioner at Shanghai to replace Mr. Lawford on retirement would not be allowed to continue after the end of this month. Sir Frederick Maze is therefore faced with the choice either of conceding to the demand for the appointment of a Japanese Commissioner or of resisting it, and of being himself deprived of all effective authority.

It is understood that the Inspector-General recently made an appeal



for advice and support to the United States Consul General at Shanghai, and His Majesty's Government in the United Kingdom would be grateful to be informed of the attitude of the United States Government in response to this appeal. In particular, it is desired to learn whether it is considered that, in the last resort, Sir Frederick Maze should reject the Japanese demand at the risk of disrupting the Customs Service, or that he should acquiesce in order to save it. In the latter event it is further desired to know whether the United States Government would be prepared, if necessary, to support His Majesty's Government in intervening on Sir Frederick Maze's behalf with the Chinese National Government at Chungking.

WASHINGTON, September 15, 1941.

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693.002/1116 : Telegram

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

WASHINGTON, September 16, 1941—6 p. m.

594. Tokyo's 1422, September 8, 4 p. m., and Department's 561, September 3, 8 p. m., in regard to the Chinese Maritime Customs. The Department has in the light of Tokyo's telegram under reference given further consideration to the matter. The Department believes, however, that its instructions to you of September 3, 8 p. m., continue to be applicable and appropriate.<sup>61</sup>

Sent to Tokyo via Shanghai. Repeated to Chungking and Peiping.  
HULL

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693.002/1122

*The Department of State to the British Embassy*

MEMORANDUM

Reference is made to the British Embassy's memorandum of September 15, 1941 in regard to the attitude of this Government toward Japanese demands upon the Inspector General of the Chinese Maritime Customs for the appointment of a Japanese Commissioner at Shanghai.

The Department of State feels that in the matter under consideration it should not depart from the position which it has taken of refraining from endeavoring to influence the Chinese Government with regard to the administration of the Chinese Maritime Customs.

For the information of the British Embassy it may be stated that the American Embassy at Tokyo has made repeated representations to the Japanese Government in protest against Japanese interference

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<sup>61</sup> In telegram No. 1528, September 29, 11 a. m., Ambassador Grew reported that representations were made by a note dated September 19 (693.002/1124).

with the administration of the Chinese Maritime Customs. On September 16 the American Ambassador was instructed to make an approach to the Japanese Government specifically in regard to Japanese demands for the appointment of a Japanese Commissioner of Customs at Shanghai.

WASHINGTON, September 26, 1941.

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693.002/1125 : Telegram

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

SHANGHAI, September 27, 1941—1 p. m.

[Received September 28—6 p. m.]

1380. My 1142, August 23, 9 a. m.

1. In the course of a conversation with my Japanese colleague a few days ago I inquired whether funds for administrative purposes were still being withheld from the Inspectorate General and was informed that they were. A further discussion revealed that a compromise of the pending issue may be arranged by which a Japanese will serve as Acting Commissioner after the retirement of the present Commissioner; that in principle the Japanese have no objection to a British Commissioner, but that they wish a Deputy Commissioner who will function as Acting Commissioner in the absence of the Commissioner. (The effect of this might well be the postponement of the appointment of a Commissioner for an indefinite period.)

2. A subsequent discussion which I had with Sir Frederick Maze led me to believe that he is disposed to accept this solution as he believes it the best that can be had rather than risk the complete impairment of the Inspectorate General because of the continued withholding of operating funds and to avoid endless controversies in the Shanghai customhouse to the detriment and inconvenience of the public. Confidentially, I gained a clear impression that Sir Frederick is much more interested in what the attitude of the Chungking authorities could be to a compromise such as proposed than he is in appointing a Briton or other non-Japanese as Commissioner. He fears an unfavorable reaction in Chungking but personally feels that a compromise settlement can scarcely be avoided. He repeatedly emphasized that to appoint a Japanese even as Commissioner would violate no administrative procedure in the customs as there have been Japanese Commissioners appointed elsewhere in occupied areas. There is at present an acting Japanese Commissioner at Tsingtau. As proof of this Japanese pressure, which Sir Frederick pointed out he could not carry on indefinitely, he stated that up to this time he has appointed only two Japanese Commissioners out of 16 posts in occupied areas. He emphasized that the British and American Governments

should assist in preserving the integrity of the customs by seeking to have the Inspectorate quota funds restored rather than to oppose the appointment of a Japanese Commissioner (his written views on the controversy have not made this distinction) and that in case he is by force of circumstances compelled to make a concession to the Japanese he would like sympathetic understanding in Chungking to which it has been asserted he believes the American Government could contribute something through Ambassador Gauss. I gave Sir Frederick particulars along this line. I believe that he will settle the controversy on the basis described in paragraph 1 and accept the consequences whatever they may be.

Sent to the Department, repeated to Chungking, Peiping. Code text by air to Tokyo.

LOCKHART

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693.002/1128 : Telegram

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

SHANGHAI, October 4, 1941—1 p. m.

[Received October 6—1 a. m.]

1424. My 1380, September 27, 1 p. m.

1. Sir Frederick Maze has informed me that he has had a further conversation with the Japanese Consul General and that he had suggested as a possible compromise and as evidence toward Japan of a more conciliatory attitude likely to create a better feeling between the United States and Japan that the Japanese authorities should consent to the appointment of a "neutral" commissioner instead of a Japanese Commissioner, i. e., "a commissioner, of neither American nor British nationality". The Japanese Consul General informed Sir Frederick that he did not think this would be acceptable and that it would not be worth while for him to refer the proposal to his Government; that the Japanese Naval and Military authorities would not be satisfied with the appointment of any Commissioner at Shanghai except one possessing Japanese nationality. The Inspector General was urged to settle the question without further delay. Sir Frederick informed the Japanese Consul General that in view of the fact that the powers were informed by him in the first instance of the Japanese demands and having since heard that a protest had been lodged by the American Government at Tokyo against the appointment of a neutral commissioner in Shanghai, he could not in such circumstances take definite action before he had received acknowledgment from the representatives of the powers of the communications addressed to them by him on the subject; that he declined to accept responsibility for the action or non-action of third parties

and that he could not conclude the matter in the absence of an expression of an opinion from those concerned.

2. Sir Frederick informed the Japanese Consul General that from a normal and administrative standpoint there was no rule against the appointment of a Japanese Commissioner at Shanghai and that such an appointment would not upset normal established practices but that there was a war on between China and Japan and that while Tokyo presses for the appointment of a commissioner of Japanese nationality, Chungking would object to a Japanese assuming charge of the premier customs house in China and that both England and the United States might also disapprove.

3. Referring to paragraph 1 above, all of the Inspector General's letters to this office have been acknowledged either in writing or orally, mostly by the former method, with the information that the substance of his communications in each instance has been telegraphed to the Department and to the Embassy at Chungking and that Tokyo has also been informed.

The Department's attention is invited to the fact that the insistence of the Japanese Consul General upon an appointment of a Japanese Commissioner is not entirely in conformity with the position he assumed when discussing this matter with me which was outlined in paragraph 1 of my 1380, September 27, 1 p. m.

Sent to the Department. Repeated to Chungking, Peiping. Code text by air mail to Tokyo.

LOCKHART

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693.002/1130 : Telegram

*The Ambassador in China (Gauss) to the Secretary of State*

CHUNGKING, October 8, 1941—10 a. m.

[Received 2:25 p. m.]

414. Reference Shanghai's No. 1424, October 4, 1 p. m. In view of the statements which Maze appears to have made to the Japanese Consul General, it seems to me that it would now be well to say to Maze that the American Government has carefully abstained from any interference with the administration of the customs, that we consider Japanese insisting upon the appointment of a Japanese national to the post of Commissioner at Shanghai as a violation of the Japanese Government's undertaking to respect the integrity of the customs, and that it [*we?*] could not advise him to yield to Japanese pressure.

With reference to the last paragraph of Shanghai's 1380 of September 27, 1 p. m., I believe that it would be inappropriate and purposeless for me to approach the Chinese Government with a view to in-

ducing sympathetic understanding of the concession which Maze seems to feel he may have put down [*been forced?*] to make to the Japanese.

Sent to the Department. Repeated to Peiping and Shanghai. Shanghai please air mail code text to Tokyo.

GAUSS

693.002/1130 : Telegram

*The Secretary of State to the Ambassador in China (Gauss)*

WASHINGTON, October 11, 1941—7 p. m.

241. Your 414, October 8, 10 a. m., Chinese Maritime Customs. Department concurs in the views expressed in your telegram under reference and desires that the American Consul General at Shanghai make to the Inspector General of Customs the statement suggested in the first substantive paragraph of your telegram.

Sent to Chungking, repeated to Shanghai. Shanghai repeat to Tokyo.

HULL

693.002/1131 : Telegram

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

SHANGHAI, October 20, 1941—5 p. m.

[Received October 21—4 : 31 p. m.]

1520. Department's 241, October 14 [11], 7 p. m.

1. The substance of the first paragraph communicated to the Inspector General October 17. Sir Frederick inquired whether I would be willing to write him a letter setting forth the views of the Department as orally expressed by me and he was informed that the matter would be referred to the Department for instructions. Please advise whether such a statement may be communicated to the Inspector General in writing. It was inferred from the wording in the reference telegrams that the statement was to be made orally and not in writing. It seemed clear that Sir Frederick wished to have in his possession a written statement which he could show to the Japanese authorities.

2. In the course of the conversation Sir Frederick remarked that he considered that the American Government was [*being?*] inconsistent when it states that it has carefully abstained from any interference with the administration of the customs and at the same time lodges an objection to the appointment of a qualified treaty power national to the post of Commissioner at Shanghai. Sir Frederick from the beginning has laid more emphasis on the preservation of the integrity of the Inspectorate General than he has on the question of appointing a Japanese to the commissionership.

3. The Inspector General has and myself [*sent me?*] a copy of a letter addressed by [him?] on October 13 to Dr. Kung in which he stated *inter alia* that inasmuch as the protests lodged at Tokyo by the American and British Ambassadors have proved ineffective and because of the Inspector General's inability to resist successfully any longer the Japanese demands he has been reluctantly compelled to arrange that, on the expiry of the present Commissioner's contract next month, the [Administrative] Commissioner, Mr. Akatani, who joined the service in 1907, will take charge of the Shanghai customs temporarily and that Akatani's successor as Administrative Commissioner will be an experienced officer of British nationality. The Inspector General also stated in the letter that it is generally considered that the nationality of the Shanghai Commissioner is of lesser import than the maintenance of the Inspectorate General's position in occupied China, that is to say, it is, in his opinion, preferable for the Inspector General if possible to stand fast here and to continue to exercise the partial authority he now exerts than for him to be forced to leave and surrender control. The Inspector General added that he had unavailingly employed every possible expedient to oppose the Japanese demands and that he could not preserve his position in Shanghai unless he yielded to some extent to *force majeure* in a matter where, in his judgment, no fundamental principles are involved.

Sent to the Department. Repeated to Chungking. Code text to Tokyo. By air mail.

LOCKHART

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693.002/1131 : Telegram

*The Secretary of State to the Ambassador in China (Gauss)*

WASHINGTON, October 25, 1941—5 p. m.

247. Shanghai's 1520, October 20, 5 p. m.

1. The Department desires that you exercise your discretion in regard to the question whether the American Consul General at Shanghai should give to the Inspector General in writing the statement mentioned in paragraph numbered 1 of the telegram under reference.

2. The Department assumes that the American Consul General has pointed out to the Inspector General of Customs the simple and obvious fact that in protesting against an effort by a third power to force the appointment of one of its nationals to a specific post in the Chinese Maritime Customs this Government was not attempting to interfere with the administration of the Chinese Maritime Customs but was endeavoring to assist toward preventing such interference by others. It is the apparent disinclination of the Inspector General to perceive this distinction without having it expressly pointed out to

him that causes the Department to have any hesitancy in regard to the advisability of making available to the Inspector General the written statement referred to in paragraph numbered 1 of this telegram.

Sent to Chungking. Repeated to Shanghai.

HULL

693.002/1134 : Telegram

*The Ambassador in China (Gauss) to the Secretary of State*

CHUNGKING, October 28, 1941—5 p. m.

[Received October 28—2:37 p. m.]

Reference Department's No. 247, October 25, to Chungking, just received, regarding Chinese customs. Unless you perceive any objection you may address any [*an*] informal letter to the Inspector General in the sense of the first paragraph of my No. 414, October 8, 10 a. m., and in delivering it point out to him orally the simple and obvious error of his interpretation of the American position.<sup>62</sup>

Sent to Shanghai, repeated to the Department and Peiping.

GAUSS

693.002/1136 : Telegram

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

TOKYO, October 28, 1941—6 p. m.

[Received November 1—1:17 a. m.]

1698. Embassy's 1528, September 29, 11 a. m.,<sup>63</sup> Chinese Maritime Customs. A reply to our representations has been received from the Foreign Office in note No. 122 of October 24. The general position of the Japanese Government as communicated in the Embassy's 1422, September 8, 4 p. m. is overstated [*restated?*]. Although no direct reference is made to the demand for the appointment of a Commissioner of Customs at Shanghai (specifically mentioned in our representations), the note states that the Japanese Government supports the contentions of the Japanese authorities in Shanghai. Full translation of note appears in the immediately following telegram.<sup>64</sup>

Sent to the Department via Shanghai. Shanghai please repeat to Chungking and Peiping.

GREW

<sup>62</sup> The Department was advised by the Consul at Shanghai (Stanton) in his telegram of November 3, 11 a. m., that such an informal letter had been addressed to the Inspector General of Customs (693.002/1138).

<sup>63</sup> Not printed.

<sup>64</sup> Telegram No. 1699, October 28, 7 p. m., not printed.

693.002/1139 : Telegram

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

SHANGHAI, November 6, 1941—1 p. m.

[Received November 9—9:20 a. m.]

Reference Shanghai's November 3, 11 a. m.<sup>65</sup> In a letter dated November 3 the Inspector General acknowledged the receipt of the informal letter mentioned in the reference telegram.

Sir Frederick stated that he appreciated the valuable support invariably extended in the past by the United States Government in connection with his efforts to maintain the integrity of the customs administration during the present crisis; that he realized that the representations recently made to the Japanese Government in Tokyo were intended to strengthen the position of the Inspector General and that the American Government should advise him to yield to British insistence in this matter. The Inspector General pointed out, however, that Japanese pressure has not been relaxed and that funds essential to meet current expenditures of the Inspector General and the maintenance of the customs administration continued to be withheld. In these circumstances he stated he hoped it would be understood that it would be inexpedient for him to indefinitely oppose the demand for the appointment of a commissioner of Japanese nationality at Shanghai and that he had advised Dr. Kung in this sense. In conclusion, the Inspector General stated that he could not set aside entirely the treaty with the occupying power (Japan) and at the same time expect to be permitted to retain the partial control which he now exercises in occupied China.

Sent to Chungking. Repeated to Department, Peiping. Code by air mail to Tokyo.

STANTON

693.002/1141 : Telegram

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

SHANGHAI, November 26, 1941—3 p. m.

[Received November 29—1:50 a. m.]

Reference my November 24, 4 p. m.,<sup>66</sup> assumption of charge of Shanghai customs by Akatani. In a letter dated November 18, the Inspector General of Customs stated that he had received a letter from Dr. Kung informing the Inspector General that while adhering to basic principles he should do his utmost to preserve the integrity of the customs administration. According to the Inspector General,

<sup>65</sup> See footnote 62, p. 820.

<sup>66</sup> Not printed.



Dr. Kung's letter did not specifically refer to Mr. Lawford's retirement or the appointment of Mr. Akatani.

The Inspector General also stated that Mr. Lawford had accepted an appointment offered him by the Whangpoo Conservancy Board and that therefore he would not be in a position to accept the renewal of his agreement with customs if such a renewal was offered to him.

Continuing, the Inspector General stated that he had fruitlessly endeavored to resist the demands of the Japanese in regard to the Shanghai customs and that under the circumstances he proposed to permit Mr. Akatani to assume charge.

The Inspector General also stated that he had been informed by the Japanese Consul General that in view of the impending appointment of Akatani the outstanding allowances due to the Inspector General will now be authorized but that no assurance had been given that future payments to the Inspector General will be free from interruption. In conclusion, he said that it is possible that the Japanese may attempt to coerce compliance with subsequent demands by again withholding the Inspectorate General's allowances.<sup>67</sup>

Sent to Chungking, repeated to the Department and Peiping. Code text by air mail to Tokyo.

STANTON

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AMERICAN INTEREST IN JAPANESE DEMANDS AFFECTING THE INTEGRITY OF THE INTERNATIONAL SETTLEMENT AT SHANGHAI<sup>68</sup>

893.102S/2399 : Telegram

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

Tokyo, January 25, 1941—7 p. m.  
[Received January 25—9:20 a. m.]

113. 1. In Embassy's 114, January 25, 8 p. m.<sup>69</sup> is given substance of instructions received by my British colleague<sup>70</sup> in which he is directed to inquire if I am prepared to make parallel representations to the Japanese Government concerning attempted assassination of Chairman of the Shanghai Municipal Council<sup>71</sup> by Chairman of Japanese Ratepayers Association.<sup>72</sup>

<sup>67</sup> The Department was informed by the British Embassy on January 2, 1942, that, according to a message received in London, Sir Frederick Maze had been replaced on December 11, 1941, as Inspector General of the Maritime Customs by H. Kishimoto, a Japanese national, formerly Chief Secretary of the Maritime Customs (693.002/1144). A number of foreign officials of the Customs, including Sir Frederick, were arrested by Japanese authorities on March 4 (693.002/1148).

<sup>68</sup> Continued from *Foreign Relations*, 1940, vol. iv, pp. 727-833.

<sup>69</sup> Not printed.

<sup>70</sup> Sir Robert L. Craigie, British Ambassador in Japan.

<sup>71</sup> W. J. Keswick, British businessman.

<sup>72</sup> Y. Hayashi.

2. The British Ambassador has an appointment with the Vice Minister <sup>73</sup> for the foregoing purpose [Monday?] morning. I already have an appointment with the Foreign Minister <sup>74</sup> on Monday morning to take up the Peiping marine gendarme incident of December 30.<sup>75</sup> If the Department desires to instruct me to broach both cases at the same time, a telegram should be despatched from Washington direct to Tokyo not later than Saturday evening (today).

GREW

893.102S/2404a : Telegram

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

WASHINGTON, January 25, 1941—3 p. m.

55. The Department authorizes you, in your discretion, during your projected call upon the Foreign Minister, to make, not by way of representations but by way of informal comment, remarks along lines as follows:

This Government, especially because of its deep interest in the maintenance of peace and order in the International Settlement at Shanghai and in the maintenance of orderly processes in the administrative procedures of the Settlement, deplores, and it assumes the Japanese Government does likewise, the incident of January 23 during which a Japanese national, who has a responsible position as well as a relationship to the Municipal Council by reason of his representation of the Japanese ratepayers, shot and wounded the presiding officer of the Municipal Council. This Government has noted with gratification that Japanese officials present at the meeting aided in re-establishing order and it is assumed that Japanese efforts in that connection will include appropriate action against the Japanese national responsible for the shooting.

HULL

893.102S/2405 : Telegram

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

Tokyo, January 27, 1941—2 p. m.

[Received January 27—11:26 a. m.]

121. Department's 55, January 25, 3 p. m., which we have repeated to Shanghai. Wounding of presiding officer of Shanghai Municipal Council.

<sup>73</sup> Chuichi Ohashi.<sup>74</sup> Yosuke Matsuoka.<sup>75</sup> For Ambassador Grew's memorandum and oral statement, January 27, 1941, see *Foreign Relations, Japan, 1931-1941*, vol. I, p. 707; see also *ante*, pp. 454-483, *passim*.

In an interview today with the Minister for Foreign Affairs I made informal comment on the incident as authorized by the Department. The Minister said that he was angry and ashamed at the incident, that the Japanese Consul General in Shanghai <sup>76</sup> ought never to have allowed the position of the representative of the Japanese Rate Payers to be held by such an irresponsible and [*sic*] individual who is believed to control houses of prostitution in Shanghai, and that drastic action under Japanese law will be taken against the assailant.

Sent to the Department via Shanghai.

GREW

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893.1028/2412 : Telegram

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

SHANGHAI, February 13, 1941—4 p. m.

[Received February 14—12:35 a. m.]

186. Reference my 177, February 11, 4 p. m.<sup>77</sup> Powell, British member of Municipal Council, several weeks ago on his own initiative began private conversations with Okamoto, Japanese member of Council, with a view to finding solution of present impasse between British and Japanese regarding Council affairs. Powell suggested present Council be replaced by a commission form of government through suspension of land regulations for 2 years by all governments principally concerned. When such consent has been granted by the governments it is essential that their consular representatives at Shanghai appoint members of the commission, except Chinese members who will be selected by Chinese Ratepayers Association, on a basis of 3 British, 3 Japanese, 3 Chinese, 2 Americans, 1 German and 1 Netherlander. If it were felt that Chinese should have greater representation the Chinese could be raised to 4. According to the British members of the Council, the proposal and the Chinese representation first mentioned above are acceptable to Okamoto and the Japanese Consul General.

Day before yesterday 3 British members of the Council conferred with Allman and Dr. McMullen, American members of the Council, and for the first time informed them that negotiations had been initiated with the Japanese and that Okamoto and the Japanese Consul General were firmly of the opinion that if the present ratio of membership on the Council, namely, 5 British, 2 Japanese, 2 Americans and 5 Chinese, is maintained at the next election by the system of increasing votes by splitting land lots as was done last year, trouble will ensue, probably resulting in riots and bloodshed, which they wished to avoid; the 3 British members also fear serious trouble and

<sup>76</sup> T. Horiuchi.

<sup>77</sup> Not printed.

desire, if possible, to avoid holding another ratepayers' meeting or an election. They also seem to be doubtful of the wisdom of continuing the vote splitting method of retaining control. The 3 British members advance the following as the four major difficulties confronting the Council today: (1) the disagreement between Japanese and other national interests at voting qualifications; (2) the practical impossibility of government through the medium of open-air ratepayers' meetings where the voices of several thousand electors cannot possibly be heard with reason; (3) the difficulty of modernizing the present undesirable system, which is unfair and archaic; (4) the distribution of Council seats fairly to represent them in furtherance of national interests in Shanghai.

If the change should be approved by the Governments principally concerned, including the Chungking Government, it is believed by the above-mentioned British Councilors that the other interested Governments will promptly acquiesce. It is proposed that the commission assume all the responsibilities, obligations and authority, as far as may be possible, now vested in the Council under the limited regulations, given up [*sic*] that more flexible authority in matters of taxation would be required if ratepayers' meetings are to be avoided.

Japanese profess willingness for chairmanship to remain British but they wish vice-chairmanship. Japanese have expressed doubt whether Chinese members would be favorably disposed towards them but this would seem to depend entirely upon the Chinese personnel.

American members report that British members believe that unanimous agreement of all Governments concerned could be quickly reached if British, American and Japanese Governments would approve plan and that the Government at Chungking could be persuaded (apparently by the British Ambassador <sup>78</sup>) to acquiesce because of the abnormal circumstances here.

It is emphasized that plan envisages an emergency measure of only 2 years duration, after which it is hoped that the international situation will be such that a new constitution for the Government of the Settlement, to take the place of the antiquated land regulations, can be adopted in case some question has arisen as to the explanation for changing the present taxation system. One argument advanced in favor of the commission form of government is that it would eliminate ambiguity in the land regulations and provide means for finding other sources of revenue, now imperative if the financial solvency of the Settlement is to be maintained.

American members believe that commission form of government is desirable as an interim measure and that the apportionment in paragraph 1 would be satisfactory. The American members of the Council

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<sup>78</sup> Sir Archibald J. K. Clark Kerr.

also feel that there is some risk of disturbance at ratepayers' meetings and during the election; that many ratepayers will complain at being disenfranchised for 2 years; that the voting system at present used is archaic and undemocratic and its suspension 2 years would be a serious matter; that the tax system is likewise archaic in that the principal source of revenue comes from the real estate tax, now as high as 38 percent on rentals; that new sources of revenue should be tapped.

The British members of the Council are extremely anxious to have a quick decision from the four Governments most concerned so that the machinery for the change, if approved, can be set in motion. The British proponents of the proposal feel that it is absolutely necessary that it be accepted, but I foresee complications. It must be admitted, however, that the situation was not growing [*improving?*]. The British having initiated the proposal I feel that the main responsibility for a solution rests with them, especially since their interests [are] far greater than ours.

I have been informed that the British Ambassador is favorably disposed towards the proposal.

I have discussed this matter briefly with the British Consul General,<sup>79</sup> but not with my Japanese colleague.

Sent to the Department, repeated to Chungking and Peiping.

LOCKHART

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893.102S/2412: Telegram

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

WASHINGTON, February 25, 1941—9 p. m.

122. Your 186, February 13, 4 p. m., Shanghai Municipal Government. The Department desires the Ambassador's and your comment in regard to the feasibility of the establishment of the proposed commission form of government at Shanghai and in addition would appreciate the Ambassador's and your views in regard to the following questions:

1. Would not a suspension of the land regulations probably result in prolonged and difficult negotiations in a necessary effort to arrive at a new grant of carefully defined authority which would furnish a proper basis for the exercise of municipal functions by the government of the International Settlement?

2. Do those who propose the commission form of government have in mind definite plans for new forms of taxation? If so, the Department would appreciate receiving detailed information in regard thereto.

3. Under the existing form of government, would not the difficulties now encountered in public meetings be ameliorated if the recom-

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<sup>79</sup> A. H. George.

mendations in regard to possible new taxes should be presented to ratepayers' meetings by a committee made up of representatives from the various ratepayers' associations, which committee would give prior consideration to and endeavor to agree upon taxation proposals?

4. Would the situation be met by (a) an agreed reallocation of membership in the Council along the lines of the suggested membership in the commission form of government and (b), in case there should be need for a change in the land regulations, adoption of an amendment of the regulations, agreed to by the Chinese Government at Chungking and by the Powers concerned, which would confer upon the Municipal Council broader powers of taxation than the Council now has?

Sent to Shanghai. Repeated to Chungking and Peiping.

HULL

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893.1028/2414 : Telegram

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

CHUNGKING, February 28, 1941—1 p. m.

[Received February 28—10:35 a. m.]

79. Department's 122, February 25, 9 p. m. and Shanghai's 186, February 13, 4 p. m.

1. It is my opinion that the feasibility of the establishment of the proposed commission form of government accompanied by a suspension of the land regulations would be entirely dependent on the willingness of the Chinese Government and the Japanese Government to cooperate.

2. Suspension of land regulations would deprive the proposed commission of any legal basis for the exercise of functions of local government.

3. Sir Arthur Blackburn, Chinese Counselor of the British Embassy, called on me this morning in the absence of British Ambassador who has departed for Shanghai and we discussed this matter. Blackburn stated that British members of Shanghai Municipal Council and employees had reached point where they were unwilling to carry on under present conditions, feeling that unless some steps were taken to ameliorate situation government of International Settlement would be impossible.

4. Neither British Embassy nor I have copies of land regulations, so we could not go into details.

5. I feel that land regulations should not be suspended. Blackburn agreed with this.

6. As regards Department's question No. 2, Blackburn stated that he was under the impression that proposers of change do have in mind definite plans for new forms of taxation. He did not know what they were.

7. I believe, and Blackburn agreed, that some way should be found to reallocate membership of Council rather than the setting up of an entirely new body, thus retaining machinery long in use, and that land regulations should be amended to cover this if necessary and in addition give the Municipal Council broader powers of taxation.

8. I doubt whether a categorical approval of such amendments would be forthcoming from the Chinese Government at Chungking. But I am inclined to agree with Blackburn that if presented to the Chinese Government they would not object as long as amendments did not result in giving complete control to Japan.

Sent to the Department, repeated to Peiping, Shanghai.

JOHNSON

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893.102S/2415 : Telegram

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

SHANGHAI, March 1, 1941—11 a. m.

[Received March 2—12:27 a. m.]

241. Department's 122, February 25, 9 p. m.

1. With reference to paragraph 1, I greatly fear that suspension of land regulations, or any part thereof, would result in prolonged delay and that members of the commission, and the Consular Body as its source of authority, would be faced with knotty problems, legal and otherwise, in exercise of administrative and financial functions. Commission must possess unquestioned legal authority to function satisfactorily and I foresee difficulty obtaining sanction of all governments concerned within time limit, unless British, American and Japanese Governments act speedily. Regarding paragraph 2, there are two special committees now working—one to revise tax system and explore possibilities [of] new sources of income and other to revise rates on owner occupied property. These two committees hope to have reports ready by April but this not certain. Details regarding nature of recommendations not yet available. Should such reports be available for April meeting of ratepayers and be adopted, amelioration referred to in paragraph 3 would probably follow, at least in some measure. With reference to paragraph 4 re the applications [*reallocation?*] of membership [a plan?] along lines suggested in paragraph 4 of this telegram would ease situation and should, if political considerations do not interpose, enable ratepayers' meeting to provide Municipal Council with broader powers of taxation.

2. As regards feasibility, commission form of government as substitute for present elective council offers possible solution but steps necessary to bring about such change legally might be difficult to put in operation within short time remaining before election April 2.

There is widespread dissatisfaction with present arrangement which requires election members on basis of property and rates and under a vague and questionable practice of so-called lot-splitting. Taxation system undeniably unfair and discriminatory. General demand for reform and equalization taxes.

3. I do not believe either British or American communities willing to accept any plan which would surrender control municipal affairs to Japanese or to combination Japanese and Chinese. At special meeting Executive Committee American Association called discuss British proposals, it was agreed American community should insist, if there is to be any reapportionment of present political representation, that American representation be same as British and Japanese, that is, if British and Japanese have 3 members each, Americans also shall have 3, and that there shall be equal representation as between occidentals and orientals with deciding vote to be cast by Chairman who shall be British. Rule at present is that Chairman may cast his own individual vote and in case of tie shall cast deciding vote. It was also sense of meeting that Occidental control of council (or commission) shall be retained by appointment of 2 satisfactory neutrals if number of councilors (or commissioners[]) is to be maintained at 14 [(]as at present) but with only 3 Chinese members. If Chinese membership is maintained at 5 as at present, and in addition 3 British, 3 Japanese and 3 Americans, the Oriental membership will then be 8 and Occidental 6, thus giving Chinese-Japanese control.

4. A plan which I believe would have the best chance of acceptance and at the same time retain control would be a commission formed of 3 British, 3 Americans, [3] Japanese and 3 Chinese, making 12 in all, with a British Chairman. This would avoid necessity selecting a neutral or neutrals and would have virtue giving the military party most concerned equal voice in administration and would in no sense be partisan. Chinese authorities at Chungking, if they can be brought by American and British Embassies to realize situation that is developing here and far reaching [change?] that may ensue if amicable adjustment is not arrived at, should be willing accept such an arrangement. To reject it would almost certainly lead, if not now at least later, to Japanese domination of Settlement affairs. If this proposal meets with Department's approval, I should like authority discuss it with American members of council and with my British and Japanese colleagues. This would seem offer only reasonable guarantee maintaining present balance authority. While by no means certain, it would be acceptable to Japanese or Chinese, I believe it to be more feasible than plan described in my 186, February 16 [13?], 4 p. m. and if agreed to ought to remove danger from holding elections and ratepayers' meetings.



5. Japanese Consul General now engaged in consulting his rate-payers' association, residents' association and army and navy authorities preparatory submitting British proposal to Tokyo for instructions. Japanese Consul General agreeable to British proposals in principle but stresses need refrain from any action impinging Chinese sovereignty and desires defer discussion details, especially re apportionment national representation, until Japanese Government gives formal approval.

6. I should greatly appreciate an indication of Department's attitude towards the British proposals or the possible alternative procedure mentioned in paragraph 4 above. Matter is pressing and Department's guidance is urgently needed so that I may be in position to discuss it with my interested colleagues and the concerned Americans. Affairs of the municipality are in a critical shape.

Sent to the Department, repeated to Chungking and Peiping.

LOCKHART

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893.102S/2421

*The British Embassy to the Department of State*

The situation in the International Settlement at Shanghai is causing concern. The Japanese have for years past been trying to increase their representation on the Municipal Council, but have been unable to out-vote the American, British and other opposing electors because of the property qualifications for franchise laid down in the Land Regulations. The Japanese community, although more numerous than other foreigners, consists mostly of the poorer residents without a vote. The Japanese also complain that the system of taxation is inequitable, and in general they demand a reorganisation of the administrative system. The Land Regulations are however in the nature of a treaty between the foreign Powers having Treaty rights in China and the Chinese Government, and the desired changes can only be legally effected by agreement between all the parties concerned. In present conditions that is not practicable.

2. It is generally agreed that there is some justice in the Japanese claim for larger representation, but hitherto the British electorate, supported by the Americans and others, have taken every possible measure, such as the registration of additional voters, to defeat the Japanese at the election, for fear that their success would result in the complete domination of the Council.

3. It now appears however that the Japanese, despairing of getting what they want by Constitutional means, may be ready to consider a coup by violence. There is reason to believe that if the next annual

election in April is like the last there will be serious disturbances, inevitably involving the American as well as the British and other democratic communities. Even if the Japanese accepted defeat at the polls it would be impossible for the Council to govern in the face of organized resistance to their taxation and other arrangements.

4. In order to avoid this outcome the British members of the Council have suggested that as a temporary measure, and until the land regulations can be legally advocated [*modified?*] after the war, the elections should be suspended and the Council replaced by an International Commission appointed by the Consular body. We should be willing to make some sacrifice to secure agreement on this line, provided that the Japanese did not try to impose objectionable conditions like recognition of the Nanking Government.<sup>80</sup> We would accept for example a Commission composed of three Americans, three British, three Chinese, three Japanese, one German and one Dutch. This would mean a reduction of British and Chinese representation by two seats each in favour of other nationalities including the Americans. The actual figures would however be a matter for further discussion.

5. The Commission would in general be governed by the land regulations except in regard to proposals for taxation which it is suggested should require a two-thirds majority of its members, since there would be no reference to the rate-payers.

6. The proposal has been put tentatively to the Japanese Consul General through the Japanese Councillors, and it is understood that his reactions are favourable. It has also been discussed with the United States Consul General who has so far received it with reserve but is reporting to his Government for instructions.

If the Japanese and the Americans agree in principle Sir A. Clark Kerr will try to secure at least the tacit acceptance of the Chinese Government.

7. If the concurrence of the principal powers was obtained the main difficulty will be jurisdictional. The municipal administration depends on the national courts to enforce its taxation and other measures on their respective compatriots. The Land Regulations have been made binding on British subjects by King's Regulations, and the new arrangement could be covered by amending the King's Regulations. It is hoped that the other powers will also exercise appropriate steps so far as their own nationals are concerned.

WASHINGTON, March 4, 1941.

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<sup>80</sup> Japanese-sponsored régime headed by Wang Ching-wei.

893.1028/2421

*Memorandum by the Assistant Chief of the Division of Far Eastern Affairs (Adams) of a Conversation With the First Secretary of the British Embassy (Hayter)* <sup>81</sup>

[WASHINGTON,] March 5, 1941.

Mr. Hayter called at his own request. He handed to Mr. Adams the attached memorandum dated March 4 <sup>82</sup> which Mr. Adams read. Mr. Adams referred to paragraph numbered four of the memorandum and, after asking what the significance of the word "advocated" was, and being told that it was an error, commented that there seemed to be, for some reason in regard to which he was not clear, a desire on the part of a number of people at Shanghai to discard the present form of government of the International Settlement and to substitute for it a "commission" form of government. Mr. Adams asked Mr. Hayter whether he was aware of any compelling reason for the desired change.

Mr. Hayter replied that there was some dissatisfaction with the voting qualifications in the municipal elections and that he presumed that this might be one of the main reasons why a change was desired. Mr. Adams said that since the object of the elections was to choose councilors, it seemed to him that an agreed selection of councilors would, at least for the time being, meet objections to existing voting qualifications.

Mr. Adams then went on to say that he was inclined to think that there were obvious advantages to the retention, in a time of tension like the present, of a form of government which had the prestige and authority of long establishment. He said that if a new "commission" form of government were established, he thought that the Japanese would have less hesitancy in attempting to upset it within a few months time than they would the present form of government.

Mr. Adams added that he gathered that the Japanese were dissatisfied with the existing voting qualifications in Shanghai municipal elections; felt that the municipal government was extravagantly conducted, and, above all, wanted increased representation; that the Japanese also objected to increases in taxation; and that the proposal of a "commission" form of government was an attempt by the British members of the Council to arrive at a bargain with the Japanese for increased Japanese representation in the government in exchange for Japanese consent to increased taxes. Mr. Hayter thought that this probably was the situation.

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<sup>81</sup> Initialed by the Chief of the Division (Hamilton).

<sup>82</sup> *Supra*.

Mr. Adams asked whether Mr. Hayter thought that an agreement might be arrived at with the Japanese within the framework of the present government.

Mr. Hayter indicated that he thought that this might possibly be accomplished and said that he would report to his Government accordingly.

Mr. Hayter indicated that he did not expect a written reply to the memorandum which he had left with Mr. Adams. He hoped, however, that he and Mr. Adams might keep in touch with one another in regard to developments at Shanghai.

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893.102S/2415 : Telegram

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

WASHINGTON, March 8, 1941—3 p. m.

154. Your 241, March 1, 11 a. m., government of the International Settlement. In paragraph numbered 4 of your telegram under reference you express the belief that the plan which would have the best chance of acceptance and which at the same time would retain control would be a "commission" composed of 3 Americans, 3 British, 3 Japanese and 3 Chinese. In view of the possible difficulty of effecting a change in the present form of government and in view of the obvious advantage of retaining in a time of tension governmental machinery which has the stability and authority of long usage, the Department inclines to the belief, subject to possible reconsideration in the light of local factors in regard to which the Department may not be informed, that the present form of government should not be discarded. It seems to the Department that a new and untried form of government would be more vulnerable to undesirable change or to upset than would the present form of government.

Unless, therefore, you perceive objection (in which event you should report to the Department in detail), the Department desires that you explore with the American members of the council and with your British and Japanese colleagues the possibility of an agreed reapportioning of membership in the Municipal Council along the lines of paragraph numbered 4 of your telegram under reference. The Department understands that in as much as there is a separate basis for the election of Chinese members of the council, this suggestion, designed to obviate the necessity of an election in April, would also require that agreement be reached with the Chinese Ratepayers Association in regard to a reduction from 5 to 3 of the number of Chinese members in the council.

While the Department must of necessity, in local situations such as the one under discussion, look to the resourcefulness and good judgment of its representatives in the field, there is offered as of possible suggestive value the thought that, as a possible alternative, there might be explored the question of leaving the number of Chinese councilors at 5 and of increasing the number of American, British and Japanese members to 5 for each nationality, thus retaining the desired proportions in the composition of the council without the necessity of asking the Chinese to reduce the number of their members.

Sent to Shanghai. Repeated to Chungking, Peiping.

HULL

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893.1028/2428 : Telegram

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

CHUNGKING, March 18, 1941—11 a. m.

[Received 2:06 p. m.]

105. My 79, February 28, 1 p. m., government of International Settlement.

1. I have received a letter dated March 17 from the Chinese Counselor of the British Embassy stating that pursuant to instructions from the British Ambassador (now in Shanghai) he called on Chiang Kai-shek<sup>83</sup> on March 15 and submitted an outline of the "developments which are taking place" in relation to the Shanghai Municipal Council; that the purpose of the approach was that the Chinese Government might not gain the impression that the British were intriguing with the Japanese; that he had told General Chiang that it was essential that the Japanese should not obtain a predominant position in the government of the International Settlement and that he hoped that if this could be achieved the support and good will of the Chinese Government would be forthcoming; that Chiang was non-committal and approved the Counselor's suggestion that the latter should discuss the matter with the Chinese Foreign Minister.<sup>84</sup>

2. I am not informed whether the British are still negotiating on a basis of the proposals contained in Shanghai's 186, February 13, 4 p. m.

Sent to the Department, repeated to Peiping, Shanghai.

JOHNSON

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<sup>83</sup> President of the Chinese Executive Yuan (Premier).

<sup>84</sup> Wang Chung-hui.

893.1028/2428 : Telegram

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

SHANGHAI, March 19, 1941—5 p. m.

[Received March 20—9:59 a. m.]

314. Department's 154, March 8, 3 p. m.

1. I have discussed with the American members of Municipal Council and with my British and Japanese colleagues matter of re-apportionment of representation on Council or Commission. The Japanese object to the 3, 3, 3, 3 ratio and I see at present no prospect of persuading them to accept. Various ratios have been advanced by the Japanese, but always with control on their side if the Chinese and/or Germans are to be counted as favorable to them. The British contemplate making the following counter-proposal, 4 British, 4 Japanese, 4 Chinese, 3 Americans, 1 German and 2 neutrals, 18 in all. Both American members of Council suggest that Americans should now attempt to obtain an agreement on basis of 4, 4, 4, 4 with a German [and a] neutral, totaling 18. This, of course, would require suspension of the land regulations in part inasmuch as it is an excess of 4 over the present limit of 14 and it is 1 less Chinese than is provided for in the regulations. My Japanese colleague states that the ratio approved by the Japanese Government, and which he describes as final, is 3 British, 3 Japanese, 2 Americans, 4 Chinese, 1 German and 2 neutrals, 15 in all. I believe that majority of representatives of British and American viewpoint will not be agreeable to this ratio. It did not appear feasible to approach the Chinese regarding a reduction in their representation until the British, Japanese and Americans had united. Japanese military strongly objected to reduction of Chinese membership but finally consented to reduction on urgent representation by Consul General but they insist on 4 Chinese.

2. The British leaders in the movement for a reorganization are extremely anxious to bring about a situation by which the holding of ratepayers' meetings will no longer be necessary. They feel that the present system of voting, i. e. by individual ratepayers and plural voting by lot splitting, in such meetings is conducive to bad feeling and may lead to disturbances. To obviate this danger they wish to suspend that part of the land regulations relating to the holding of ratepayers' meetings, as well as that by which the members of the Council are elected by ballot. The election of members of the Council is on the same basis as that for voting at ratepayers' meetings. My Japanese colleague also voices his belief that an election and holding of ratepayers' meetings may lead to disturbances from disgruntled elements.

3. While my British colleague appreciates reason for working within the framework of the land regulations, a temporary modifica-

tion in order to carry out objects of plan must embrace not only clauses relating to elections, but also those relating to ratepayers' meetings. He also considers that there are sound arguments in favor of temporary replacement of the Council and the body of ratepayers under the land regulations otherwise nominated on a totally different basis in preference to retaining the Council and altering the basis of the election even though such modification was understood to be temporary.

It is suggested that the commission should simply be empowered to levy such rates and taxes as may be found reasonable and necessary for municipal purposes. There is no thought of completely and permanently abolishing the land regulations.

4. While sympathetic with the British desire to see an extremely unsatisfactory and even dangerous condition of affairs ameliorated, I have from the beginning felt that the time is too short before the election (April 2 and 3) to make it possible to work out a solution satisfactory to all concerned. If such cannot be done, we shall try but with little prospect of success, I fear, to effect an arrangement by which the present national ratio, i. e. 5 British, 5 Chinese, 2 Americans and 1 Japanese, is maintained by a "gentlemen's agreement" to nominate for the forthcoming election the number of councilmen mentioned next above from each nationality, thus avoiding an election, the understanding being that the members will resign as soon as the machinery can be put in motion after the election to bring about the substitution of a "commission" for the newly elected Buyers [*Ratepayers*] Council. Such a plan, as would probably be the case with any other plan, has obvious drawbacks, but the exigencies are such that a change seems inevitable and it is narrowing itself down to the choosing of the lesser of several evils. My Japanese colleague stated that such a plan might be acceptable provided a definite agreement could not be reached in advance of the election on the question of the ratio of national representation on the Commission. This, it now seems, will be impossible unless the Japanese can be persuaded to grant at least equal representation on the basis of Japanese, Chinese and German on the one side and British, American and Russian [neutral?] on the other. I fear, however, that the matter will reach an impasse due to the unyielding attitude of the Japanese. My Japanese colleague strongly deprecates what he describes as lines drawn by the British (and Americans, I infer) and I said that so far as the Americans are concerned we are interested only in the maintenance of a balanced Council, or commission, and that the reputations [*preservation of law and order?*] in the Settlement was of prime consideration. My Japanese colleague repeatedly emphasized that there was no justification for the apparent belief of the British and the Americans that the Chinese would support the Japanese with

their votes. The Executive Committee of the American Association may be asked by me to give further consideration to the situation, at which time the Department's proposal of a 5, 5, 5, 5 ratio will be brought up. Since the Committee had previously approved the 3, 3, 3, 3 ratio I thought it well to consult them before making the new proposal to the Japanese.

Sent to Department, repeated to Chungking and Peiping. Paraphrase to Tokyo by safe hand.

LOCKHART

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893.102S/2422 : Telegram

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

WASHINGTON, March 19, 1941—8 p. m.

179. Your 281, March 12, noon,<sup>85</sup> District Court.

1. The Department had understood that the District Court was located north of Soochow Creek. Please inform the Department when and under what circumstances the Court was moved into the American sector.

2. The Department assumes that, in view of the very material interest which this Government has in the maintenance of the integrity of the District Court, you will in the event of need exert your efforts and influence with both the Settlement authorities and the concerned Japanese officials to the end that the Court may be given all appropriate protection.

Sent to Shanghai. Repeated to Chungking, Peiping.

WELLES

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893.102S/2432 : Telegram

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

CHUNGKING, March 22, 1941—10 a. m.

[Received 2:13 p. m.]

108. Shanghai's 314, March 19, 5 p. m. and previous regarding International Settlement.

1. In a letter dated March 20 Blackburn informs me that he interviewed Chinese Foreign Minister on 19th instant, that he took up matter of International Settlement referred to in his letter of March 17 (see my 105, March 18, 11 a. m.), and that while Dr. Wang did not commit himself he gave the impression that he realized need for reallocation of Council seats, that Dr. Wang raised objections to reduction of

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<sup>85</sup> Not printed.



number of Chinese councilors. Blackburn states that Dr. Wang asked what American reaction to proposals was and that he replied on basis of a telegram from British Ambassador at Washington<sup>86</sup> that American Government seemed generally to agree that some change was necessary but emphasized that such changes as might be made should be made within the framework of the land regulations. Blackburn states that Dr. Wang referred specifically to the American *aide-mémoire* to Japan of May 17, 1939.<sup>87</sup>

2. Yesterday afternoon (March 21) Dr. Wang asked me to come to see him. He told me of the visit of Blackburn and during conversation referred to a written communication from the British Embassy which evidently endorsed a memorandum of proposals for changes in the Government of the International Settlement of Shanghai along lines contained in Shanghai's 186, March 23 [*February 13*], 4 p. m., the idea being, as he said, that the Municipal Councilors should resign and turn government of Settlement over to the consular body which would appoint a commission and suspend the land regulations temporarily. Dr. Wang informed me that the Chinese Government's decision would be withheld until it was informed of the decision of the American Government as the Chinese Government desired to align itself with the American Government in this matter. He stated that the reaction of the Chinese Government to these proposals was that now was not the time to change the land regulations while hostilities were still going on and Japanese military was dominant around Shanghai. He said that China was not satisfied with the land regulations but felt that this was not the time to abandon them. He also said that China was disposed to object to any decrease in Chinese representation on the ground that the Chinese population and Chinese wealth was predominant in the Settlement.

He also stated that the Chinese Government was by no means disposed to object to a reform in the method of taxation in the Settlement. I informed Dr. Wang that I would report to you what he had said to me. I said that generally speaking we were opposed to any abandonment of the land regulations but would be willing to consider by orderly process any proposal for a redistribution of representation on the Council within the framework of the land regulations or by amendment thereof. I remarked that any consideration of this problem on the basis of predominance of interest of this or that nationality at the present time would inject into the discussion problems difficult to solve in view of the predominance of Japanese military and political interests at the present time. Dr. Wang stated in conclusion that above views were China's reaction to the proposed changes and it did not constitute any decision of the Chinese Govern-

<sup>86</sup> Viscount Halifax.

<sup>87</sup> *Foreign Relations, Japan, 1931-1941*, vol. I, p. 842.

ment which he [*he*] repeated awaited information of the decision of the American Government.

Sent to the Department, repeated to Peiping, Shanghai. Shanghai please repeat to Tokyo.

JOHNSON

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893.102S/2431 : Telegram

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

SHANGHAI, March 22, 1941—noon.

[Received 2:19 p. m.]

320. Reference paragraph 1 Department's 179, March 19, 8 p. m., concerning courts. First Special District Court and Second Branch of Kiangsu High Court moved from north of Soochow creek to American defense sector on August 14, 1937 the day after the outbreak of hostilities in the Shanghai area. Following conclusion of hostilities here the criminal division of the First Special District Court moved back on December 6, 1937 to its original location north of Soochow creek. At the present time Civil Division of District Court and Second Branch of the High Court are located in the American defense sector. It might also be mentioned that the Central Bank of China has recently opened a branch in the American section (the Banks of China and Communications have had branches in the American section for many years) and that the Chinese language paper operated by the *Shanghai Evening Post and Mercury* has also recently moved into the American section.

Sent to the Department. Repeated to Chungking and Peiping.

LOCKHART

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893.102S/2432 : Telegram

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

WASHINGTON, March 26, 1941—6 p. m.

67. Your 108, March 22, 10 a. m., Shanghai's 341, March 25, 5 p. m.,<sup>88</sup> and related telegrams in regard to the International Settlement at Shanghai.

1. It is the Department's understanding that the principal cause of dissatisfaction with regard to the existing administration of the International Settlement revolves around the question of taxation. While the Department continues to adhere in general to the views expressed in the Department's *aide-mémoire* delivered to the Japanese Foreign

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<sup>88</sup> Latter not printed.

Office by Mr. Grew on May 17, 1939,<sup>89</sup> the Department believes that, in view of the commonly felt need for a revision of the regulations governing the imposition of taxes, action directed toward that end might be feasible and advisable.

2. The Department accordingly suggests that, unless you perceive objection, you request that the American Consul General at Shanghai take up with his interested colleagues the question of asking the Municipal Council (upon which the American, British, Chinese, and Japanese communities all are represented) to draft an amendment to the land regulations which the Council feels would meet the needs of the present situation with respect to taxation, confining the draft to this one specific point. Such draft could then be submitted to the interested consuls for consideration and possible approval and thence to the concerned Governments, including the Chinese Government.

3. The Department does not understand that reference of the question of the amendment of the land regulations to the ratepayers or to the Shanghai Municipal Council is required but suggests that reference of the question to the Council would be preferable to the drafting of an amendment by the interested consuls because the Council is representative of the main Shanghai communities concerned. By such reference the large Chinese community at Shanghai would be represented in the task of drafting the proposed amendment.

4. The Department realizes that the above suggestion does not accomplish anything toward adjustment of the controversy in regard to voting qualifications or reapportionment of membership in the Council. These questions would not seem to be so pressing as the question relating to taxation, and the Department wonders whether satisfactory adjustment of the question relating to taxation might not make it feasible to postpone consideration of the other questions. The Department, however, has no objection to discussion of these other questions continuing to the end that a reasonable and satisfactory solution may be found.

5. The Department raises for your consideration and that of the Consul General at Shanghai the question whether it would be practicable and advisable for the ratepayers' meeting to be postponed for a few weeks. The Department would not desire that you and the Consul General at Shanghai act affirmatively upon this suggestion unless you and the Consul General should feel that the advantages of such a course would be likely to outweigh the disadvantages.

6. The Department suggests that, before taking any action toward carrying this instruction into effect, you have a further discussion with the Chinese Minister for Foreign Affairs and ascertain his reaction to the general thought set forth in this telegram. The

<sup>89</sup> *Foreign Relations, Japan, 1931-1941*, vol. I, p. 842.

Department also suggests that perhaps before discussing the matter with the Minister for Foreign Affairs you may wish to have the comment of the American Consul General at Shanghai.

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

WELLES

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893.102S/2437: Telegram

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

WASHINGTON, March 29, 1941—7 p. m.

205. Your 356, March 28, 3 p. m.<sup>90</sup>

1. Unless you perceive objection, the Department desires that you inform your British and Japanese colleagues that this Government regrets that discussions with regard to a proposed change in the form of the government of the International Settlement had apparently reached a very advanced stage before the American authorities were informed of those discussions.

2. In view of the advanced stage to which the discussions have progressed, the Department would not interpose objection to the proposed commission form of government with membership in accordance with the first of the two counter proposals offered by the Japanese Consul General, namely, 4 Chinese, 3 Japanese, 3 British, 3 Americans, 1 German and 2 "neutrals", if in your judgment, in the light of the local situation, such course is expedient. The formation of the proposed commission would, of course, be contingent upon the consent thereto by the Chinese Government at Chungking. In as much as the International Settlement is made up largely of a former British concession and of an area allocated for the formation of an American settlement, it would of course seem appropriate that the chairman of the proposed commission be an American citizen or a British subject.

3. In the event of the formation of the proposed commission form of government, the Department would expect the American Consul General at Shanghai to be consulted from the beginning in regard to the formation of the commission and in regard to the granting and definition of authority to the commission. In this connection the Department suggests that the two persons inappropriately described as "neutrals" might be selected by the consular body as a whole.

Sent to Shanghai. Repeated to Chungking, Peiping.

WELLES

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<sup>90</sup> Not printed.

893.102S/2439: Telegram

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

SHANGHAI, April 1, 1941—1 p. m.

[Received April 1—10:18 a. m.]

Chungking's No. 356, March 28, 3 p. m. [*Chungking's March 28, 4 p. m.*] to Shanghai.<sup>91</sup> The Department having interposed no objection to reallocation of Council seats on basis of 4 Chinese, 3 British, 3 American, 3 Japanese, 1 German and 2 of other nationalities, 16 in all, British and Japanese Consuls General and I met yesterday afternoon and agreed on the above ratio on the understanding that the Chungking Government would be requested to give its concurrence to the reduction of Chinese membership from 5 to 4 in a cooperative endeavor to solve a critical situation that has arisen in International Settlement affairs here. Inasmuch as the Minister for Foreign Affairs informed us that the Chinese Government desired to align itself with the American Government in this matter it is hoped Dr. Wang will now promptly give the Chinese Government's acquiescence so that the reorganization of the Council can take place without delay. It has been agreed that the Chairman of the Council shall be either British or American and that the two last named members under the revised allocation shall be acceptable to the British and American Consuls General. The object in fixing a new ratio of national representation is to have balanced Council and to more evenly spread the responsibility [*representation*] among the nationalities resident in the Settlement and to provide means of bringing about certain much needed administrative and taxation reforms. Accordingly, it is proposed to increase the membership to 16 and to reduce Chinese membership by 1 and British by 2, allowing 1 additional seat for an American and 1 for a Japanese. As the time is short for putting the new plan into force it is hoped the Embassy may be able to obtain the acquiescence of the Chinese Government by April 4th. I trust that it will be possible for the Embassy to bring this matter to the attention of Dr. Wang immediately so that no time will be lost.

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

LOCKHART

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<sup>91</sup> Not printed; it requested comment on the Department's telegram No. 67, March 26, 6 p. m., to the Ambassador in China, p. 839.

893.1028/2440 : Telegram

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

SHANGHAI, April 1, 1941—1 p. m.

[Received April 1—11 : 25 a. m.]

369. Department's 205, March 29, 7 p. m., and Chungking's 108, March 22, 10 a. m. Please see my April 1, 11 a. m. [1 p. m.], to Chungking for result of conference with my British and Japanese colleagues yesterday. It was felt advisable to leave to the British and American Consuls General the matter of the acceptability of the two members heretofore described as "neutrals" for the want of a better word and to distinguish them from Italians, Norwegians, et cetera, instead of leaving their selection to the Consular Body, in which group unanimity of [opinion is difficult,] and sometimes impossible, to obtain under present circumstances. This understanding is to be furthered by exchange of letters, as will be the understanding regarding the allocation of seats and the designation of a Briton or American as chairman. Question of the chairman casting a deciding vote is still under discussion, with prospect of a satisfactory solution. It has been decided to postpone to an undetermined date the election fixed for April 9 and 10 and after the receipt of Chinese Government's acquiescence it is hoped to proceed with the reorganization. While I have again reminded my British colleague of the embarrassment caused by the delay in letting the American members of the Council and me know of the earlier stages of these negotiations, I had already with regret expressed my views in this regard some time ago both to my British and Japanese colleagues, but in fairness to them it should be recalled that the initiative was taken by Powell, British councilman, in talks with Okamoto, Japanese councilman. Some negotiations had apparently taken place before the British and Japanese Consuls General were informed.

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

LOCKHART

893.1028/2439 : Telegram

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

WASHINGTON, April 2, 1941—6 p. m.

73. Shanghai's April 1, 1 p. m., to Chungking, International Settlement Shanghai. The Department is gratified at the developments reported in the telegram under reference and hopes that the Chinese Government may be able to see its way to placing no obstacle in the way of the carrying out of the arrangement agreed upon at Shanghai.

Sent to Chungking. Repeated to Peiping and Shanghai. Peiping please send code text by air mail to Tokyo.

HULL

893.102S/2506

*Memorandum by the Adviser on Political Relations (Hornbeck)* <sup>92</sup>

[WASHINGTON,] April 3, 1941.

The various reports received regarding negotiations at Shanghai for reapportionment of membership on the Municipal Council strongly indicate that there is on the part of the Japanese civilian officials there no knowledge of any intention or plans, if such exist, on the part of the Japanese military to make any move in the near future in the direction of new pressure upon or taking control of the International Settlement.

S[TANLEY] K. H[ORNBECK]

893.102S/2446 : Telegram

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

CHUNGKING, April 4, 1941—6 p. m.

[Received April 4—2:20 p. m.]

My April 3 [2], 9 a. m. to Shanghai <sup>93</sup> and previous in regard to International Settlement Shanghai.

1. I called on the Foreign Minister this afternoon at 4 o'clock at his request. He then said to me that having given careful consideration to the proposed arrangement for the government of the International Settlement of Shanghai, the Chinese Government felt compelled to point out that it views with disfavor any extension of Japanese influence or any reduction of Chinese representation with regard to the Settlement. Nevertheless, having in mind the difficult situation with which the American and British authorities are presently confronted at Shanghai he went on to say the Chinese Government has decided to acquiesce in the proposed arrangement on condition (1) that 4 Chinese members shall be chosen from among the 5 Chinese councilors now in office; and, (2) that such arrangement shall remain operative for a period not exceeding 2 years. I thanked Dr. Wang and said that I would communicate his reply to the American authorities.

2. The Foreign Minister said that he was seeing Blackburn immediately after my departure this afternoon in order to communicate to

<sup>92</sup> Noted by the Secretary of State.

<sup>93</sup> Not printed.

the latter the decision of the Chinese Government which he had just communicated to me.

Sent to Shanghai. Repeated to Department, Peiping.

JOHNSON

893.102S/2451 : Telegram

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

CHUNGKING, April 5, 1941—noon.

[Received April 6—2:55 p. m.]

Shanghai's 388, March [April] 3, 6 p. m.<sup>94</sup> and my April 4, 6 p. m. to Shanghai. A representative of the Foreign Office called this morning on [instruction] from the Foreign Minister and informed me that when Blackburn called on the Foreign Minister yesterday afternoon the latter was informed that the Japanese had refused to agree to the fixing of a definite period of 2 years since the ratepayers were unlikely to agree; and that when Blackburn asked if he was correct in interpreting the reply of the Chinese Government as implying that Chinese Government would acquiesce in the proposed arrangement for a maximum period of 2 years upon the expiring of which the question would again be raised, the Foreign Minister agreed to this.

Sent to Shanghai, repeated to Department and Peiping.

JOHNSON

893.102S/2454 : Telegram

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

CHUNGKING, April 8, 1941—9 a. m.

[Received April 8—5:20 a. m.]

My April 5, noon. Dr. Tuan Mao-lan<sup>95</sup> of the Foreign Office called on me on the evening of April 7 and said that since it is not clear what procedure will be adopted for selection of Chinese members of the proposed provisional council he had been instructed to see me and make the following oral statement on behalf Minister for Foreign Affairs. (See my April 8, 10 a. m.<sup>96</sup>)

Sent to Shanghai, repeated to Department and Peiping.

JOHNSON

<sup>94</sup> Not printed.

<sup>95</sup> Senior Secretary in the Chinese Ministry for Foreign Affairs.

<sup>96</sup> *Infra*.



893.102S/2455 : Telegram

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

CHUNGKING, April 8, 1941—10 a. m.

[Received April 8—9:06 a. m.]

“The decision of the Chinese Government communicated to you on April 4<sup>97</sup> was based upon the assumption that the provisions of the land regulations concerning the number and nationality of the councilors would be suspended for a period not exceeding 2 years.”

Sent to Shanghai, repeated to Department and Peiping.

JOHNSON

893.102S/2453 : Telegram

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

SHANGHAI, April 8, 1941—1 p. m.

[Received April 8—9:11 a. m.]

Reference Chungking's April 4, 6 p. m., in regard to International Settlement. With reference to Chinese Government's first condition, Yu Ya-ching and Chen T'ing-jui secretly left Shanghai recently, and William Gockson is understood to be preparing to leave or may have already left. Of the five Chinese Councilors recently nominated by the Chinese Ratepayers Association, there thus will remain in Shanghai only L. T. Yuan and Yulin Hsi. In view of the above it appears to be impossible to fulfill condition one. It might be feasible, however, for the Chinese Ratepayers Association to select two new Councilors and thus make up the desired number.

It appears to me that quick action by the Chinese Ratepayers Association in naming their Councilors will obviate the difficulties which will almost certainly arise if there is delay or indecision in this matter. It is suggested that the foregoing situation regarding Chinese Councilors be brought to the attention of the Chinese authorities who may desire to take steps to persuade the Chinese Ratepayers Association to select four Chinese Councilors with the least possible delay. My British colleague and I do not feel that we would be warranted in making any suggestions to the Chinese Ratepayers Association.

Sent to the Department [*Embassy?*], Chungking, repeated to the Department and Peiping. Code text by air mail to Tokyo.

LOCKHART

<sup>97</sup> See telegram of April 4, 6 p. m., p. 844.

893.102S/2456 : Telegram

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

SHANGHAI, April 8, 1941—4 p. m.

[Received April 8—3:07 p. m.]

My April 8, 1 p. m. In view of the fact that Municipal Council has received a letter from a terrorist organization threatening violence in connection with reorganization of Settlement, the Chinese authorities at Chungking may wish to consider making a public announcement of their acquiescence in reallocation of seats or at least to inform Chinese Ratepayers Association at Shanghai of acquiescence.

Sent to Chungking, repeated to Department and Peiping, code text by air mail to Tokyo.

LOCKHART

893.102S/2457 : Telegram

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

CHUNGKING, April 9, 1941—noon.

[Received 3:45 p. m.]

Your [*Shanghai's*] April 8, 4 p. m. I have today written informally to the Foreign Minister pointing out the situation described in your reference telegram and expressing the hope that the Chinese Government will take steps to see that this threat to the peace and order of the International Settlement is removed.

Sent to Shanghai, repeated to Department, Peiping.

JOHNSON

893.102S/2459 : Telegram

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

CHUNGKING, April 11, 1941—10 a. m.

[Received 11:18 a. m.]

1. An officer of the Embassy called at the Foreign Office yesterday and discussed with Tuan Mao-lan the question raised in your April 8, 4 p. m. Tuan asserted that the Chinese Government had very little if any control over terrorist organizations at Shanghai, many of which are independent or Communist in character. Tuan then said he had been instructed to inquire as to the reaction of the American and British authorities to the two proposals advanced by the Chinese Government as the *sine qua non* for its acquiescence in the proposed arrangement. The substance of your telegram of April 8, 1 p. m.

was then orally communicated to Tuan with observation that if the Chinese authorities could take steps to cause the Chinese Ratepayers Association to name the four Chinese councilors desired by the Chinese Government it would seem that various difficulties could thus be disposed of. Tuan in reply said that he would lay this approach to the problem before the Foreign Minister for consideration. During the course of the conversation Tuan maintained that the temporary absence of certain Chinese councilors from Shanghai would seem to have no bearing on their selection.

2. Tuan called on me this morning and read to me an "oral statement" from the Foreign Minister the text of which is being transmitted in my April 11, 11 a. m.<sup>98</sup> In this connection he indicated that the Chinese Government is in possession of information to the effect that the Japanese and the Wang régime already have obtained control of the Chinese Ratepayers Association.

Sent to Shanghai, repeated to Department and Peiping.

JOHNSON

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893.102S/2458 : Telegram

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

CHUNGKING, April 11, 1941—11 a. m.

[Received April 11—10:40 a. m.]

"It is the intention of the Chinese Government to acquiesce in the progress of arrangement only on condition that (1) every one of the four Chinese members of the new Council shall be a member of the present Council, no matter how they are to be chosen—whether they are to be elected or appointed and that (2) the proposed arrangement shall be operative for not more than 2 years.

Not until the unqualified acceptance of the above two conditions (has) been assured by Great Britain and the United States can the Chinese Government communicate its intention of acquiescing in the general plan to any public organization.

If the choice of the four Councilors is to be left to the Chinese Ratepayers Association exclusively the result might be contrary to the wish of the Chinese Government for it is feared that the puppets and the Japanese might use undue influence over the Chinese ratepayers.

Should the Shanghai municipal authorities proceed with the plan in disregard of the two conditions above mentioned the Chinese Government would be constrained to consider the conditions as having been rejected and make known its position vis-à-vis the whole question."

Sent to Shanghai. Repeated to Department and Peiping.

JOHNSON

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<sup>98</sup> *Infra.*

893.102S/2460: Telegram

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

SHANGHAI, April 11, 1941—2 p. m.

[Received April 11—10:12 a. m.]

Reference Chungking's April 8, 10 a. m., regarding period for which councilors will serve on provisional council.

It was originally proposed that period should be for 2 years but subsequently Japanese pressed for limitation to 1 year. As compromise measure it was finally agreed that councilors should serve for not less than 1 year and thereafter until their successors are elected or appointed, which it is hoped will be effected within a year or at any rate before the expiry of 2 years. British and Americans have no intention of prolonging plan beyond 2 years unless political situation should render permanent revision of land regulations impossible during that period.

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

LOCKHART

893.102S/2463: Telegram

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

SHANGHAI, April 14, 1941—1 p. m.

[Received April 14—9:45 a. m.]

Chungking's April 11, 10 a. m. and April 11, 11 a. m. It is not understood how the Chinese authorities could expect my British colleague and me the object [*to obtain?*] assurance that the four Chinese members of the Provisional Council will be chosen from among the present five members. It is obviously improper, and politically inadvisable, for us to identify ourselves with the selection of the Chinese members. It has not been done heretofore. That function belongs to the Chinese ratepayers or to some other recognized Chinese authority. We have worked diligently for weeks trying to evolve a plan that we had hoped would temporarily relieve the situation here and provide administrative machinery for the Settlement and at the same time maintain balance of responsibility and authority. Apparently the Chinese authorities at Chungking do not realize the potential trouble that lies ahead if we cannot work out an amicable adjustment of the present difficulties. That is made manifest by the fact that they appear to be reluctant to move towards seeing that the four representatives on the Provisional Council are selected. Instead they expect my British colleague and me to guarantee their selection. I am

not disposed to become enmeshed in local Chinese political controversies. If the Chinese authorities continue their reluctance to take appropriate action towards selecting the four councilors, I can only suggest that the Department might wish to bring the matter urgently and pointedly to the attention of the Chinese Ambassador at Washington.<sup>99</sup> At the same time it would be helpful if the Ambassador at Chungking should take similar action with the Minister for Foreign Affairs. Unless the Chungking Government can be brought to realize the situation, I foresee far reaching complications here. As I see it, the Chinese Government lays down conditions impossible on their part to fulfill as regards the selection of the Chinese councilors. As regards the time limit of 2 years the unique situation has arisen where the Japanese held out strenuously for a 1 year limit whereas the Chinese want a 2 year limit. In any event, there is certainly no intention of going beyond the latter period as indicated in my April 14 [11], 2 p. m. to Chungking.

Sent to Chungking. Repeated to Department. Repeated to Peiping. Code text by air mail to Tokyo.

LOCKHART

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893.102S/2464 : Telegram

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

CHUNGKING, April 15, 1941—10 a. m.  
[Received April 15—6:10 a. m.]

Shanghai's April 14, 1 p. m.

1. Neither the Embassy here nor the Foreign Office are altogether clear as to how the four Chinese members were to be selected. The Chinese authorities apparently were not consulted when the plan for the provisional council was formulated; they feel that the plan which has been devised will not ameliorate the situation in Shanghai to any marked extent; and in reluctantly agreeing to the plan that has been advanced they have proposed two conditions obviously in order to preserve their rights vis-à-vis the Japanese and the Wang regime. It is only natural that their acquiescence in the plan could be obtained only on condition that Chinese rights are not wholly sacrificed. According to the fourth and fifth paragraphs of page 9 of Shanghai's political report for February,<sup>1</sup> the Chinese Ratepayers Association has already selected the 5 Chinese councilors for the Council in 1941. The Chinese Government has indicated its acceptance of these 5 and the chief existing problem would seem to be the elimination of 1 of

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<sup>99</sup> Hu Shih.

<sup>1</sup> Not printed.

them and the designation of the other 4 to sit on the provisional council. The Consular Body should be able to make a selection. As I understand it, the plan calls for action by the Consuls who are to appoint the new commission or provisional council. The panel of Chinese appointees already exists. For the Chinese Government itself to select these men would introduce a political aspect to the status of councilors such as has never before existed. Their absence from Shanghai at this time it seems to the Embassy is a matter of no great concern.

2. With regard to the operative period of the provisional council, the Foreign Minister advanced the condition that it should be operative for a period of not more than 2 years. So far as I know he would not be disposed to reject a period of less than 2 years.

Sent to Shanghai, repeated to the Department and Peiping.

JOHNSON

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893.1028/2465 : Telegram

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

CHUNGKING, April 15, 1941—6 p. m.

[Received April 15—10:50 a. m.]

My April 15, 10 a. m.

1. I called on the Foreign Minister this afternoon at his request and he read to me an oral statement stating *inter alia* that the President of the Chinese Ratepayers Association has formally notified the Chinese Government of the election of Yu Ya-ching, Yuan Luteng, Hsi Yu-shu, Kuo Shun and Chen Ting-jui<sup>2</sup> as Chinese councilors for 1941-42 and that with a view to cooperation with the foreign ratepayers the Chinese Ratepayers Association is willing to have all of the foregoing councilors with the exception of Yu Ya-ching serve for the time being.

2. Following the reading of the oral statement (the full text of which will go forward by air mail<sup>3</sup>) the Foreign Minister stressed that the Chinese Government was acquiescing in the "temporary suspension" of the "relevant provisions" of the land regulations for a period not exceeding 2 years and that it could not be regarded as agreeing to the "formal amendment" thereof.

3. I suggested that it would be desirable if the President or other appropriate official of the Chinese Ratepayers Association would immediately notify the proper authorities in Shanghai of the selec-

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<sup>2</sup> Latter four also known as L. T. Yuan, Yulin Hsi, W. Gockson, and Chen Ting-sui, respectively.

<sup>3</sup> Not printed.

tion of the four Chinese councilors. Dr. Wang assured me that he would communicate with the President of the Chinese Ratepayers Association who is now in Chungking with a view to making prompt formal notification to the authorities in Shanghai.

Sent to Shanghai. Repeated to the Department and Peiping.

JOHNSON

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893.102S/2470 : Telegram

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

SHANGHAI, April 17, 1941—3 p. m.

[Received 6:35 p. m.]

Chungking's April 13 [15], 6 p. m. At a 2-hour conference yesterday with our Japanese colleague the British Consul General and I discussed the matter of the selection of councilors by the Chinese Ratepayers Association, having in mind the telegram sent from Chungking April 14, signed by the Chairman and Vice Chairman of the Chinese Ratepayers Association at Shanghai, stating that of the 5 members previously nominated 4 would not [*sic*] serve on the new provisional council, the name omitted being that of Yu Ya-ching. The Japanese Consul General was informed of Chungking's acquiescence in provisional arrangement subject to the two conditions named in Chungking's April 11, 11 a. m. to Shanghai. The Japanese Consul General stated that he could not recognize validity of these nominations as telegram of April 14 did not reflect attitude of Chinese ratepayers in Shanghai; that they had not been consulted by the Chairman and Vice Chairman and that the Chungking Government did not have the right to impose conditions on their acceptance of the provisional arrangement; that if this were so the Nanking government would claim the same right and would nominate four Nanking representatives. Japanese colleague stated that Nanking authorities had agreed to compromise by even division of 4 seats amongst present Chinese members of Council and acquiescence in nominees, i. e., 2 Chungking nominees and 2 Nanking nominees. My British colleague and I emphasized necessity for obtaining acquiescence of Chinese Government and pointed out that without such consent it might be difficult to obtain assent of foreign governments concerned. My British colleague suggested that difficulty might be solved by leaving nomination of Chinese members of Council in abeyance for a while, but I was not prepared to agree to this, making only non-committal comment.

In the meantime Municipal Council had received a letter of April 14 bearing seal and chop of Chinese Ratepayers Association from Chen

Chi-chen who described himself as Vice Chairman of the Association. The reply acknowledged the receipt of a letter from the Municipal Council dated April 9 (which letter requested names of four Chinese councilors) as [*and*] stated [that] at a meeting of representatives of the association a resolution had been passed to the effect that L. T. Yuan and Yulin Hsi shall continue to serve on the Council and that the two remaining seats shall be filled by Jabin Hsu and [Theodore] Chang, the last two said to be Nanking adherents. Late yesterday afternoon at a meeting of the British and American members of the present Council it was decided that they would have no option but to accept this communication as a valid reply to their letter asking for nomination of Chinese members to the Council. Last night an American member of the Council discovered that the original of the Council's letter of April 9 had been sent to the Chairman of the Chinese Ratepayers Association who was understood to be in Hong Kong but who appears now to be in Chungking and that the ratepayers here had acted on accord with a copy of the letter.

The whole affair of the selection of the 4 Chinese ratepayers has become so confused because of the disputed authority between Chungking and Nanking that the Council is faced with an extremely confining [*confusing?*] problem and one which the Council members are today endeavoring to solve before the ratepayers' meeting this afternoon. Council members are now considering the possibility of accepting the 4 members designated in the Chairman's telegram despatched from Chungking on April 14 and subsequently recognizing members selected by the Chinese ratepayers here to take the place of 2 absent members. This would result in 2 Chungking members and 2 Nanking members. Three of the 4 members mentioned in the Chungking telegram of April 14 are absent from Shanghai. What the decision will be on the proposal now under consideration cannot be foreseen at present. I believe it to be the hope of the present British and American councilors that the Chungking authorities will not put insuperable obstacles in the way of a compromise agreement which would enable 2 Chungking representatives and 2 Nanking representatives to function on the Council. It is feared that a last moment wrecking of the plan for the establishment of the provisional council will throw the municipal affairs into an even greater state of confusion than now exists.

Sent to Chungking, repeated to Department and Peiping, code text by air mail to Tokyo.

LOCKHART



893.102S/2467 : Telegram

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

CHUNGKING, April 17, 1941—6 p. m.

[Received 6:26 p. m.]

141. My 139, April 16, noon,<sup>4</sup> and previous on the International Settlement of Shanghai. The Embassy is just in receipt of a memorandum from the Ministry of Foreign Affairs stating that it has received a letter from the chairman of the Chinese Ratepayers Association to the effect that on April 14 the Japanese and puppets illegally convened a meeting of the Chinese Ratepayers Association of the International Settlement at which Yuan Lu-teng and Hsi Yu-shu, as well as two puppets, Shiun Hsu <sup>5</sup> and Chang Teh-siu <sup>6</sup> were "elected" members of the "Provisional Council" and that the chairman of the Association requested the Ministry to make it clear to any persons concerned that the meeting referred to and all action taken at the meeting are null and void; that the four Chinese already selected (my April 15, 6 p. m. to Shanghai, paragraph numbered 1) are to serve for the time being; and that the chairman of the Association has telegraphed the Shanghai Municipal Council in the foregoing sense.

Sent to the Department. Repeated to Peiping, Shanghai.

JOHNSON

893.102S/2468 : Telegram

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

SHANGHAI, April 17, 1941—7 p. m.

[Received April 17—6:27 p. m.]

436. Reference my number 388, April 3, 6 p. m.,<sup>4</sup> concerning resolution to be proposed at special ratepayers' meeting.

1. Above mentioned resolution calling for resignation of the present council and establishment of a provisional council subject to the approval of the representatives of the powers concerned was passed by an overwhelming majority of ratepayers at the special meeting convened this afternoon.

2. As mentioned in paragraph 2 of the reference telegram, the names of all members of the provisional council with the exception of the Chinese members were inserted in the resolution proposed at today's meeting. As approved by the ratepayers the provisional coun-

<sup>4</sup> Not printed.

<sup>5</sup> Also known as Jabin Hsu, or Hsu Chien-pin.

<sup>6</sup> Also known as Theodore Chang or Chang Tuck-ching.

cil will consist of 3 British, 3 Japanese, 3 Americans, 1 German, 1 Swiss and 1 Netherlander together with 4 Chinese.

Sent to the Department, repeated to Chungking and Peiping. Code text by air mail to Tokyo.

LOCKHART

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893.102S/2471 : Telegram

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

SHANGHAI, April 18, 1941—5 p. m.

[Received 6:20 p. m.]

444. Chungking's 141, April 17, 6 p. m. and my April 17, 3 p. m. to Chungking regarding International Settlement.

1. Meeting on April 14 of the Chinese ratepayers remaining in Shanghai was attended by 38 Chinese ratepayers or more than sufficient to form a quorum under the provisions of the regulations governing the Chinese Ratepayers Association. This meeting, which nominated 4 people contiguously (2 Chungking and 2 Nanking) to serve on the provisional council is held by those [apparent omission] to have been entirely legal and that the action taken was legal.

2. With reference to the telegram from Chungking, from the Chairman and Vice Chairman of the Chinese Ratepayers Association, it is understood that the Vice Chairman whose name was affixed to the telegram was not in Chungking but in Hong Kong at the time. [It is believed?] it would be better that these officers made no attempt to convene a meeting of Chinese ratepayers resident in Shanghai.

3. As reported in my 436, April 17, 7 p. m., the foreign ratepayers yesterday signified, with but one dissenting vote, their approval of the establishment of a provisional council. It is believed that the majority of the consular representatives in Shanghai will indicate their acquiescence. Some have already done so tentatively.

4. Council members decided last night to accept 4 members designated in the telegram from Chungking. In replying thereto [they] indicated that, in view of absence of 2 Chinese members, their places had been filled by 2 persons selected by Chinese ratepayers here.

5. In view of the foregoing, it would appear to be inexpedient and [ill-advised] to permit the agreement to fall through because of the failure of the Chinese Government to acquiesce. My British colleague also feels strongly on this point. It is certain that the repercussions would be of a most serious nature if the provisional council is [not permitted to?] function [because of lack of Chinese acquiescence?], in which event the risk of losing control of the Settlement

would arise. It would appear that the Chinese Government should realize that the present compromise arrangement is wholly temporary and designed to prevent any drastic action against the Settlement and that it will be in no way relinquishing its [sovereign] rights by acquiescing in, or by interposing no objection to, this arrangement even though the places of the absent Chinese councilors are filled by substitutes allegedly having Nanking affiliations.

In as much as the matter is urgent, I respectfully request authorization to inform the Senior Council that the Government of the United States acquiesces in the resolution approved yesterday by the foreign ratepayers.

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

LOCKHART

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893.102S/2473 : Telegram

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

CHUNGKING, April 19, 1941—4 p. m.

[Received April 20—6: 55 a. m.]

144. Shanghai's 444, April 18, 5 p.m.

1. With reference to paragraph 2, I may say that I personally met Wang Shiao-lai, Chairman of the Chinese Ratepayers Association, at the home of the Minister of Communications, along with Yu Ya-ching on April 13 here at Chungking.

2. I observe no reason why we should not approve resolution of foreign ratepayers adopted April 17 which did not, I understand, contain names of Chinese council members.

3. As to paragraph 4, it seems to me it is *ultra vires* for council members to pass on acceptability of Chinese council members as indicated by reply of council to telegram from Chungking.

4. It is my opinion that in approving resolution American Consul General should carefully avoid giving approval to any Chinese council members, as it is my understanding that the Chinese Government here will formally and publicly denounce legality of status of members other than those mentioned in paragraph numbered 1 of my April 15, 6 p. m. to Shanghai and will perhaps go so far as to denounce whole provisional arrangement if puppet nominees are placed on the council.

Sent to the Department. Repeated to Peiping, Shanghai.

JOHNSON

893.102S/2472 : Telegram

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

CHUNGKING, April 20, 1941—9 a. m.

[Received April 20—7:15 a. m.]

145. Following is Foreign Office translation supplied Embassy today of statement issued by Chinese Foreign Minister April 19 concerning establishment of Provisional Council in International Settlement, Shanghai.

“At a meeting held on April 17, the foreign ratepayers in the International Settlement at Shanghai adopted a resolution, in accordance with which the present Municipal Council should be replaced by a ‘Provisional Council’ to be composed of 16 members, namely, 4 Chinese, 3 British, 3 Americans, 3 Japanese, 1 German, 1 Swiss, and 1 Dutch.

Prior to the adoption of this resolution, the British and the United States Government[s] had been in touch with the Chinese Government and had endeavored to secure its consent to the suggested scheme. Throughout the negotiations that ensued, the Chinese Government, not unmindful of the difficulties confronting the authorities of the powers concerned in Shanghai, evidence[d] its readiness to go as far out of its way as it could to help tide over the present situation. It was in this spirit of cooperation that the Chinese Government proposed that the Chinese members of the ‘Provisional Council’ should be chosen from among the Chinese Councilors already lawfully elected by the Chinese Ratepayers Association and that the arrangement under contemplation should be limited to a short duration.

These proposals, reasonable and conciliatory as they were, failed of acceptance by the governments concerned. The Chinese Government is therefore obliged not to associate itself with the plan embodied in the resolution referred to above and desires it to be known that neither the setting up of the ‘Provisional Council’ nor the modification of any clauses of the land regulations has received the approval of this Government.”

Sent to Department, repeated to Peiping, Shanghai.

JOHNSON

893.102S/2467 : Telegram

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

WASHINGTON, April 21, 1941—7 p. m.

84. Reference Shanghai's 444, April 18, 5 p. m., and your 145, April 20, 9 a. m.

1. Unless you perceive objection, the Department suggests that, as under instruction from the Department, you outline to the Chinese Minister for Foreign Affairs the situation at Shanghai as described in

Shanghai's telegram under reference, pointing out that the American and other interested foreign representatives have exerted strenuous efforts to obtain adjustment of the critical situation in the International Settlement along lines satisfactory to the Chinese Government; that the new arrangement would retain control of the International Settlement in hands friendly to the Chinese Government; and that the International Settlement has over a long period of time provided, and that it continues to provide, protection for the interests of all, including Chinese interests. Express this Government's hope that the Chinese Government will, as a practical expedient, be able to see its way to refraining from placing obstacles in the way of the acceptance by the Shanghai Municipal Council of a compromise arrangement in regard to the selection of the Chinese members on the Council.

2. The Department authorizes you, in your discretion, in the light of the results of the approach described in the preceding paragraph, to instruct the American Consul General at Shanghai to inform the Senior Consul that this Government acquiesces in the resolution approved on April 17 by the foreign ratepayers at Shanghai.

Sent to Chungking. Repeated to Peiping, Shanghai. Shanghai please mail code text to Tokyo.

HULL

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893.102S/2473 : Telegram

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

WASHINGTON, April 23, 1941—5 p. m.

86. Your 144, April 19, 4 p. m., and Department's 84, April 21, 7 p. m.

1. With regard to paragraph numbered 3 of your telegram under reference it seems to the Department that where there are conflicting claims in regard to membership in the Council, it is necessary for the Council to decide what persons it will accept and deal with as members.

2. This Government earnestly hopes that the Chinese Government will in its own interests, as well as in the interests of all concerned, refrain from any action tending to jeopardize the provisional arrangement approved on April 17 by the foreign ratepayers at Shanghai. You are authorized to communicate the substance of this paragraph to the Chinese Government as from this Government.

Sent to Chungking. Repeated to Peiping and Shanghai. Shanghai please mail code text to Tokyo.

HULL

893.102S/2475 : Telegram

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

CHUNGKING, April 24, 1941—11 a. m.

[Received April 24—9:10 a. m.]

151. Department's 84, April 21, 7 p. m.; and 86, April 23, 5 p. m. The Chinese Government feels that it has gone as far as it could in assenting to the change in the apportionment of the council seats and that it has been asked to consent to appeasement of Japanese at Shanghai by what British have done. They continue to trust us but if I ask them to accept puppet councilors I am sure that they will not only refuse but that they will accept this as evidence that we also are prepared to compromise with the Japanese against their interests. Feeling here is very bitter over the whole business. My 145, April 20, [9] a. m. gives the statement on the whole subject which Foreign Minister has made. I am certain that I cannot obtain retraction thereof. Cannot Lockhart approve resolution adopted April 17 without specifying names or qualities of Chinese councilors?

Sent to Department, repeated to Shanghai, Peiping.

JOHNSON

893.102S/2476 : Telegram

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

SHANGHAI, April 24, 1941—6 p. m.

[Received April 24—10:18 a. m.]

473. Reference final sentence of Chungking's 151, April 24, 11 a. m., If so instructed I am prepared to inform Senior Consul that the Government of the United States acquiesces in resolution adopted by foreign ratepayers on April 17.<sup>8</sup> As already reported in my 436, April 17, 7 p. m., names of Chinese Councilors were not inserted in the above-mentioned resolution. Notification of acquiescence will be followed in all probability by approval of practically all other consular representatives concerned and the establishment of the Provisional Council with 2 Chinese affiliated with Chungking and 2 with Nanking affiliations.

Sent to the Department, repeated to Chungking and Peiping, code text by air mail to Tokyo.

LOCKHART

<sup>8</sup> In his unnumbered telegram of April 25, 11 a. m., to the Consul General at Shanghai, the Ambassador in China (Johnson) assented to this proposal (893.102S/2473).

893.102S/2479 : Telegram

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

CHUNGKING, April 25, 1941—9 a. m.

[Received April 25—4 a. m.]

152. My 151, April 24, 11 a. m. I spoke to the Minister for Foreign Affairs last evening of the concern of the Government of the United States over the situation as it affects the administration of the International Settlement of Shanghai and expressed the hope that the Chinese Government would refrain from any action tending to jeopardize further the situation there. The Minister for Foreign Affairs stated that the Chinese Government appreciated the situation, was very anxious to be helpful without jeopardizing its own position and did not contemplate any further action in the matter. He stated that statement quoted in my 145, April 20, 9 a. m. (which has now been communicated to us officially by the Foreign Office) had been carefully drafted with that end in view.

Sent to the Department, repeated to Peiping, Shanghai.

JOHNSON

893.102S/2481 : Telegram

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

SHANGHAI, April 26, 1941—noon.

[Received 3:30 p. m.]

Your [*Chungking's*] April 25, 11 a. m.<sup>9</sup> I have notified Senior Consul today in writing that the Government of the United States consents to the establishment of the provisional council under the terms of resolution number 4. Several other governments, including the British, Japanese and German, have also communicated their consent.

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

LOCKHART

893.102S/2486 : Telegram

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

SHANGHAI, April 30, 1941.

[Received April 30—12:50 p. m.]

Senior Consul formally notified Shanghai Municipal Council this morning that concerned powers have given their consent to the estab-

<sup>9</sup> See footnote 8, p. 859.

lishment of provisional council as set forth in resolution no. 4 adopted at the ratepayers' meeting on April 17. It is expected that the new provisional council will assume office within next few days.

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

LOCKHART

893.102S/2476 : Telegram

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

WASHINGTON, May 2, 1941—6 p. m.

98. Your 151, April 24, 11 a. m., and Shanghai's 473, April 24, 6 p. m. The Department considers that acquiescence by the Chinese Government in establishment of the provisional council at Shanghai is highly desirable for a number of reasons, including the advisability of averting possibility of there arising difficult legal questions.

In your telegram of April 11, 11 a. m., to Shanghai there is quoted a statement of the Chinese Government to the effect that it will acquiesce in the establishment of the provisional council only on condition that (1) every one of the four Chinese members of the new council shall be a member of the present council and that (2) the proposed arrangement shall be operative for not more than 2 years. The second condition apparently offers no difficulty.

The Department concurs in your view that this Government should not ask the Chinese Government to "accept puppet councilors" but, in as much as the resolution approved on April 17 by the foreign ratepayers at Shanghai does not contain the names of the Chinese councilors, the Department feels that this Government may, with entire propriety, urge upon the Chinese Government the desirability of acceptance by it of the provisional arrangement approved by the foreign ratepayers at Shanghai on April 17.

The Department is making a statement along the above lines to the Chinese Ambassador here with the request that he communicate it to his Government. The text of that statement<sup>10</sup> is being transmitted to you in a separate telegram<sup>11</sup> and the Department desires that, if you have not already done so, you make an approach to the Chinese Government in accordance with paragraph 2 of the Department's no. 86, April 23, 5 p. m. You are also authorized to make available to the Chinese Government the text of the statement contained in the separate telegram.

Sent to Chungking. Repeated to Peiping and Shanghai.

HULL

<sup>10</sup> Dated May 2, *infra*.

<sup>11</sup> Not printed.



893.102S/2534

*The Department of State to the Chinese Embassy*<sup>12</sup>

## AIDE-MÉMOIRE

This Government views with considerable concern the critical situation that has developed in regard to the Municipal Council of the International Settlement at Shanghai. In an effort to meet that situation the foreign ratepayers' association approved on April 17 a resolution calling for the resignation of the present Municipal Council and the establishment of a provisional council consisting of four Chinese, three Americans, three British, three Japanese, one German, one Swiss and one Netherlander. The names of all members of the provisional council were inserted in the resolution with the exception of the names of the Chinese members. The Chinese Government has indicated that it will acquiesce in the establishment of the provisional council only on condition that (1) every one of the four Chinese members of the new council shall be a member of the present council and that (2) the proposed arrangement shall be operative for not more than two years.

Apparently the second condition offers no difficulty.

This Government fully understands and sympathizes with the desires of the Chinese Government with reference to the personnel of the Chinese members of the new council but earnestly hopes that in as much as the resolution approved by the foreign ratepayers' association at Shanghai on April 17 does not undertake to deal with the question of the personnel of the Chinese membership in the new council, the Chinese Government will be able to see its way to acquiesce in the arrangement proposed in that resolution and to deal separately with the question of the selection of the Chinese membership.

This Government is especially moved to urge this view in the light of the fact that the establishment of the proposed provisional council appears to offer, after careful and extended study of available measures, the only practical possibility of preventing further grave deterioration in the municipal situation in the International Settlement which would be definitely injurious to the general interests of the Chinese Government as well as to the interests of other countries concerned.

The Government of the United States requests that the Chinese Ambassador be so good as to convey these views to his Government.

WASHINGTON, May 2, 1941.

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<sup>12</sup> Handed on May 2 by the Chief of the Division of Far Eastern Affairs (Hamilton) to the Chinese Ambassador (Hu Shih).

893.102S/2496 : Telegram

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

CHUNGKING, May 10, 1941—10 a. m.

[Received 5:25 p. m.]

173. Department's 98, May 2, 6 p. m. I called last evening on the Minister of Foreign Affairs and read to him paragraph 2 of Department's 86, April 23, 5 p. m. which I had communicated to him on the evening of April 24 c. f. Embassy's 152, April 24 [25], 11 [9] a. m. I then paraphrased orally [for Dr. Wang?] Department's 98, May 2, 6 p. m. and handed him copies of the resolution adopted by the Shanghai ratepayers on April 17 as well as a copy of the Department's *aide-mémoire*<sup>13</sup> quoted in Department's 97, May 2, 5 p. m.<sup>14</sup> The Minister for Foreign Affairs examined the text of the *aide-mémoire* and stated that the Chinese Ambassador had reported this to him and that the matter had been thoroughly discussed by the Government and that it was the unanimous opinion of the Government that a matter of principle was involved more important to the Chinese Government than the question of the legality of the municipal government of the International Settlement, namely the question of the recognition by the Chinese Government of the puppet government at Nanking. He stated that the Chinese Government was informed that two members of the Chinese group of municipal councilors, themselves illegally elected after a former election by the Chinese ratepayers, were now members of the Council at Shanghai and the Chinese Government could not acquiesce as long as puppet officials sit on or participate in the Council of the Settlement. He stated that in a day or so, I might expect a reply to the Department's *aide-mémoire* along these lines as this was the attitude of the Government in regard to the matter.

The Foreign Minister then said that he wanted to offer a practical suggestion which he hoped might solve the matter to the satisfaction of all, explaining that it was not the desire of the Chinese Government to be unreasonable in this matter. The practical suggestion which he had to offer was this, that the Chinese Government would be willing to have the two councilors loyal to it stand out if it could be arranged for the Shanghai Municipal Council to carry on without the attendance of any Chinese councilors. In other words, the Chinese Government would say nothing more about the matter if it could be brought about that no Chinese councilors sit with the foreign councilors, thus eliminating the question of the status of the Chinese councilors.

I informed the Minister for Foreign Affairs that I would bring his suggestion to the attention of the Department but that I was not

<sup>13</sup> *Supra.*<sup>14</sup> Not printed.

sanguine as to any success that might attend attempts to eliminate all Chinese councilors from the Council. He made the point that the Chinese members of the Municipal Council might be eliminated on the ground of the legality of the election, pointing out that the Chinese ratepayers had elected their five councilors some time previous to the election which produced the two puppet councilors.

Sent to the Department. Repeated to Peiping, Shanghai.

JOHNSON

893.102S/2505

*The Chinese Embassy to the Department of State*<sup>15</sup>

MEMORANDUM

The Chinese Government appreciates the concern of the United States Government over the present situation in the International Settlement at Shanghai, and but for weighty reasons would be willing to meet the views as expressed in the memorandum under reply.<sup>16</sup>

The attitude of the Chinese Government concerning the proposed provisional council has been made abundantly clear in verbal statements communicated to the American and British Embassies as well as in written statements issued by the Minister of Foreign Affairs on April 19, 1941.<sup>17</sup> In a spirit of cooperation the Chinese Government signified its willingness to acquiesce in the proposed arrangement only on condition that (1) every one of the four Chinese members of the new council should be a member of the then functioning council and (2) that the proposed arrangement should be operative for not more than two years. Failing fulfillment of both these conditions the Chinese Government was obliged to make known the fact that neither the setting up of the provisional council nor the modification of any provisions of the land regulations had received the approval of the Government.

The United States Government has now expressed the hope that the Chinese Government acquiesce in the arrangement proposed in the resolution adopted by the foreign ratepayers' association in Shanghai on April 17, 1941 and deal separately with the question of selection of Chinese membership. The Chinese Government is of the opinion that the question of Chinese membership is of vital importance

<sup>15</sup> Handed to the Assistant Chief of the Division of Far Eastern Affairs (Atcheson) by the Chinese Ambassador (Hu Shih) on May 21; text of memorandum already had been transmitted to the Department by the Second Secretary of Embassy in China at Chungking (Drumright), who received it from the Chinese Ministry for Foreign Affairs on May 16 (telegram No. 193, May 17, 10 a. m. (893.102S/2499), not printed).

<sup>16</sup> *Ante*, p. 862.

<sup>17</sup> For written statement under reference, see telegram No. 145, April 20, 9 a. m., from the Ambassador in China, p. 857.

in the consideration of the proposal relating to the provisional council and regrets to state that it cannot give consent, express or tacit, to the establishment of such provisional council before the question of Chinese membership is settled.

The Chinese Government insisted and still insists, as regards the composition of the provisional council, that the Chinese members should be chosen from among those who have already been lawfully selected by the Chinese ratepayers' association. It has now been learned that two puppet nominees have been accepted by the new council and actually took part in its deliberations at the first meeting. This is the very state of affairs which the Chinese Government and Chinese residents in the International Settlement at Shanghai endeavor to guard against. The Chinese Government is constrained to reemphasize that it will never acquiesce in the establishment of any kind of municipal council in the International Settlement with even one puppet representative as member.

It is hoped that the United States Government will be able to appreciate fully the views set forth above.

WASHINGTON, May 21, 1941.

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893.102S/2522: Telegram

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

SHANGHAI, July 9, 1941—4 p. m.

[Received July 9—12:40 p. m.]

824. From an authoritative source it is learned that the Nanking government is considering ways and means of taking over the Chinese courts in the International Settlement in the near future if that can possibly be done. It is hoped to acquire control over the courts by peaceful means and without Japanese support or intervention. It is claimed that a judge of the court who has been in the hands of kidnapers for some time is prepared to accept the presidency of the high court and that other men of good repute can be found for appointment to the courts. My informant, who has close contact with Chen Kung-po,<sup>18</sup> states that Nanking is becoming impatient and that a corroboration of intention to assume jurisdiction over the courts by the Nanking government may soon be communicated to the interested consular representatives through the Senior Consul, with a request that the consular representatives not interfere. I know positively that this is under consideration. A fair element at Nanking is in favor of more drastic action. I am endeavoring to get word to Chen Kung-po confidentially through the contact above mentioned that it

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<sup>18</sup> Mayor of the Japanese-sponsored "city government of Greater Shanghai."

would be a grave mistake if the Nanking régime should make any attempts at this time to gain control of the courts; that the paramount consideration should be to do nothing that would "disturb" the peace and order of Shanghai; that the transfer of the courts would involve other risks to the welfare of the Settlement, which we are all doing our utmost to maintain as an international community administered by a council composed of Chinese, Americans, British, Japanese, Germans, Dutch and Swiss; that we are doing everything we can to keep politics out of Settlement affairs and that I for one hoped that political issues vis-à-vis the courts would not be allowed to arise. While I have kept completely aloof from Chinese factional politics I have given serious consideration in this instance we apprehens [*to the?*] question of where [*whether?*] it might not be desirable to have a strictly personal and unofficial interview with Chen Kung-po and point out to him the desirability of maintaining the *status quo* of the courts pending the cessation of Sino-Japanese hostilities. I would not undertake this without Department's approval, for which reason I should like to know if the Department perceives any objection if later I should deem such a course necessary. I would appreciate it if the Ambassador would transmit to the Department and to me any comment which he may consider desirable.

Sent to Department. Repeated to Chungking and Peiping.

LOCKHART

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893.102S/2524 : Telegram

*The Ambassador in China (Gauss) to the Secretary of State*

CHUNGKING, July 11, 1941—11 a. m.

[Received July 12—10:30 a. m.]

285. Reference Shanghai's No. 824, July 9, 4 p. m., regarding the Chinese courts in the Settlement. I perceive no objection to the action proposed by Lockhart but suggest that we cannot possibly accept any pretense that the Nanking puppet régime would be acting independently and without Japanese instigation and support, and that therefore Lockhart in taking the action contemplated should avoid the implication that the disposition of the courts is a matter for discussion and decision between the Nanking régime and the interested consuls and should make it quite clear that responsibility for attempted interference with the existing courts will rest squarely on the puppets and their Japanese principals. Should the necessity arise, I recommend that, at the proper moment, strong representations should be made by the interested Consuls to the Japanese Consul General at Shanghai and perhaps by the interested diplomatic representatives

[in] Tokyo to the Japanese Government objecting to any proposed interference with the existing Chinese courts at Shanghai which function under a court agreement to which the several powers are parties and placing on the Japanese the full responsibility for any action by their puppet régime in China.

I am of the opinion that the continuance of the existing Chinese criminal and civil courts in the Settlement would not be incompatible even with a military occupation of the Settlement if such should occur; that the system of Chinese courts in the Settlement was set up under an agreement between China and the interested powers including the United States and the system cannot therefore be lightly set aside at the instance of one or more of the signatory powers without regard for the others; but that on the other hand the conduct of the Chinese courts under the present emergency should be such as carefully to avoid all possible complaint of political influence or control in their administration of strict, swift and exact justice.

If the situation at Shanghai in regard to the courts reaches the point where some compromise on the present setup must be considered—always short of placing them under Nanking puppet régime—I suggest that an effort might be made to obtain agreement amongst the signatories of the court agreement for a temporary arrangement which would remove the courts for the time being from their status over [*under?*] Chinese Government and place them under the supervision of the provisional Municipal Council. I do not believe that it would be possible under present conditions to place the courts under the control and supervision of the foreign consuls since the latter can act only by unanimous agreement; but it is possible that in order to save the situation at Shanghai it may be possible for the consuls to reach unanimous agreement to place the courts under the provisional Municipal Council which, should it be necessary to take any action in respect to the courts, might do so by majority vote.

Sent to the Department. Repeated to Shanghai and Peiping.

GAUSS

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893.1028/2526: Telegram

*The Ambassador in China (Gauss) to the Secretary of State*

CHUNGKING, July 17, 1941—5 p. m.

[Received July 17—3 p. m.]

302. Reference Shanghai's 824, July 9, 4 p. m., and my 285, July 11, 11 a. m. The Embassy has received a third-person note from the Ministry of Foreign Affairs stating that according to report the Nanking régime is again attempting to seize the two Chinese courts

in the International Settlement and requesting that the American Government make known to the Japanese its concern in regard to the matter. The Ministry states that a similar communication has been addressed to the British Embassy.

The Embassy has informed the Ministry that the matter has been brought to the attention of the American Government.

Sent to the Department. Repeated to Shanghai, Peiping.

GAUSS

893.102S/2524 : Telegram

*The Acting Secretary of State to the Ambassador in China (Gauss)*

WASHINGTON, July 17, 1941—9 p. m.

148. Your 285, July 11, 11 a. m. and Shanghai's 824, July 9, 4 p. m., Chinese courts in the International Settlement at Shanghai. Your telegram under reference is approved and Department desires that Lockhart proceed as proposed in his telegram under reference and in accordance with the second sentence of your telegram under reference.

Sent to Chungking. Repeated to Peiping, Shanghai. Peiping please air mail to Tokyo code texts of this telegram and telegrams under reference.

WELLES

893.102S/2526 : Telegram

*The Acting Secretary of State to the Ambassador in China (Gauss)*

WASHINGTON, July 19, 1941—5 p. m.

152. Your 302, July 17, 5 p. m., Chinese courts in the International Settlement. You may, in your discretion, inform the Ministry for Foreign Affairs that the American Consulate General at Shanghai is keeping the Department and the Embassy currently informed in regard to developments affecting the Chinese courts in the International Settlement, and that the Chinese Government may be assured that the matter is receiving careful consideration by this Government. In this connection, you may wish to remind the Ministry of Foreign Affairs of the keen interest which this Government has repeatedly manifested in measures for the maintenance of efficient government, including both courts and administrative agencies, in the International Settlement at Shanghai.

Sent to Chungking. Repeated to Peiping, Shanghai.

WELLES

893.1028/2531 : Telegram

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

SHANGHAI, July 26, 1941—1 p. m.

[Received 4: 15 p. m.]

944. Department's 148, July 27 [17], 9 p. m.

1. I called personally and unofficially on Chen Kung-po at 5 p. m., yesterday at his private residence. We discussed, alone and in a free and informal manner, status of Chinese courts in the Settlement. He said that the Nanking régime 2 or 3 weeks ago had instructed him to take over the courts but that he had not done so because, among other reasons, he did not wish to use force; that he had recently talked informally with E. A. Long, Secretary of the Consular Body, on the subject and had asked Long to communicate information to me and to the British Consul General. That information was basis of my 824, July 9, 4 p. m. On Tuesday Chen said that Long had subsequently communicated to him my informal views. He then advanced views substantially in accord with those previously reported except that he made no mention of any contemplated communication to interested consular representatives on the subject of taking over the courts. He said, however, that Chungking agents had used the courts for political plotting on several occasions and that the courts were so used because they offered protection to the plotters. He confirmed that a judge (Kuo) was being detained at 76 Jessfield Road and intimated that Kuo was quite happy and contented and hoped to resume his judicial functions if the courts should pass to the control of Nanking. Chen expressed great displeasure over the fitness of the judges on the reorganized court in the French concession and said that if Nanking should take control of the courts in the International Settlement the judges would be men of integrity and proven honesty. He volunteered the information he had not spoken with the Japanese on the subject of the taking over of the Settlement courts and that they had not made any overtures to him on the subject and that he thought the court question was one entirely for solution by the Nanking government, whereupon I pointed out that seven governments were concerned (naming the governments signatory to the court agreement) and emphasized that any steps taken by Nanking arbitrarily to set aside that agreement would be ill-advised, creating displeasure on the part of the signatories to the agreement, leading to confusion and disorder in the Settlement, disrupting judicial processes now functioning satisfactorily and in general reopening acute political issues which, since the reorganization of the Council, had been noticeably absent in the press. On being asked directly for my advice I replied that by all means the *status quo* of the courts should be retained and that certainly the court signatories fully expected that there would be no



interference with the functioning of the courts. At no time in the course of the conversation, or previously, was there conveyed on my part any implication that the disposition of the courts was a matter for discussion between the Nanking régime and the interested consuls [and] emphasis was laid throughout on the need for *status quo*.

2. Chen said he would discuss the matter further with the Nanking authorities and would convey to them the substance of my observations. I came away with the feeling, the correctness of which time alone will reveal, that if Chen's left free to exercise his discretion no attempt will be made in the near future to take over the courts, this impression, however, being to [apparent omission] Japanese position in this immediate area which might impel them either to seize the courts or persuade Nanking to do so.

Sent to Department. Repeated to Chungking and Peiping.

LOCKHART

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893.102S/2553a : Telegram

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

WASHINGTON, November 1, 1941—6 p. m.

915. In order that the Department may be able to give full weight to local conditions at Shanghai in connection with problems relating to the Shanghai area, the Department desires that you report in a confidential telegram your views in regard to the local situation at present, including the question of any danger of attempted forceful encroachment from any source upon the International Settlement.

HULL

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893.102S/2554 : Telegram

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

SHANGHAI, November 9, 1941—4 p. m.

[Received November 10—7 p. m.]

1652. Department's 915, November 1, 6 p. m. In view of Mr. Lockhart's illness it is not possible to obtain his views at the present time. However, the following comments are submitted regarding the situation at Shanghai.

1. Recent political developments in the Pacific area have left a distinct impression upon Shanghai. The local economic situation has been profoundly influenced by the export restrictions and freezing measures enjoyed [*employed?*] by the United States, Great Britain and the Netherlands Indies, by the operators of the Stabilization

Board and the countermeasures taken by the Japanese authorities in the Shanghai area.

2. These developments have both directly and indirectly contributed to the establishment locally of a black market, the spectacular decline in value of Chinese national currency on that market, the phenomenal increase in the prices of all commodities, which have been influenced by black market operations, the activities of hoarders and speculators and a noticeable decline in industrial activity. The economic situation is so serious that rice riots or other disturbances may occur at any time and it is conceivable that such disturbances may be utilized by the Japanese as an excuse to take control of the International Settlement and French Concession.

3. Another factor in the local situation which deserves consideration is the steady political and economic pressure maintained by the Japanese upon the Shanghai area. Constant political pressure has been exerted upon the International Settlement with a view to gaining greater control over the Shanghai Municipal Police. Pressure has also been brought to bear upon the Inspector-General of Customs to agree to the appointment of a Japanese national as Commissioner of Customs at Shanghai. Within the past 2 months the Japanese have also instituted a number of important measures which have placed the economic life of the port more fully under their control.

Through the issuance of orders to the Shanghai Customs by the Chinese Superintendent of Customs (a Nanking appointee), the Japanese authorities have prohibited the export of Shanghai's principal export commodities.

Furthermore, the Japanese Military and Naval authorities have jointly promulgated stringent regulations, which have not yet been fully enforced, governing the movement of all commodities in the Shanghai area and the foreign trade of the port. An officer of the Japanese Consul General stated recently that these regulations might be fully enforced at any time and that there was considerable sentiment in both official and civilian Japanese circles here favoring such action immediately or the forceful seizure of the International Settlement and the French Concession. He intimated, however, that Japanese policy at Shanghai at present was one of watchful waiting and that much depended on whether American and British economic measures were intensified or relaxed. It is believed that this policy is based not only upon possible political and economic developments in the Pacific area, but also upon the purely practical consideration of the actual value of Shanghai to the Japanese at the present time.

4. In view of the fact that Japan is in complete military and naval control of the Shanghai area it is believed that encroachments from other sources are out of the question. The Nanking régime remains

completely under Japanese control and its attempts to extend its authority in connection with such matters as the Chinese courts (this question is not being pressed at the moment), the extra-Settlement roads and the collection of taxes from foreigners and Chinese within the Settlement and French Concession are dependent upon Japanese acquiescence. This is also true with respect to the Germans, of whom there has been a considerable influx in recent months. The activities of Nazi agents have greatly increased but appear to be largely confined to propaganda. It is possible, however, that with the arrival of Stahmer, newly appointed German Ambassador to Nanking, the Germans may become increasingly active in Shanghai.

5. Finally, although there have been no major military or political developments in the Shanghai area during the past month, tension and unrest in Shanghai have greatly increased because of the strained relations existing between the United States and Japan, the chaotic economic conditions prevailing in the city and steady Japanese pressure, both political and economic, upon Shanghai. Any of these factors may precipitate the seizure of Shanghai by the Japanese but it is believed that at the moment the greatest danger to the International Settlement lies in possible riots and disturbances and Japanese reaction thereto.

STANTON

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893.102S/2571

*The Chinese Ministry for Foreign Affairs to the American Embassy in China*<sup>19</sup>

[Translation]

[CHUNGKING,] November 24, 1941.

The Ministry of Foreign Affairs presents its compliments to the American Embassy and, with reference to the matter of the protection of the Second Branch of the Kiangsu High Court and the First Special District Court in Shanghai, has the honor to refer to the Ministry's third-person note of July 10,<sup>20</sup> which no doubt reached the Embassy.

The Ministry has received a report that the Japanese and puppets at Shanghai are actively scheming to take advantage of the forthcoming withdrawal of the American garrison to seize the above courts.

The Chinese Government is very grateful for the energetic protection afforded these courts by the American forces during the recent

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<sup>19</sup> Copy transmitted to the Department by the Ambassador in China (Gauss) in his despatch No. 227, November 27; received February 21, 1942.

<sup>20</sup> For substance of this note as reported to the Department by the Ambassador in China in his telegram No. 302, July 17, 5 p. m., see p. 867.

years. It is reported that after these forces are withdrawn,<sup>21</sup> their posts and protective duties will be taken over by the Shanghai Volunteer Corps. The Ministry requests the Embassy to telegraph the authorities of the International Settlement at Shanghai to station as large a number as possible of the Volunteer Corps at the Courts mentioned, reenforcing their effective protection, in order that the officials may carry on their duties in peace of mind and the foreign and Chinese inhabitants of the Settlement likewise receive the just protection of the law.

In addition to addressing a separate communication to the British Embassy, the Ministry has the honor to indite this third-person note for the information and action of the Embassy. The courtesy of a reply is also requested.

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**MEASURES TAKEN BY THE UNITED STATES FOR THE PROTECTION OF AMERICAN LIVES AND PROPERTY IN CHINA RESULTING FROM HOSTILITIES BETWEEN JAPAN AND CHINA**<sup>22</sup>

893.1163/1041 : Telegram

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

WASHINGTON, February 13, 1941—7 p. m.

106. Peiping's no. 529, December 29 [21], 1 p. m. and despatch 2995, December 30, 1940,<sup>23</sup> in regard to the withdrawal of American missionaries from Shansi Province because of the persecution of Chinese adherents.

It is assumed that you are keeping this matter in mind with a view to taking an appropriate occasion, in your discretion, of bringing it to the attention of the Japanese Foreign Minister<sup>24</sup> as another example of apparently deliberate action on the part of the Japanese military in China to interfere with American citizens and their normal legitimate activities, and that you will in due course report to the Department such conversation as you may have with the Foreign Minister on this subject.

HULL

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<sup>21</sup> For correspondence regarding the withdrawal of United States forces from China, see pp. 554 ff.

<sup>22</sup> Continued from *Foreign Relations*, 1940, vol. iv, pp. 859-912; see also *Foreign Relations*, Japan, 1931-1941, vol. i, pp. 707-726.

<sup>23</sup> Neither printed.

<sup>24</sup> Yosuke Matsuoka.

393.1163/1053 : Telegram

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

TOKYO, February 26, 1941—6 p. m.  
[Received February 27—9: 15 a. m.]

309. Department's 106, February 13, 7 p. m., withdrawal of American missionaries from Shansi Province because of the persecution of Chinese adherents.

I took this matter up with the Foreign Minister today making special representations and leaving with him a written "oral" statement describing the facts as presented by the Embassy at Peiping. The Minister said that he was strongly opposed to the procedure of the Japanese military authorities in China. He knew that the American missionaries were peaceful and sincere people and that the suspicion of the military authorities that they were guilty of espionage and of nefarious activities was generally unjustified. I appealed to the Minister to give his personal interest to this matter and he promised to take immediate steps to comply with my representations.

Sent to the Department via Peiping. By mail to Chungking, Shanghai, Tientsin.

GREW

793.94/16560

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

No. 293

SHANGHAI, February 27, 1941.

[Received April 3.]

SIR: I have the honor, with reference to my despatch No. 28 (No. 18 to Embassy), November 5, 1940,<sup>25</sup> on the above subject,<sup>26</sup> to enclose a copy of a letter that the Japanese Consul General addressed to me on February 24, 1941.<sup>25</sup>

It will be noted that the Japanese Consul General stated that an investigation has revealed that "as there was something wrong with the apparatus for holding and releasing bombs, they fell wide of the target in the vicinity of the American Embassy and the American gunboat, unfortunately". The Japanese Consul General also stated that he had been informed by the Japanese naval authorities that the Commander of the air force concerned had been advised "to take necessary steps to prevent the recurrence of similar accidents".

Respectfully yours,

FRANK P. LOCKHART

<sup>25</sup> Not printed.<sup>26</sup> "Dropping of bombs in the vicinity of the U. S. S. *Tutuila* and the American Embassy at Chungking in the course of Japanese air raid of October 25, 1940." See Ambassador Grew's representations on October 28, 1940, *Foreign Relations, Japan, 1931-1941*, vol. 1, p. 699.

793.94/16541 : Telegram

*The Consul General at Hankow (Spiker) to the Secretary of State*

HANKOW, March 27, 1941—10 a. m.

[Received March 29—9:30 a. m.]

25. The Japanese Navy and Army spokesman here told the press on March 26 that for military reasons the Yangtze River will be closed to travel by foreigners between Hankow and Shanghai in both directions for a period of from 4 to 6 weeks or more. The *Kokoku Maru* which left for Shanghai this morning and the *Hsinyo Maru*, due from Shanghai April 3 are to be the last vessels carrying foreign passengers until the end of this closed period. Eight Americans left by the *Kokoku*. Applications for passage of six others are pending.

2. There remains in this Consular District 145 Americans, of whom 20 are merchants (18 men and 2 children), 68 Protestant missionaries (23 men, 31 women and 14 children) and 57 Roman Catholic missionaries (22 men and 35 women).

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

SPIKER

793.94/16566 : Telegram

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

WASHINGTON, April 12, 1941—2 p. m.

227. Kunming's 8, April 9, 10 a. m.<sup>27</sup> Please bring emphatically to the attention of the Japanese Foreign Office in such manner as you may deem appropriate the endangering of American lives by this indiscriminate bombing of Kunming. In so doing you may wish to point out that American citizens, including American officials, reside in that city for the purpose of carrying on legitimate activities and are entitled to reside there without danger of attack by Japanese air forces. You may care also to refer to the fact that the lives of American citizens continue to be jeopardized and American citizens continue to suffer loss from such bombings notwithstanding the fact that in most cases the Japanese authorities have been given detailed information with regard to the location of American property and the residences of American citizens.<sup>28</sup>

Sent to Tokyo via Shanghai. Repeated to Chungking, Peiping.

HULL

<sup>27</sup> Not printed.

<sup>28</sup> For note dated April 14 sent by the Embassy in Japan to the Japanese Foreign Office, see *Foreign Relations, Japan, 1931-1941*, vol. I, p. 710.

793.94/16592 : Telegram

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

WASHINGTON, May 2, 1941—8 p. m.

259. Kunming's 10, April 29, 6 p. m., also your 563, April 16, 8 p. m.<sup>29</sup> in regard to previous bombing of Kunming. Department assumes that you have made or will soon make to the Japanese Foreign Office emphatic representations in regard to this latest instance in which, as a result of Japanese bombing, American lives were seriously endangered and damage was caused to the American Consulate at Kunming. You may also care to express to the appropriate Japanese authorities the view that only by chance have the continuing bombings of American properties at Kunming and elsewhere in China not recently resulted in death or injury to American citizens and that the American Government looks to the Japanese Government to take such steps as may be required to prevent further endangering of American lives and property.

Sent to Tokyo via Shanghai. Repeated to Chungking, Peiping. Chungking repeat to Kunming.

HULL

793.94/16598 : Telegram

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

Tokyo, May 7, 1941—11 a. m.

[Received May 8—5:50 a. m.]

647. Department's 259, May 2, 8 p. m., bombing of Kunming. A first person note, dated May 6,<sup>30</sup> prepared along the lines of the Department's telegram and referring to previous representations, was personally handed to the Director of the American Bureau of the Foreign Office<sup>31</sup> yesterday. This morning I made strong oral representations to the Vice Minister<sup>32</sup> and handed him a statement marked "oral"<sup>33</sup> calling attention to the fact that the Embassy has sent to the Foreign Office 5 notes in 7 months concerning the bombing of Kunming, that the attacks are indiscriminate and apparently aimed at terrorizing helpless noncombatants, and that although Americans have not been killed or injured recently such an occurrence would have serious repercussions especially at the present juncture.

The Vice Minister expressed regret and said that he would take up this matter with the competent authorities. He added that the bomb-

<sup>29</sup> Neither printed.<sup>30</sup> *Foreign Relations, Japan, 1931-1941*, vol. I, p. 711.<sup>31</sup> Taro Terasaki.<sup>32</sup> Chuichi Ohashi.<sup>33</sup> *Foreign Relations, Japan, 1931-1941*, vol. I, p. 712.

ing of Kunming was necessary to stop the shipment of American military supplies to Chungking.<sup>34</sup>

Sent to the Department via Shanghai. Shanghai please repeat to Peiping and Chungking for Kunming.

GREW

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793.94/16670 : Telegram

*The Ambassador in China (Gauss) to the Secretary of State*

CHUNGKING, June 6, 1941—noon.

[Received June 7—12:01 a. m.]

224. During air raid on Chungking between hours of 7 and 11 on evening of June 5 Japanese planes also dropped bombs on south bank, one or more of which landed about 400 yards behind Chancery while others hit sand bar on foreshore about 400 yards from residence occupied by members of Embassy staff causing slight damage from fallen plaster.

Sent to Department. Repeated to Shanghai, Peiping, Hankow. Shanghai please repeat to Tokyo.

GAUSS

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793.94/16670 : Telegram

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

WASHINGTON, June 9, 1941—8 p. m.

318. Chungking's 224, June 6, noon. The Department assumes that you will supplement your recent representations (your 771, June 5, 9 p. m.<sup>35</sup>) with a further emphatic protest against this endangering of personnel and premises of the American Embassy. You may wish to point out that any further recurrence will not comport with the assurances of the War Minister<sup>36</sup> mentioned by Mr. Matsuoka in your 781, June 6, 8 p. m.<sup>37</sup>

Sent to Tokyo via Shanghai. Repeated to Chungking, Peiping, Hankow.

HULL

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<sup>34</sup> For Ambassador Grew's further representations on May 17, see *Foreign Relations, Japan, 1931-1941*, vol. 1, p. 713.

<sup>35</sup> Not printed, but see Ambassador Grew's despatch No. 5645, June 10, together with enclosures, *ibid.*, pp. 713-715.

<sup>36</sup> Gen. Hideki Tojo.

<sup>37</sup> Not printed.



893.111/471: Telegram

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

WASHINGTON, June 12, 1941—7 p. m.

326. Peiping's 134, June 9, 3 p. m.<sup>88</sup> The Department suggests that, unless you perceive objection, you take up this matter with the Japanese Foreign Office. You may point out that this Government of course does not recognize any right of Japanese authorities in China to impose restrictions upon legitimate travel by American citizens; that the issuance of regulations of the character described in Peiping's telegram under reference at this time, long after the Japanese military occupation of places in north China, seems to be indicative of a desire and intent on the part of the Japanese to consolidate for their own exclusive benefit the control which they have exercised by military force in that region; and that this imposition of new and unwarranted restrictions does not comport with the earlier protestations of the Japanese authorities to the effect that restrictions imposed when hostilities first broke out were so imposed as merely temporary measures of military necessity. This Government believes that the Japanese authorities cannot in good faith do other than to relax rather than to increase restrictions, imposed by them or at their instance, which continue to constitute interference with the legitimate activities of American citizens.

Sent to Tokyo via Shanghai. Repeated to Peiping, Chungking, and Tientsin.

HULL

793.94/16683: Telegram

*The Ambassador in China (Gauss) to the Secretary of State*

CHUNGKING, June 16, 1941—9 a. m.

[Received 12:02 p. m.]

241. Reference my No. 240, June 15, 3 p. m.<sup>89</sup> Military Attaché in report to War Department has asserted that bombing was either criminal carelessness or deliberate attempt to bomb Embassy and gunboat. Naval Attaché concurs in this view. Planes were Japanese Navy planes.

Sent to Department. Repeated to Peiping, Hankow, and Shanghai for Tokyo which offices, however, are requested not to use this information unless so instructed by the Department.

GAUSS

<sup>88</sup> Not printed; it reported Japanese regulations requiring military permits for travel in North China. These permits replaced similar permits issued by police and other authorities.

<sup>89</sup> Not printed; it reported Japanese bombing near Embassy and gunboat *Tutuila*. For Ambassador Grew's representations, see his telegram No. 830, June 16, 9 p. m., *Foreign Relations, Japan, 1931-1941*, vol. I, p. 715.

793.94/16690 : Telegram

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

SHANGHAI, June 17, 1941—7 p. m.

[Received June 17—10:24 a. m.]

Rear Admiral Risaburo Fujita, Japanese Naval officer at Shanghai, called, in uniform and accompanied by an aide, on the American Assistant Naval Attaché, Major Williams, and read to him, on behalf of Admiral Shimada, Japanese Commander-in-Chief of the China Seas fleet, the following statement:

“It has been reported that two bombs were dropped near the American Embassy by mistake during the aerial bombardment on Chungking on 15th June and, according to the newspapers, that accordingly Military Attaché’s office was damaged.

I am instructed by Admiral Shimada to state that it is highly regrettable that such an incident took place and ask you to convey to your Ambassador that the action was wholly unintentional.”

Admiral Fujita stated that he wished to emphasize Admiral Shimada’s regret that the incident took place and asked especially that the American Ambassador be informed that the action was wholly unintentional.

Major Williams made no comment except to say that he would report the matter to me and furnish a copy of the statement for transmission to Ambassador Gauss.

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

LOCKHART

793.94/16696 : Telegram

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

WASHINGTON, June 17, 1941—8 p. m.

336. 1. Your 830, June 16, 9 p. m.<sup>40</sup> We appreciate your prompt representations to the Minister for Foreign Affairs which have the hearty approval of this Government.

2. You are authorized in your discretion to mention orally and informally to Mr. Matsuoka or other appropriate Japanese officials the opinions of the Naval and Military Attachés contained in Chungking’s 241, June 16, 9 a. m.

HULL

<sup>40</sup> *Foreign Relations, Japan, 1931-1941*, vol. I, p. 715.

893.111/474 : Telegram

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

Tokyo, June 18, 1941—6 p. m.

[Received June 20—8 a. m.]

838. Department's 326, June 12, 7 p. m. North China travel restrictions. An officer of the Embassy orally brought this matter emphatically to the attention of the Foreign Office this morning. [He was?] very precise on the unreasonable and absurd features of the new regulations when passport control (relates in detail from personal experience) is already so stringent, and when military necessity can hardly be an excuse. Feeling that a formal protest might only serve to arouse the military and prevent any favorable consideration of our viewpoint, it was suggested that the Foreign Office take up the matter in the appropriate quarter on the basis of the unreasonableness of the regulations rather than as the result of the Embassy's representations. Mention was of course made of all the points outlined in the Department's instructions by telegraph but from the standpoint of the nature of the formal protest which might be expected if such Japanese persisted in implementing the new regulations.

Sent to Department via Peiping, repeated to Chungking, Shanghai, Tientsin.

GREW

793.94/16694 : Telegram

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

Washington, June 24, 1941—8 p. m.

350. Your 842, June 19, 1 p. m.<sup>41</sup> If suitable occasion arises the Department desires that the Minister for Foreign Affairs be informed that the American naval vessel at Chungking is there in the service of the United States, that it has full right and ample reason for being there, that it is of special service to the American Embassy, and that your Government has no intention of removing it. Incidentally, it is in a place declared by responsible Japanese authorities immune from bombings. The Department must, therefore, reiterate the expectation set forth in its telegram 271 of July 16, 1940, 6 p. m.,<sup>42</sup> that the Japanese Government will issue sufficiently strict and effective instructions

<sup>41</sup> Not printed, but see telegram No. 851, June 19, 9 p. m., *Foreign Relations, Japan, 1931-1941*, vol. I, p. 717.

<sup>42</sup> *Foreign Relations, 1940*, vol. IV, p. 890.

to insure that the Embassy office and the vessel may not again be endangered by Japanese aerial operations.<sup>43</sup>

Sent to Tokyo via Shanghai. Repeated to Chungking and Peiping.  
WELLES

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893.111/476 : Telegram

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

PEIPING, June 26, 1941—1 p. m.  
[Received June 26—10:10 a. m.]

147. Peiping's 134, June 9, 3 p. m.<sup>44</sup> and Tokyo's 838, [June 18,] Japanese military travel permits. The British Embassy has informed this office that the British Embassy at Tokyo has been instructed to support the representations which have been made by the American Embassy to the Japanese Foreign Office in regard to Japanese military travel permits in North China with a view to obtaining the postponement or abandonment of such travel restrictions.

It has just been learned that the permit system is intended to apply to the United States Marines. Officers will be able to travel on the basis of additional cards which have for some time been issued to them by the Japanese military. These cards include a statement to the effect that they ordinarily eliminate the necessity for showing passport taken up in travelling between Peiping and Chinwangtao. It is practice to require the commanding officer to submit lists of enlisted men for whom permits are desired. One type of permit is valid for 6 months and the other for a specified trip only.

This Embassy believes that the American Government should insist that its marines be allowed to travel in uniform without documents as in the past between Peiping and the sea in accordance with pertinent provisions of the Boxer Protocol.<sup>45</sup> The system of travel permits is scheduled to go into effect on July 1st.

Sent to the Department, repeated to Chungking, Tokyo, Shanghai, Tientsin.

BUTRICK

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<sup>43</sup> For Ambassador Grew's oral statement on July 8 to Mr. Matsuoka, see *Foreign Relations, Japan, 1931-1941*, vol. I, p. 718.

<sup>44</sup> Not printed.

<sup>45</sup> See art. IX of protocol signed at Peking, September 7, 1901, *Foreign Relations, 1901*, Appendix (Affairs in China), pp. 312, 316.

893.111/476: Telegram

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

WASHINGTON, July 1, 1941—midnight.

367. Peiping's 147, June 26, 1 p. m. Please pursue further with the Foreign Minister as soon as practicable the question of Japanese military travel permits and inquire as to what steps have been taken by the Japanese authorities in north China to exclude American citizens in that area from the restrictions that were the subject of your representations in this connection (reference your 838, June 18, 6 p. m.). At the same time please emphasize that, in addition to the general rights of American nationals to travel freely in China, the personnel of American forces stationed in north China are expressly entitled by virtue of the provisions of Article 9 of the Boxer Protocol of 1901 to travel freely between Peiping and the sea; state that the American Government cannot under any circumstances assent to application of measures or controls which restrict or interfere with these rights; and request that the Japanese authorities in north China be appropriately and promptly instructed to this effect.

Sent to Tokyo via Shanghai. Repeated to Peiping, Chungking and Tientsin.

WELLES

893.111/480: Telegram

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

Tokyo, July 2, 1941—1 p. m.

[Received July 6—7:10 p. m.]

917. Peiping's 147, June 26, 1 p. m., North China travel restrictions. This Embassy sent to the Foreign Office a third person note dated June 30 requesting that steps be taken to remove travel restrictions on marines in uniform.

[No reply has been received?] to previous oral representations.

The British Embassy on June 30 took the matter up orally with the Foreign Office. While no reply was received, the comment of the official who was interviewed was unfavorable.

Sent to the Department via Peiping. Peiping please repeat to Tientsin, Shanghai, Chungking.

GREW

793.94/16712 : Telegram

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

WASHINGTON, July 4, 1941—2 p. m.

371. Chungking's 263, June 30, 10 a. m.<sup>46</sup> The Department desires that if this has not already been done there be filed with the Ministry of Foreign Affairs a strong protest against this latest reported instance of the imperiling of the American Embassy through bombing operations at Chungking.<sup>47</sup>

The Department regards this renewed bombing in a place so near to the Embassy premises as to cause damage to the staff residence as the more reprehensible following so soon after the assurances given in the Foreign Office note of June 18 (see your 851, June 19, 9 p. m.<sup>48</sup>).

Sent to Tokyo via Shanghai. Repeated to Chungking, Peiping.

WELLES

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893.111/481 : Telegram

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

PEIPING, July 5, 1941—4 p. m.

[Received July 6—7:02 p. m.]

156. Peiping's 147, June 26, 1 p. m. and Department's 367, July 1, midnight to Tokyo, Japanese military travel permits. The Japanese Embassy this afternoon orally informed this office that no permits will be required of marines who will travel freely in uniform as in the past.

Once the Japanese have put restrictions into effect it is difficult to have them rescinded entirely. Their Embassy is now engaged in drawing up a modified form covering diplomatic and consular officers and has sought from this office suggestions for such modifications and has been informed that the matter is the subject of representations at Tokyo and therefore this office does not feel that it can make such suggestions. Since the regulations went into effect on July 1, they have issued about 500 permits. Nine United States marines have been given special diplomatic permits issued for necessary travel on the understanding that no precedent was established.

Sent to the Department. Repeated to Chungking, Tokyo, Shanghai and Tientsin.

BUTRICK

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<sup>46</sup> Not printed.

<sup>47</sup> For Ambassador Grew's note No. 1845, July 8, see *Foreign Relations, Japan, 1931-1941*, vol. I, p. 718.

<sup>48</sup> *Ibid.*, p. 717.

893.111/482 : Telegram

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

Tokyo, July 9, 1941—8 a. m.

. [Received 6:15 p. m.]

963. Department's 367, July 1, midnight.

1. I made further representations personally to the Minister for Foreign Affairs yesterday concerning the question of Japanese military travel permits in North China and requested information as to the steps which have to be [*been*] taken by the Japanese authorities in North China to exclude American citizens travelling therein from the restrictions under reference.

2. It appears from Peiping's 156, July 5, 4 p. m., that American marines in uniform have already been exempted from the restrictions.

Sent to the Department; Info [*repeated?*] Chungking, Tientsin, Shanghai.

GREW

793.94/16750 : Telegram

*The Consul at Foochow (Rice) to the Secretary of State*

Foochow, July 18, 1941—6 p. m.

[Received July 19—9:07 a. m.]

Reference is made to my telegram dated July 16, 11 a. m.<sup>49</sup> Yesterday during an interview with Colonel Ikuta, head of the Japanese Army special service section at Foochow, I referred to the proclamation which was the subject of my telegram under reference, stated that several Americans were en route to Foochow from the interior and asked what treatment the Japanese proposed to accord to foreigners who might be encountered attempting to pass through the Japanese lines. Colonel Ikuta replied that in the absence of prior arrangements they should not be permitted to proceed and stated that he would like in specific cases to be given the names of the persons and a statement of the place and date of their proposed passage through the lines. I told him that because of inadequate communication facilities and other considerations, this might not always be possible, that the Japanese authorities would be held responsible for the lives

<sup>49</sup>Not printed; it contained the following paragraph: "Yesterday there was published by the Commander-in-Chief of the Japanese Army in Foochow a proclamation prohibiting after July 20 both travel of persons and transport of goods across a line connecting certain named points and enclosing what at present comprises the occupied portion of this consular district. It was proclaimed that persons violating this prohibition will be executed and their goods confiscated." (793.94/16743)

of Americans coming into areas under their control and that I should appreciate his arranging to have orders issued which would ensure their safety. He agreed to do so.

Sent to Peiping. Repeated to the Department, Chungking, Shanghai and Amoy. Peiping please repeat to Tokyo.

RICE

893.111/488: Telegram

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

Tokyo, July 23, 1941—11 p. m.

[Received July 25—1:05 a. m.]

1064. Embassy's 963, July 9, 8 a. m., North China restrictions. The Foreign Office yesterday handed a member of my staff a statement of which the following is a summary:

In order to minimize inconvenience to travellers, Japanese military and other authorities in North China have given consideration enforcing the regulations as smoothly as possible, and to facilitate their administration the following measures are now being taken: (1) The time required to obtain permits has been decreased to 3 days; (2) permits for short journeys are now issued valid for 3 or 4 months; (3) permits are not necessary for persons travelling direct to Peiping or Tientsin from Manchukuo, Japan, or Central China, by rail, sea, or air; (4) diplomats and similar officials receive travel certificates; (5) officers and men in uniform travel freely without permits while on duty as provided by the Boxer Protocol; if in civilian clothes they are treated similarly to diplomats.

It will be noted that no attempt is made to reply to the American contention that the Japanese authorities have no right to control the movements of American nationals in China; nor is any attempt made to defend the necessity for issuing new regulations at this time. When these omissions were pointed out, an official of the Foreign Office stated that, Japan was engaged in hostilities in China, the occupied areas were under military control and therefore it was natural for travel therein to be restricted or controlled. He said that doubtless there were restrictions in Great Britain, France and Germany. In reply he was informed that formal declarations of war had been received in Europe, which changed matters considerably. This argument was characterized as "legalistic".

Sent to the Department via Peiping. Peiping please repeat to Tientsin, Shanghai, Chungking.

GREW



740.0011 P. W./327 : Telegram

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

Tokyo, July 25, 1941—4 p. m.

[Received July 26—10:50 a. m.]

1079. Situation at Ichang. A first person note dated July 24 to the Foreign Office called attention to the situation, requested adequate protection for American lives and property, and stated that the Government of the United States expected the Japanese Government to assume responsibility for any unfortunate occurrence.

Sent to the Department via Shanghai. Shanghai please repeat to Peiping, Chungking, Hankow.

GREW

793.94/16755 : Telegram

*The Ambassador in China (Gauss) to the Secretary of State*

CHUNGKING, July 30, 1941—9:30 a. m.

[Received July 30—5:20 a. m.]

319. During air raid this morning Japanese planes dropped bomb 8 yards directly astern of *Tutuila*. No casualties to personnel. Ship's power boats badly damaged. Motor sampan cut loose from moorings and drifting down river. Apparently no underwater damage to ship.

During same raid some damage done to Embassy staff residence.

Sent to Department, repeated to Peiping, Shanghai, Hankow. Shanghai repeat urgently to Tokyo.<sup>50</sup>

GAUSS

793.94/16818

*Memorandum of Conversation, by the Acting Secretary of State*

[WASHINGTON,] July 30, 1941.

The Japanese Ambassador called to see me this morning at my request. I told the Ambassador that I had just received a message from the American Embassy in Chungking<sup>51</sup> and that by direction of the President I was giving him a copy of the message for his information.

<sup>50</sup> For representations made by the Acting Secretary of State to the Japanese Ambassador at Washington and by the Ambassador in Japan to the Japanese Minister for Foreign Affairs, see *Foreign Relations, Japan, 1931-1941*, vol. 1, pp. 719 and 720. Locally in China protests were lodged with the appropriate Japanese consular or diplomatic authorities by the Consul General at Hankow, the Counselor of Embassy in China at Peiping, and the Consul General at Shanghai (793.94/16756, 16758, 16765).

<sup>51</sup> *Supra*.

The Ambassador read the message aloud.

When he had concluded I said to the Ambassador that by direction of the President I desired to inquire through him of the Japanese Government whether any responsible officials of the Japanese Government had authorized the bombing which had so nearly destroyed American lives and which was so clearly, from the accounts rendered by American observers, deliberately undertaken. I said that I felt I must make this inquiry in view of the official assurances given this Government by the Government of Japan after the *Panay* incident<sup>52</sup> that every necessary order would be issued by the Japanese Government to prevent any recurrence of such an attack.

I stated further that I desired to inquire of the Japanese Government what measures, concrete and detailed, the Japanese Government proposed to take in order to prevent a further incident of this character.

The Japanese Ambassador asked me three or four times to repeat my inquiry until he repeated it himself correctly. He then said that he was confident that no responsible officer had authorized such an attack, which he believed was due solely to the "green" aviators and that the subordinate officers had been instructed to bomb Chungking but to take the necessary precautions to avoid danger to American lives and property. I remarked that it did not seem to me that if they had received such instructions they had paid any attention to them. I said that, as the Ambassador well knew, the gunboat and the American Embassy were on the other side of the river from Chungking and not adjacent to military objectives, and that I consequently could not accept the Ambassador's explanation.

The Ambassador then went on to say that in his judgment there were only one or two alternatives to be followed—either for the Japanese to abandon the bombing of Chungking or for the American Embassy and gunboat to withdraw to a safer place. To this I merely replied that the American Embassy and the American gunboat had been located in places which, in our judgment, were removed from the city of Chungking, and that the second of the alternatives that he mentioned was not, therefore, acceptable.

The Ambassador said that he would immediately report my message to his Government. I stated to the Ambassador that it was unnecessary for me to impress upon him, in view of the situation which unfortunately existed between the two countries, the importance of the reply which might be made by his Government to this message.

S[UMNER] W[ELLES]

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<sup>52</sup> Sinking of the U. S. S. *Panay*, by Japanese air attack December 12, 1937; see *Foreign Relations, Japan, 1931-1941*, vol. I, pp. 517-563, and *Foreign Relations, 1937*, vol. IV, pp. 485 ff.

793.94/187391

*Memorandum of Conversation, by the Acting Secretary of State*<sup>53</sup>

[WASHINGTON,] July 31, 1941.

The Japanese Ambassador called to see me this evening at his urgent request.

As soon as he had entered the room, the Ambassador took out of his pocket a piece of paper and read to me a statement. Upon the conclusion of the reading of this paper, I asked the Ambassador if he would be good enough to let me have the statement he had read as an *aide-mémoire* of the declaration he had made. The Ambassador replied that he felt unable to give me this declaration in writing but nevertheless would be glad if I would take notes from the statement as he had read it to me. He therefore handed it to me and I took notes therefrom.

The statement commenced to the effect that he was instructed by his Government to inform the President officially of the deep regret of the Japanese Government because of the bombing of the U. S. S. *Tutuila* at Chungking.

The Japanese Government desired to assure this Government that the bombing was an accident "pure and simple".

In order to make sure that no further incident of this kind would take place, the Japanese Government "has decided to suspend all bombing operations over the city area of Chungking".

The Japanese Government offers to pay full indemnity for any damage occasioned American properties immediately upon the completion of the necessary investigations.

The Japanese Government requested that its decision with regard to the suspension of bombing operations over the city area of Chungking be regarded as strictly confidential.

The statement likewise included the assertion in the name of the Ambassador himself that it was he himself who had recommended this procedure to the Japanese Government.

When I had completed making notes on this written declaration and had returned the paper to the Ambassador, I stated to the Ambassador that I would, of course, immediately submit the declaration made to the President and that I wished to express to the Ambassador personally my appreciation of the position which he had taken in the matter and of the recommendations which he had made to his Government.

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<sup>53</sup> See also telegram No. 451, August 1, 1941, 11 a. m., to the Ambassador in Japan, *Foreign Relations, Japan, 1931-1941*, vol. I, p. 722.

The Ambassador said that the situation was indeed difficult but that he wished to do everything within his power to prevent incidents between the two Governments and to make possible the preservation of friendly relations.

S[UMNER] W[ELLES]

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793.94/16766 : Telegram

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

TOKYO, August 2, 1941—9 p. m.

[Received August 2—12:23 p. m.]

1159. Department's 451, August 1, 11 a. m.<sup>54</sup> Although the successive bombings of Chungking have been carried out by Japanese naval planes, the unqualified character of the expression conveyed to you by Admiral Nomura of Japan's readiness to discontinue bombing of the Chungking area would indicate that such decision was participated in by the Army. I do not wish to exaggerate the importance of this matter, but having regard to the persistence with which the Japanese fighting services have exercised their claim to a right to carry on whatever military operations they see fit, this present recession (the first on record) from that position, admittedly involving no great sacrifice from the military point of view, would seem to be a significant indication of the present attitude of mind of Japanese military.

GREW

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793.94/16781 : Telegram

*The Ambassador in China (Gauss) to the Secretary of State*

CHUNGKING, August 11, 1941—6 p. m.

[Received August 11—2:51 p. m.]

338. Your 182, August 6, 6 p. m.<sup>55</sup> Chungking has been subjected to unusually heavy and prolonged air raids during the past 4 days. Outlying districts and the city area have been repeatedly bombed but there has been no bombing of the city area immediately opposite the Chancery and the gunboat.

GAUSS

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<sup>54</sup> *Foreign Relations, Japan, 1931-1941, vol. I, p. 722.*

<sup>55</sup> Not printed.

793.94/16787 : Telegram

*The Ambassador in China (Gauss) to the Secretary of State*

CHUNGKING, August 13, 1941—1 p. m.

[Received August 13—12: 05 p. m.]

344. Your No. 188, June [*August*] 11, 7 p. m.<sup>56</sup> From August 8, 2 p. m. to the hour of this message, Chungking has sustained a total of over 30 successive raids by Japanese navy bombers. Eight of these raids have occurred at night. Total number of bombers involved over 500 by personal observation; official count will probably be larger. All planes fly high beyond anti-aircraft fire at approximately 20 to 25 thousand feet. Each raid apparently has had definite objective, including industrial areas along both banks of the Yangtze River above and below Chungking and both banks of the Chialing River. The area of the old walled city, that is, the area immediately opposite the Embassy and the paddock has not been bombed and there has been no bombing in the so-called safety zone on the south bank, but the city area to the west of the officially walled city has been included repeatedly among objectives.

Spacing of the raids has been such as practically to immobilize all activity in and around Chungking since Friday afternoon. Embassy radio station can operate only during brief all clear intervals thus delaying receipt and despatch of all messages as well as code messages of the Navy. Details as to damage and casualties cannot be obtained at this time because of disruption of communications. So far only damage to American property is brief report just received that American Methodist Mission at Dzenkiangai in area west of the old city was damaged during raid at 1 o'clock on the morning of the 11th.

Sent to the Department. Repeated to Peiping. Shanghai repeat to Tokyo.

GAUSS

793.94/16787 : Telegram

*The Ambassador in China (Gauss) to the Secretary of State*

CHUNGKING, August 15, 1941—9 a. m.

[Received August 17—4: 50 p. m.]

347. Continuing my 344, August 13, 1 p. m. The western extramural area of Catelan [*Chungking?*] was raided by about 20 planes on afternoon of August 13. There was no raid during succeeding night presumably because of waning moon. On August 14 four waves of about 25 planes each dropped bombs on same western area, on industrial suburb across Chialing River and on highway terminus on south

<sup>56</sup> Not printed.

bank outside safety zone. The two flights which bombed western area approached city from east passing over Chancery and U. S. S. *Tutuila*.

Sent to the Department, repeated to Peiping, Shanghai. Shanghai repeat to Tokyo.

GAUSS

393.1163 Am 3/626

*The Consul General at Canton (Myers) to the Secretary of State*

No. 293

CANTON, August 18, 1941.

[Received September 23.]

SIR: I have the honor to inform the Department that this office has received from Bishop A. J. Paschang of the American Catholic (Maryknoll) Mission at Kongmoon, Kwangtung, who has just returned from a tour of the missions under his jurisdiction, an account of incidents involving the missions at Chekkai, Toishan City and Yeungkong, Kwangtung, during the landing of Japanese forces along the Kwangtung coast the first week in March 1941.\* Also included in the letter, a copy of which is enclosed,<sup>57</sup> was a report of an incident which occurred at the Mission on Sancian Island, Kwangtung, on March 22, 1941.

It will be noted that according to the report groups of soldiers entered the mission buildings at Toishan City at all hours, breaking locks and ransacking. The American flag over the door and a bicycle were taken away by one group but later returned. When the priest in charge caught two soldiers creating a disturbance in the hospital, one of them gave him several blows on the head and the two soldiers then departed. One party of soldiers forced the priest to open his safe and hand over his money. Another group forced him to sign a paper stating that he would make no protest against the actions of the soldiers in the mission. The priest was unable to get in touch with responsible Japanese officers to have the violations of the mission stopped.

At Yeungkong, although the mission was clearly marked with American flags, one group of soldiers after another invaded the premises and roamed through the buildings. Several articles were taken but later returned. One soldier asked the priest in charge if he was American. When the priest replied that he was, the soldier remarked, "All Americans are spies", and struck him on the jaw. One party of soldiers entering the convent claimed that one of the American sisters had a gun hidden in her clothing and ordered her to disrobe. When she refused they tried to use force. Noise caused by the struggle

\* Despatch no. 255, April 30, 1941, entitled "Japanese Invasion of Southwest Coast of Kwangtung." [Footnote in the original; despatch not printed.]

<sup>57</sup> Not printed.

attracted other members of the mission, and the soldiers eventually departed. All attempts to have the soldiers abstain from such outrageous acts were in vain until several days after the invasion, when officers posted notices at the mission entrances warning soldiers to keep out.

The Bishop also reported that on March 22, 1941 a small Japanese ship anchored off Sancian Island and two soldiers, one evidently an officer, came ashore and complained insolently to Father John H. Joyce, in charge of the mission at that place, that no one had come to meet them. The report continues:

"They then went to search a nearby village and found an old rifle and some cartridges. They came back to the mission with the gun and the one who carried it gestured angrily to Father Joyce to back away a few steps, and said in English: 'Kill! Kill!' Father Joyce walked back a few steps, then turned to face the Japanese. Meanwhile, several other Japanese from the gunboat had come to the mission, among them an officer in blue uniform with three red stripes on his arm. This officer made no attempt to stop the other, but busied himself taking pictures of the church, while the other loaded the gun and fired it at Father Joyce. Fortunately, he missed by an inch or two, whether intentionally or not. Then the Japanese all departed from the mission. Later, the officer in blue uniform returned and wrote on a piece of paper that he was sorry, but he couldn't prevent his underling from firing the gun."

There is enclosed a copy of my letter of August 13, 1941 to the Japanese Consul General<sup>58</sup> protesting against the above-reported actions and requesting that the cases be brought to the attention of responsible Japanese authorities with a view to the prevention of such outrages in future. I have also written Bishop Paschang urging that should such incidents occur in future they be reported to this office without delay.

#### *Summary*

According to a report from the Bishop in charge, Japanese soldiers during the month of March 1941 invaded several missions in the Kongmoon Vicariate of the American Catholic Mission, committing acts of violence against American missionaries, both male and female, and looting property belonging to the missions. This office has protested to the Japanese Consul General against these acts and requested that these cases be brought to the attention of responsible Japanese authorities with a view to the prevention of such outrages in future.<sup>59</sup> Bishop Paschang has been requested to report such incidents promptly to this office in future.

Respectfully yours,

M. S. MYERS

<sup>58</sup> Not printed.

<sup>59</sup> The Japanese Consul General in a letter dated November 11 denied that Japanese forces committed the acts reported (393.1163 Am 3/645).

393.1163/1119 : Telegram

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

WASHINGTON, August 20, 1941—5 p. m.

516. Peiping's despatch no. 43, June 21, 1941,<sup>60</sup> reported Japanese trespass on American property at Tsining, Shantung, removal of an American flag therefrom, and the looting thereof.

The Department suggests that the Embassy place on record with the Foreign Office our view that the Japanese Consul General's reply of June 12, 1941 to the American Vice Consul at Tsinan<sup>60</sup> is unsatisfactory and request that the Foreign Office cause a further investigation and report on the incident to be made.

Sent to Tokyo via Shanghai. Repeated to Chungking and Peiping. Peiping please forward code text to Tsinan by mail.

HULL

393.1115(M)/10 : Telegram

*The Consul at Mukden (Krentz) to the Secretary of State*

MUKDEN, August 21, 1941—11 a. m.

[Received August 23—3:04 p. m.]

61. Reference is made to my 58, August 18, 7 p. m.<sup>60</sup> It has been apparent from the beginning of present difficulties experienced by foreigners in Manchuria, notably Americans and British, that the underlying cause was a resurgence of anti-foreignism and that this resurgence was due to a recrudescence of military control over the civil authorities. The latter have since my arrival here consistently indicated a lack of desire to agitate the issues of nonrecognition and extraterritoriality. So long as the military element was quiescent the authorities although of course pursuing their course of steady elimination of all non-Japanese enterprise and privilege were nevertheless disposed to be pleasant and reasonable in the adjustment of difficulties and showed no disposition toward authorizing personal persecution of foreigners now everywhere evident.

During my last visit to Hsinking (see my 25, July 21, 3 p. m.<sup>61</sup>) and since I have been much impressed by numerous tacit admissions by high civil officers that the military now control all decisions. There has been some embarrassment but practically no attempt to conceal the obvious fact. As an example the authorities several times in the past gave the Chi Tung Tobacco Company to understand that their British and American staffs here would be permitted to carry on

<sup>60</sup> Not printed.<sup>61</sup> Not found in Department files.



without molestation whatever the situation between the United States and Japan might be. (Chi Tung of course is the best revenue producer for the Government in Manchuria.) The Vice Minister of Finance the other day conveyed to the Company that the civil authorities were still of the same mind but as the army had now intervened the Ministry feared that it now might be in a position to carry out its policy.

I am convinced that the military had embarked upon the present policy towards foreigners prior to the American freezing order ([see my?] July 21, 3 p. m.) and that many of the actions being taken in the name of freezing were in prospect in any event. The freezing situation merely offers a fortuitous cover for the activities. I am of the opinion that if the radical element of the Kwantung army is not already in control that it is exercising at least a major influence.

If the foregoing appraisals are correct it must follow that the position of Americans will continue to worsen. Although the presence of consular officers here may serve for the present to ameliorate conditions and perhaps through our contacts with friendly civil officers somewhat modify harsh decisions it is apparent that our influence will not basically improve conditions, especially as there is ample evidence that we ourselves are to be subjected to increasing pressure and restriction probably to a point nullifying our official status.

KRENTZ

793.94/16789

*Memorandum by the Adviser on Political Relations (Hornbeck)* <sup>63</sup>

[WASHINGTON,] September 8, 1941.

In a telegram which the Tokyo Embassy sent us on August 14, 1941,<sup>64</sup> the Embassy reported that the Chief of the American Section of the Japanese Foreign Office had stated to Mr. Dooman <sup>65</sup> that we [the American Government] "must be aware of the Japanese doctrine of the Imperial Command and that it is a serious thing for the Japanese Government to give any foreign government an undertaking which would restrict freedom of operation of the Japanese armed forces."

In context, the implication of that statement is that, an implied promise having been given to us by Admiral Nomura on behalf of the Foreign Office <sup>66</sup> that Japanese armed forces would desist from bomb-

<sup>63</sup> Noted by the Secretary of State.

<sup>64</sup> *Foreign Relations, Japan, 1931-1941*, vol. I, p. 725.

<sup>65</sup> Eugene H. Dooman, Counselor of Embassy in Japan.

<sup>66</sup> See memorandum by the Acting Secretary of State, July 31, p. 888.

ing some part of Chungking for some time, which assurance, if observed, would restrict the freedom of operation of the Japanese armed forces, the Japanese Army or Navy had taken offense and had called the Japanese Foreign Office to account, and that the Japanese Foreign Office felt compelled to call our attention to "the Japanese doctrine of the Imperial Command". This indicates that we need to be on guard against placing any too great confidence in any pledges that may be made by the Japanese Foreign Office or even by the Premier himself regarding courses to be pursued or not to be pursued by the Japanese armed forces unless the Japanese Army and Navy associate themselves *expressly* and to our certain knowledge with the said pledges.

S[TANLEY] K. H[ORNBECK]

393.1115(M)/19 : Telegram

*The Consul at Mukden (Krentz) to the Secretary of State*

MUKDEN, September 11, 1941—6 p. m.

[Received September 11—4: 50 p. m.]

79. Treatment of Americans. A representative of the American Catholic Mission at Fushun today called at the Consulate General and reported:

1. In the past few weeks the attitude of local authorities has become markedly hostile.

2. The police instructed the mission to close at once three out stations near Fushun. The mission complied but requested a reason for the action, i. e., whether religious, because of freezing regulations or other reason. It was told that no reasons would be given—the stations were ordered closed.

3. Through police calls at students' homes, 110 out of 130 Chinese students in a primary school operated by the Mission were intimidated into discontinuing attendance. The police then called at the Mission and stated that as it was obvious that Manchurians did not want to attend the school it "had better" close down. No action has yet been taken in this regard.

4. The Catholic Mission is located in the part of the town incorporated as the City of Fushun (Shih). Another part of the town is under Hsien Government. Americans at the Mission are required to obtain permits to go from the one part of town to the other and may obtain such permits only on days set aside for foreigners travel (1st, 11th, and 21st. of each month); this appears to be the *reductio ad absurdum* in restriction on foreigners.

5. Early in August a Japanese detective who has been very friendly to the members of the Mission called privately to warn them that they should be very circumspect in all ways as the police had received orders from Hsinking to treat Americans more severely and would undoubtedly take advantage of any opportunity offered (see my 61, August 21, 11 a. m.).

I am taking no action on these matters for time being at the Mission's request inasmuch as the Bishop intends to come to Mukden on the next permitted day (September 21) to discuss with me the whole position and the future of the Mission in Manchuria.

Sent to Peiping. Repeated to Tokyo. Mail to Harbin, Dairen.

KRENTZ

393.1163 Am 3/626 : Telegram

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

WASHINGTON, September 29, 1941—11 p. m.

627. Canton's despatch no. 293, August 18, Japanese acts of violence against American Catholic missionaries. The Department desires that, unless it perceives objections, the Embassy make appropriate representations to the Foreign Office regarding the incidents mentioned in the despatch under reference.

Sent to Tokyo via Peiping. Repeated to Chungking and Canton.

HULL

393.1163 Am 3/630 : Telegram

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

TOKYO, October 6, 1941—7 p. m.

[Received October 9—3:27 a. m.]

1576. Department's 627, September 29, 11 a. m. [*p. m.*] Japanese violent attack against American Catholic Missionaries in Kwangtung. After preparing a strongly worded first person note dated October 3, enclosing with it a copy of most of Bishop Paschang's letter dated August 5 to the American Consul General at Canton, I sent directly to the Foreign Office with a personal letter referring to his expressed wish to have such cases brought to his personal attention, and asking his intercession in preventing future similar incidents. See my telegram no. 1249 dated August [15, 10 p. m.]<sup>67</sup> and despatch no. 5791, of August 18.<sup>68</sup>

Sent to the Department via Peiping. Peiping please repeat to Chungking and Canton.

GREW

<sup>67</sup> Not printed, but see Ambassador Grew's memorandum of August 15, *Foreign Relations, Japan, 1931-1941*, vol. I, p. 911.

<sup>68</sup> Not printed; for its enclosures, dated August 15 and 16, see *ibid.*, pp. 911 and 913.

893.111/508 : Telegram

*The Second Secretary of Embassy in China (Paxton) to the Secretary of State*

NANKING, October 8, 1941—4 p. m.  
[Received October 9—11 : 13 a. m.]

70. It is reported that officials of Governments which have recognized the Wang régime<sup>69</sup> are soon to receive passes indefinitely valid for travel anywhere in Japanese occupied territory. Baggage inspection is to be waived for them.

Travel passes are to be issued to non-official nationals of these countries indefinitely valid for specified areas permitting transportation of any articles not prohibited in the case of Japanese subjects.

No change in the treatment accorded Americans or nationals of other non-recognizing Governments as regards travel in this area has been reported or seems to be in contemplation as yet.

Sent to the Department, repeated to Chungking, Peiping and Shanghai, by mail to Tokyo.

PAXTON

393.1163/1161 : Telegram

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

TOKYO, October 16, 1941—5 p. m.  
[Received October 18—2 : 47 p. m.]

1641. Embassy's despatch No. 5403, February 28, 1941,<sup>70</sup> withdrawal of missionaries from Shansi. A reply to our representations has been received from the Foreign Office in the form of a *note verbale* dated October 7, 1941 which is summarized.

Pressure was not used against Chinese believers in Taiyuan or elsewhere in Shansi in order to bring about the withdrawal of American missionaries. However, the Japanese gendarmes found it necessary in some instances to take into custody Chinese mission workers who organized anti-Japanese and Communist groups under the protection of American missionary organizations; this was necessary for self protection and the maintenance of peace and order. The Americans who withdrew from the places named stated that they did so on the advice of American Consuls. End of summary.

Sent to the Department via Peiping. Peiping please repeat to Chungking, Tientsin.

GREW

<sup>69</sup> Japanese-sponsored "government" at Nanking.

<sup>70</sup> Not printed.

124.931/618

*The Ambassador in China (Gauss) to the Secretary of State*

No. 197

CHUNGKING, November 1, 1941.

[Received November 21.]

SIR: I have the honor to refer to my telegram number 430 dated October 31, 12 noon, in reply to the Department's telegram number 240, dated October 11, 5 p. m.<sup>71</sup> and to report the following details regarding the damage sustained as a result of Japanese bombing to American owned real property used as an Embassy staff residence.

The damage to the house in question occurred on the morning of July 30, 1941, when Japanese planes bombed the village of Haitangchi on the south bank of the Yangtze river immediately outside the so called safety zone. The Embassy staff residence is located less than half a mile from where the bombs were dropped.

The concussion from the explosion knocked plaster off the ceilings in two bed rooms, caused part of a roof over a sleeping porch to collapse, blew out a section of a wall between the dining room and pantry and broke glass window panes.

The contractor who inspected the damage gave an estimate of \$1,800 (Chinese national currency), which is equivalent to US\$95.65 at the official rate, as the cost for making the necessary repairs. In as much as prices are rising so rapidly in Chungking the contractor stated that no guarantee can be given that the work can be done for that price at some subsequent date.

Respectfully yours,

C. E. GAUSS

393.1121/104

*Memorandum of Conversation, by Mr. Joseph W. Ballantine*<sup>72</sup>

[WASHINGTON,] November 7, 1941.

Participants: Admiral Kichisaburo Nomura, Japanese Ambassador  
Mr. Kaname Wakasugi, Japanese Minister  
Mr. Hull; Mr. Ballantine.

In handing to the Japanese Ambassador the ribbon copy of the attached oral statement, the Secretary observed that this Government had not released to the press information concerning this case; <sup>72a</sup> that public discussion of the case cannot but add to the difficulties in relations between Japan and the United States; and that the Government

<sup>71</sup> Neither printed.<sup>72</sup> Mr. Ballantine, appointed Consul General at Ottawa on October 23, was a Foreign Service officer detailed to the Department on special consultation since February. Prior to that he was Assistant Chief of the Division of Far Eastern Affairs, and his appointment as Counselor of Embassy in China on February 28 was canceled.<sup>72a</sup> "Detention and Removal to Antung for Questioning in Criminal Proceedings of Reverend Bruce F. Hunt and Dr. and Mrs. Roy M. Byram, American citizens in Harbin."

of the United States hopes that the Japanese Government will take speedy measures in regard to the matter. The Secretary also referred to the contrast between the attitude of the Manchurian authorities in dealing with this case and the liberal attitude this Government had shown in disposing of the espionage case last summer involving three Japanese naval officers.<sup>73</sup>

In reply the Ambassador stated that if the Japanese *gendarmarie* in Manchuria was handling the case the Japanese Government would issue appropriate instructions to the *gendarmarie* but if the case was in the hands of the Manchukuo authorities the Japanese Government would take up the question with the Manchukuo Government.

[Enclosure]

#### ORAL STATEMENT

On October 22 three American missionaries, the Reverend Bruce F. Hunt and Dr. and Mrs. Roy M. Byram, received written orders from the Public Procurator to proceed to the Public Procurator's Office at Harbin for questioning. Early in October the missionaries were informally taken to that office and questioned about their viewpoints concerning obeisance by Koreans at shrines to the Sun Goddess Amaterasu. At the same time the houses of the missionaries were searched and photographs and Korean language papers were taken from those houses. The questioning of the missionaries was apparently related to some criminal proceedings involving Korean Christian converts taking place in the Antung district court.

Having proceeded to the Public Procurator's Office in compliance with the written order above-mentioned, the missionaries were detained overnight by the police in the Harbin police building. The American Consul thereupon took up the question of their detention with the delegate at Harbin of the Hsinking Foreign Office and requested that the latter cause the police to release the missionaries. However, the police insisted on detaining the missionaries and went so far as to keep them incommunicado. On October 26 representatives of the Department of Police Affairs of Antung Province removed the missionaries to Antung, some 500 miles distant, presumably for further questioning, although the exact purpose of their forced trip has not been disclosed.

Although the American Consul at Harbin last week again made representations to the local authorities that the detained American citizens be released, and although the American Ambassador in Japan has requested that the Foreign Office in Tokyo cause the release of these Americans, the latter are still being held by the Manchurian police at Antung.

<sup>73</sup> See vol. iv, pp. 266-267, 272-274, 282-283, 294-296, and 506-507.

393.1115/5039 : Telegram

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

WASHINGTON, November 15, 1941—6 p. m.

743. Tsingtao's October 24, 10 a. m.,<sup>74</sup> and subsequent telegrams, to Peiping, striking of Sister Turibia by a Japanese national. The Department desires that, in your discretion, you make appropriate representations to the Foreign Office in regard to this unwarranted assault of an American citizen by a Japanese national. It is suggested that your representations might, in substance, request that an investigation be made and that you be informed of the results thereof; that you be informed as to what steps have been taken to punish the Japanese who committed the assault; and that effective measures be taken to prevent the recurrence of such incidents.<sup>75</sup>

Sent to Tokyo via Peiping. Repeated to Tsingtao.

HULL

393.1121/98

*Memorandum of Conversation, by Mr. William R. Langdon of the Division of Far Eastern Affairs*<sup>76</sup>

[WASHINGTON,] November 17, 1941.

Subject: Detention and removal to Antung for questioning of Reverend Bruce F. Hunt and Dr. and Mrs. Roy M. Byram, American citizens in Harbin.

Mr. Iguchi<sup>77</sup> today called at his request to supplement the information contained in the attached oral statement replying to the oral statement concerning the above-captioned case handed to the Japanese Ambassador on November 7 by the Secretary.

Mr. Iguchi stated that the Japanese Embassy at Hsinking had informed the Foreign Office in Tokyo that the case of the three missionaries would be disposed of in the same manner as the case of the twelve missionaries in Korea involved in the so-called Prayer Circular Case, that is, by deportation.

Mr. Langdon inquired whether the missionaries were still being detained at Antung. Mr. Iguchi replied that his telegram from Tokyo had not made this clear. Mr. Langdon said that the release of the missionaries was the matter in which this Government was immediately interested. Mr. Iguchi then said that he realized this and

<sup>74</sup> Not printed.<sup>75</sup> Ambassador Grew reported on November 14 that representations had been made (393.1115/5072).<sup>76</sup> Initialed by the Chief of the Division (Hamilton).<sup>77</sup> Sadao Iguchi, Counselor of Japanese Embassy.

that he would telegraph today to Tokyo to find out about the matter and urge immediate release if the missionaries were still held.

Mr. Langdon inquired whether this case was being disposed of by formal judicial proceedings in disregard of United States jurisdiction over American citizens in Manchuria. Mr. Iguchi replied that the procedure was informal in his opinion. Mr. Langdon said that we would in that case expect that the missionaries would be allowed to leave Manchuria voluntarily and at their convenience, and of course from Harbin after having had every opportunity to pack their effects and settle their affairs.

Mr. Langdon pointed out, with respect to the question of leaving voluntarily, that the departure of the three Americans would have to be voluntary in fact, as the United States Government had no power to compel them to leave Manchuria in the absence of proof of guilt and as a very disagreeable situation would arise in our relations with Japan if the missionaries were forcibly deported by the local authorities. The question of departure, Mr. Langdon added, was one for the mission boards and the persons involved to decide.

[Annex]

ORAL [STATEMENT]

Reference is made to the oral statement of November 7, 1941, concerning the treatment of three American missionaries in Manchoukuo, and in reply to a telegraphic despatch from this Embassy to the Ministry of Foreign Affairs in Tokyo, the following information has been received:

"Three American missionaries were detained by the authorities of Manchoukuo in Harbin on October 22 for violation of the law for the maintenance of public peace. In Manchoukuo these missionaries preached to Korean Christian converts to revolutionize Japan and Manchoukuo and advocated non-attendance at shrines, and also organized a secret religious society there.

"The authorities of Manchoukuo have, therefore, decided that they shall leave Manchoukuo."

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393.1163 Am 3/641 : Telegram

*The Consul at Tsinan (Hawthorne) to the Secretary of State*

TSINAN, November 26, 1941—noon.

[Received December 3—6: 24 a. m.]

Referring to my despatch No. 322 of March 11,<sup>78</sup> third paragraph, Catholic Bishop of Tsinan was yesterday assured by senior Japanese

<sup>78</sup> Not found in Department files.



general here, upon approaching the latter concerning the question, that American Catholic missionaries would not be interned and would be permitted to continue their work in the event of war between the United States and Japan.

By mail to Peiping in code. Sent to the Department, repeated to Chungking. Code text by air mail to Tokyo.

HAWTHORNE

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393.1121/97

*Memorandum of Conversation, by Mr. William R. Langdon of the  
Division of Far Eastern Affairs*

[WASHINGTON,] November 27, 1941.

I called up Mr. Iguchi to ask whether he knew if the Byrams and Hunt had been released. He said he didn't know but would cable tonight to find out. I said we would appreciate not only his cabling but his urging his Govt to bring about the release of the missionaries, it being three weeks now since "Manchukuo" said it would release the missionaries and let them leave the country. Iguchi then asked whether we had urged the mission boards to recall the missionaries on home leave or otherwise, (suggesting in my mind that "Manchukuo" is holding the missionaries until they receive orders from the mission boards to leave Manchuria and make some declaration about leaving). I replied that we had not made any such request to the mission boards, as we could not be parties to the recall of, so far as we knew, innocent persons. I stated, however, that we had communicated all we knew of the case to the boards so they could make their own decision. I asked Mr. Iguchi why his side was making an issue of such a small matter and bothering about such little details when we were cutting red tape right and left to accommodate the Japanese Government, cabling about special treatment of Japanese holders of re-entry permits, licensing special accounts for the Japanese consuls to finance the expenses of the *Tatuta Maru* at Los Angeles, Balboa, and Honolulu, shortening the time required for aliens to obtain exit permits in the case of Japanese planning to leave on the *Tatuta Maru*, etc. Mr. Iguchi said he understood and that the Embassy was doing its best in the Byrams-Hunt case, but that the case was a "Manchukuo" matter and that the Japanese Government was only in the position of a mediator, etc.

W[ILLIAM] R. L[ANGDON]

393.1163/1176: Telegram

*The Consul at Tsinan (Hawthorne) to the Secretary of State*

TSINAN, November 29, 1941—9 a. m.  
[Received November 30—3:45 a. m.]

My November 26, noon. Japanese speaking German priest who acts as liaison between Catholic Church in Shantung and Japanese military yesterday mentioned to Japanese Vice Consul Japanese General's assurance that American Catholics would be permitted to carry on work even in the event of war and inquired what would be the lot of American and British Protestant missionaries, particularly those connected with Cheeloo University and Cheeloo Hospital, in such an event. The Vice Consul replied, according to the priest, that the Protestants would receive no less favorable treatment than the Catholics.

Sent to the Department, repeated to Chungking. Code text by air mail to Tokyo.

HAWTHORNE

893.00/14825: Telegram

*The Second Secretary of Embassy in China (Paxton) to the Secretary of State*

NANKING, November 29, 1941—1 p. m.  
[Received December 1—1:47 a. m.]

79. On November 17 the Japanese Consulate General informed this office by telephone that "third party interests" in Nanking were being turned over to the local Chinese authorities. Several inquiries of the "Foreign Office" have elicited the information that "something of the kind" was in process in connection with protection of property but no details have yet been received.

Sent to the Department, repeated to Chungking, Peiping, and Shanghai. By mail to Tokyo.

PAXTON

393.1121/102: Telegram

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

TOKYO, December 2, 1941—11 a. m.  
[Received December 7—1:36 a. m.]

1876. Department's 778, November 25, 9 a. m. [*p. m.*]<sup>80</sup> (received November 30), detention of Byrams and Hunt. On December 1 fur-

<sup>80</sup> Not printed.

ther oral representations were made to the Foreign Office along the lines of the Department's oral statement and related remarks to the Counselor of the Japanese Embassy at Washington. This morning an "oral statement" was received by messenger from the Foreign Office which is translated as follows:

"According to a report received by the Foreign Office concerning the case of Mr. and Mrs. Byram and Mr. Hunt they are to be added [*treated?*] 'in the light of the laws of Manchukuo['] with reference to their early trials and their examination is now in progress. It has also been reported that efforts are being made on the part of Manchukuo for the prompt disposition of the case and that such disposition is expected to be completed about the middle of December."

The Embassy will continue its efforts to bring about the early release of the arrested Americans. It is felt that too great an emphasis at the present time on the extraterritorial features of this case would only serve to delay action.

Peiping, please repeat to Harbin and Mukden. Sent to the Department, repeated to Chungking, Mukden, Harbin.

GREW

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393.1164/352 : Telegram

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

PEIPING, December 3, 1941—5 p. m.  
[Received December 7—12:58 a. m.]

382. Reliably informed Japanese making plans to operate P. U. M. C.<sup>81</sup> and Yenching<sup>82</sup> under Foreign Office [upon] outbreak hostilities United States.

Sent to the Department, repeated to Chungking.

BUTRICK

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393.1115/5072 : Telegram

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

WASHINGTON, December 6, 1941—7 p. m.

232. Your 356, November 22, 10 a. m. and 359, November 23, 11 a. m.,<sup>83</sup> striking of Sister Turibia. In view of the hope expressed by

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<sup>81</sup> Peking Union Medical College, Peiping.

<sup>82</sup> Yenching University, Peiping.

<sup>83</sup> Neither printed.

the Foreign Office, as reported in Tokyo's 1803, November 14, 8 p. m.,<sup>84</sup> that the case of Sister Turibia could be settled locally, and of the recommendation contained in Tsingtao's November 23, 10 a. m. to Tokyo,<sup>84</sup> that further representations be deferred temporarily, the Department suggests that you withhold further representations for the time being. If however, no progress appears to have been made in the local settlement of this case within a reasonable time, you are authorized, in your discretion, to make supplementary representations along the lines suggested in the Department's no. 743, November 15, 6 p. m. to Tokyo.

Sent to Peiping. Repeated to Chungking and Tsingtao. Peiping please mail code text to Tokyo.

HULL

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393.1163 M 56/358

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

No. 6011

TOKYO, January 12, 1942.

[Received August 26.]

SIR: With reference to the Embassy's telegram to the Department No. 1728 of November 1, 3 p. m. (1941),<sup>84</sup> stating that representations had been made with respect to damage inflicted by Japanese armed forces on the property of the American Methodist Mission at various places in Fukien Province, China, I have the honor to enclose, for the record, a translation of a communication from the Japanese Foreign Office dated December 4, 1941,<sup>84</sup> requesting sketch maps showing the exact locations of the damaged properties. War broke out between the United States and Japan before the Embassy could take action in the matter.

Respectfully yours,

JOSEPH C. GREW

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<sup>84</sup> Not printed.

**CHINA**

(See volume IV, index; and *ante*, pp. 454-905.)

## JAPAN

### TERMINATION BY JAPAN OF THE 1911 FOUR-POWER CONVENTION ON FUR SEALS IN THE NORTH PACIFIC; JAPANESE PROPOSALS FOR NEW AGREEMENT<sup>1</sup>

711.417/1093 : Telegram

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

WASHINGTON, March 13, 1941—3 p. m.

164. Department's 457, November 8, 4 p. m.,<sup>2</sup> Embassy's despatch no. 5207, December 12, 1940,<sup>3</sup> and previous.

Unless you perceive objection, please convey to the Foreign Office in a formal note the following and telegraph the text of any reply received:

The appropriate authorities of the Government of the United States have given careful consideration to the views of the Japanese Government as set forth in communications addressed to the Embassy by the Minister of Foreign Affairs<sup>4</sup> with regard to the Japanese Government's notice of abrogation of the Fur Seal Convention concluded in 1911.<sup>5</sup> The general views of my Government with reference to this matter, together with certain conclusions and suggestions, are now offered for the consideration of the Japanese Government.

From the substance of the oral statement made to the American Ambassador by the Vice Minister of Foreign Affairs<sup>6</sup> under date October 23, 1940,<sup>7</sup> it is understood that the Japanese Government's desire to abrogate the Fur Seal Convention is based on the grounds that the fur seal herds in the North Pacific Ocean have so increased in size as to result in both direct and indirect damage of a serious nature to the fishing industry, and that the Convention leaves entirely out of consideration the injury caused to the fishing industry. From the Foreign Office's note of October 23, 1940,<sup>8</sup> my Government observes that the Japanese Government while giving notice of abrogation of the Fur Seal Convention, "continues to be concerned with the preservation and protection on a reasonable basis of seals in the North Pacific Ocean" and is "prepared to conclude a new agreement on the basis of fundamental principles" which the Japanese Government has set

<sup>1</sup> For previous correspondence, see *Foreign Relations*, 1940, vol. iv, pp. 984 ff.

<sup>2</sup> *Ibid.*, p. 987.

<sup>3</sup> Not printed.

<sup>4</sup> Yosuke Matsuoka.

<sup>5</sup> Signed at Washington, July 7, 1911, *Foreign Relations*, 1911, p. 260.

<sup>6</sup> Chuichi Ohashi.

<sup>7</sup> See telegram No. 1040, October 24, 1940, 10 a. m., from the Ambassador in Japan, *Foreign Relations*, 1940, vol. iv, p. 984.

<sup>8</sup> See telegram No. 1051, October 25, 1940, 11 a. m., from the Ambassador in Japan, *ibid.*, p. 986.

forth. The Ministry of Foreign Affairs indicates, *inter alia*, in its note to the Embassy of December 2, 1940<sup>9</sup> that "when a concurrence of views among the several parties to the Convention has been obtained in the matter of using the already proposed new principles for agreement as a basis for consideration" it is expected that arrangements will be made to hold a conference for the purpose of concluding a new fur seal agreement.

It has been noted with satisfaction that the Japanese Government is desirous of seeing the protection and preservation of fur seals continued. My Government on its part recognizes the vital importance of maintaining a conservation arrangement with respect to the fur seal herds in the North Pacific, and it regards the beneficial effects of the present Convention as outstanding in the field of conservation in that the Convention has effectively served to eliminate wasteful, uneconomic, and inhumane practices which prevailed prior to its conclusion in 1911.

Having carefully examined the proposals of the Japanese Government, my Government notes, with especial reference to the particular principles numbered 1 and 3 in the memorandum<sup>10</sup> attached to the Japanese Government's notice of abrogation, that two main questions are raised with respect to the holding of a conference for the purpose of concluding a new fur seal agreement: First, whether the several parties to the Convention are willing to consent to a return to the practice of pelagic sealing; and second, whether the idea of reducing the size of the fur seal herds in the North Pacific Ocean to the figure proposed by the Japanese Government is practicable from the standpoint of conservation and wise utilization of the commercial products of the fur seals.

With regard to the suggestion of the Japanese Government that the size of the fur seal herds in the North Pacific Ocean be reduced, the most efficient and economical method of accomplishing this purpose and the method most consonant with the aims of conservation would appear to my Government to be the taking of seals on land rather than at sea, as the latter method practically eliminates the possibility of selective killing. My Government is convinced that a return to pelagic sealing is highly undesirable and that the setting of a standard of size for the seal herds without first making careful scientific study of the matter might in the long run be against the best interests of all parties to the Convention. It may be observed in this connection that my Government has not been aware of the existence of a situation with respect to the relation of the seal herds to the fisheries such as that mentioned by the Japanese Government. The evidence in the possession of the American authorities indicates that the American fur seal herd does not frequent the waters of the Asiatic coast, but instead remain in the general area of the Pacific Ocean adjacent to the North American continent. Further, those authorities have not found that the fur seals feed upon salmon or other commercial species of fish to any appreciable extent but rather that the food of the seals consists chiefly of non-commercial species of fish and other marine matter of little or no economic importance.

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<sup>9</sup> See telegram No. 1281, December 6, 1940, 2 p. m., from the Ambassador in Japan, *Foreign Relations*, 1940, vol. iv, p. 992.

<sup>10</sup> See telegram No. 1051, October 25, 1940, 11 a. m., *ibid.*, p. 986.

In view of the foregoing, the Government of the United States anticipates that if a conference of the Convention powers were to be held, a considerable time would be required to make the necessary study and inquiry into the questions which the Japanese proposals raise. However, my Government, animated by a desire to bring about an adjustment of the situation which has arisen, offers for the consideration of the Japanese Government a procedure as follows:

1. Taking cognizance of the views expressed by the Japanese Government in respect to the fur seal situation, the responsible American authorities are prepared, beginning with the sealing season of 1941, to increase the take of fur seals on the Pribilof Islands in the amount of approximately 30,000 a year above the take for the past year (1940), which was 65,263.

2. While the information and data in the possession of the responsible American authorities with reference to the migratory and feeding habits of the fur seals do not give indication that the seal herds of the Pribilof Islands damage or constitute a threat to commercial fisheries of the North Pacific Ocean of especial interest to Japan, my Government is prepared to make a thorough survey of the fur seal situation, especially with regard to the expressed view of the Japanese Government that the existing Convention is no longer suited to the actual state of affairs and that the fur seal herds constitute a threat to the fishing industry. Upon the conclusion of such survey which, it is estimated, would cover at least the sealing seasons of 1941-42, my Government would be willing to consider with the Convention powers any need for adjustment that may be found to exist.

3. In view of the circumstances which have been indicated, my Government entertains doubt that it would be possible to convene a conference and obtain a concurrence of views on a new agreement prior to the expiration of the existing Convention. The suggestion is therefore offered that if the Japanese Government were prepared to withdraw its notice of abrogation, in consideration of the interim action which my Government is willing to take, as indicated above, time would be gained for preparatory work, especially investigation and analysis of data bearing upon the statements and suggestions made by the Japanese Government. The two governments would thus have opportunity, in collaboration with the other parties to the Convention, to prepare the necessary basis for a constructive solution to any problems which may be found to exist. Further, withdrawal of the Japanese Government's notice of abrogation, in the circumstances indicated, would have the special effect of providing valuable assurance against possible expiration of the existing Convention without provision having been made for its replacement.

My Government is confident that the competent Japanese authorities will understand from the foregoing views and suggestions that no material objection is raised to such fundamental adjustment of the fur seal situation as the several governments concerned may find essential and practicable.



I would appreciate receiving for transmission to my Government the views of the Japanese Government upon the considerations and proposals herein set forth.<sup>11</sup>

For discretionary use in discussion with the Foreign Office.

1. For background, reference is made to a memorandum transmitted to the Embassy under date of April 22, 1940<sup>12</sup> which indicates the nature of the information in the possession of this Government on the feeding and migratory habits of the fur seal herds.

2. The Japanese Government should be discouraged from any expectation that we could favorably consider taking part in a conference committed in advance to approval of pelagic sealing.

3. A study of the commercial aspects of the fur seal situation in collaboration with the commercial fur seal interests has revealed that the United States is now the only important fur seal market in the world and that the London fur seal market had lost its importance prior to the present European war largely, it is stated, through unsound competitive practices and ineffective sales promotion. In contrast, the fur seal market in the United States has been carefully developed on a sound basis. Marked progress appears to have been made in the processing of skins and a steady consumer demand has been created by a systematic program of advertising. The commercial interests which handle the seal skins on behalf of the Government assure us of their confidence that the market holds promise of still further development. Advantages from this favorable situation obviously accrue to Japan as well as to Canada and ourselves, and have important bearing upon our proposal to increase the annual take of fur seals.

4. The value of the Alaska seal herd is estimated at about \$100,000,000 and the value of finished products at between 3 and 4 million dollars annually. Capital investment and employment are also substantially involved.

5. In the event that the Convention should terminate without agreement public opinion in this country would be disturbed, and in consequence it appears certain that this Government would be strongly pressed by affected interests to find a means to protect the fur seals of the Pribilof Islands from the obviously detrimental effects of pelagic sealing. Comment which has appeared in the press indicates that it may be urged, as in the case of the Bristol Bay salmon fisheries, that an important resource which has been developed and preserved primarily by the American Government would in a comparatively short

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<sup>11</sup> The Ambassador in Japan transmitted this note to the Japanese Foreign Office on March 18; in telegram No. 431, March 19, 6 p. m., he reported to the Department that the Foreign Office had promised to study it and to communicate with the Embassy (711.417/1116).

<sup>12</sup> Not printed.

period be destroyed; that no conceivable temporary economic gain could compensate the nationals of Japan for the destruction of the fur seal resources; and that as these resources have reached their present high state of development under American management, at considerable cost to the American people, a special interest and claim has been established in them.

6. The Department has given no publicity to details of the Japanese Government's proposals, but fishery interests have inquired as to the possible effect of the abrogation of the Fur Seal Convention on the status of the commercial fisheries of the North Pacific. We foresee in this connection that the resumption of pelagic sealing by Japanese nationals, with or without the assent of this Government, would most likely cause serious apprehension among large sections of the American public with regard to the object and significance of such activities.

7. The Department has given consideration to the interests of Canada and the Soviet Union in this matter and is advising the Canadian Government and the Soviet Embassy here of the course of action this Government is taking.

HULL

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711.417/1133 : Telegram

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

Tokyo, May 15, 1941—8 p. m.

[Received May 15—3 p. m.]

683. Embassy's 431, March 19, 6 p. m.,<sup>13</sup> Fur Seal Convention.

1. A note from the Foreign Minister dated May 9 states that the Japanese Government is unable to consider withdrawing notice of abrogation of Fur Seal Convention but is prepared to conclude a new convention on the basis of the principles enunciated at the time that notice was given. The note asserts that seals frequent waters adjacent to Japan, denies that fish and other marine matter consumed by them is of little or no commercial importance to Japan and advocates a return to pelagic sealing in order to reduce herds to 850,000. Full translation of the note will go forward by next pouch.<sup>14</sup>

2. Although the Foreign Office was requested to call in a member of the Embassy staff as soon as it had completed study of our note of March 17,<sup>15</sup> the reply above summarized was received without prior indication that study of the subject had been completed.

GREW

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<sup>13</sup> Not printed, but see footnote 11, p. 910.

<sup>14</sup> Despatch not printed, but see telegram No. 703, *infra*.

<sup>15</sup> See Department's telegram No. 164, *supra*.

711.417/1135 : Telegram

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

Tokyo, May 19, 1941—11 a. m.

[Received May 21—9 a. m.]

703. Department's 281, May 17, 8 p. m.<sup>16</sup> Fur Seal Convention.

Full translation of Foreign Minister's note of May 9 follows:

"Excellency: I have the honor to acknowledge the receipt of Your Excellency's note of March 17, 1941,<sup>17</sup> stating that careful consideration has been given by the appropriate authorities of the Government of the United States to the Japanese Government's notice of the abrogation of the Fur Seal Convention concluded in 1911 and to the proposal of the Japanese Government that a new agreement be concluded on the basis of certain principles which it enunciated. Your Excellency's note also set forth for the consideration of the Japanese Government the general views of Your Excellency's Government with reference to this matter, together with certain conclusions and suggestions.

With regard to the first item of the principles suggested by the Japanese Government, at the time of its notice of abrogation, as a basis for a new agreement, it is stated in Your Excellency's note that the American Government considers that a return to pelagic sealing would be highly undesirable for the reason that taking of seals at sea would render selective killing impossible and that therefore it considers the taking of seals on land the most effective and economical method of reducing the size of the fur seal herds. The concerned authorities of the Japanese Government consider that since the fur seal herds in the North Pacific have already increased to a number in excess of 2,000,000, selective killing is not necessary to reduce the size of herds to 850,000 and that accordingly there is no longer any reason to protest the taking of seals at sea. With regard to the third item of the above-mentioned principles, namely, the proposal of the Japanese Government that the size of the fur seal herds in the North Pacific be set at 850,000, it is stated in your Excellency's note that the American Government is of the opinion that the setting of a standard of standardization for the seal herds without first making careful scientific study of the matter might in the long run be against the best interests of all parties to convention. The Japanese Government gave notice of abrogation of the Fur Seal Protection Convention, in accordance with the procedure, only because the size of the fur seal herds in the North Pacific has greatly increased with the result that the direct and indirect damage to the fishing industry has become serious thereby rendering the existence of the present convention, in which no consideration is given to the matter of damage to fisheries, completely contrary to the interests of Japan. The Japanese Government proposed, in its third item of principles for a new agreement, to set the standard of size for the fur seal herds at 850,000 because that was the size of the herds when the convention's first term of validity expired. At that time, the Japanese Government suggested to the

<sup>16</sup> Not printed; it requested cabling of Japanese note (711.417/1133).

<sup>17</sup> See Department's telegram No. 164, March 13, 3 p. m., p. 907.

convention powers a revision to the convention. It is not considered, therefore, that the maintenance in the future of the foregoing standard of size for the fur seal herds will be contrary to the best interests of the signatory powers of the present convention.

It is stated in Your Excellency's note that reliable reports in the possession of the American Government indicate that the fur seal herd of the Pribilof Islands does not frequent the waters of the Asiatic coast, but instead remains in the general area of the Pacific Ocean adjacent to the North American continent. According to researches made by the concerned authorities of the Japanese Government and of data in their possession, the facts are contrary to reports in the possession of the American Government, and the herd does frequent the waters adjacent to Japan.

It is also stated that the American authorities have not found that the fur seals feed to a considerable extent upon salmon or other commercial species of fish but rather that the food of the seals consists chiefly of noncommercial species of fish and other marine matter of little or no economic importance. Studies made by the concerned authorities of the Japanese Government indicate, however, that the food of the fur seals consists of marine products eaten by Japanese subjects, and those authorities are unable to admit that the food of the seals consists chiefly of noncommercial species of fish and other marine matter of little or no economic importance to Japan.

Anticipating that a considerable length of time will be required to make the necessary study and inquiry into the various questions raised by the proposals of the Japanese Government, and animated by a desire to bring about an adjustment of the situation which has arisen, the American Government suggested a certain procedure for the consideration of the Japanese Government. In this connection, Your excellency is informed that while the Japanese Government is prepared to conclude a new agreement on the basis of the principles attached to its notice of abrogation of October 23, 1940,<sup>18</sup> it is not prepared to consider withdrawing that notice of abrogation.

I avail myself of . . .<sup>19</sup> et cetera."

GREW

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711.417/1134 : Telegram

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

Tokyo, May 20, 1941—3 p. m.

[Received May 20—5:40 a. m.]

709. Embassy's 683, May 15, 8 p. m., Fur Seal Convention. Foreign Office official today informed a member of my staff that determination of the Japanese Government's attitude with regard to the Fur Seal Convention comes under the competence of the Japanese Ministry of Agriculture and Forestry and that that Ministry's decision in the matter left no latitude for discussion between the Foreign Office and

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<sup>18</sup> See telegram No. 1051, October 25, 1940, 11 a. m., from the Ambassador in Japan, *Foreign Relations*, 1940, vol. iv, p. 986.

<sup>19</sup> Omission indicated in the original telegram.

the American Embassy. He apologized for what may have appeared to be a discourteous disregard of our request to be consulted before the formal Japanese reply was drafted but explained that the Foreign Office had no discretion in the matter.

GREW

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711.417/1135 : Telegram

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

WASHINGTON, May 26, 1941—9 p. m.

302. Embassy's 703, May 19, 11 a. m. Please telegraph whether in the opinion of the Embassy the Japanese Government has reasons for its expressed desire to reduce the size of the fur seal herd and legalize pelagic sealing other than those expressly given in the Foreign Minister's note.

The Commercial Attaché reported (No. 159, March 24, 1941<sup>20</sup>), from an article in the *Hochi Shimbun*, on Japanese plans for sealing following expiration of the Fur Seal Convention. It would be helpful in our study of the fur seal question if the Embassy could supplement this information and also inform the Department of any known Japanese preparations being made for pelagic sealing in the North Pacific area.

HULL

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711.417/1137 : Telegram

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

TOKYO, June 3, 1941—4 p. m.  
[Received June 3—8:10 a. m.]

761. Department's 302, May 26, 9 p. m., Fur Seal Convention. The Embassy has no information concerning reasons, other than those given in the Foreign Minister's note, for the expressed desire of the Japanese Government to reduce the size of the fur seal herd and legalize pelagic sealing. A desire to retaliate against American abrogation of the commercial treaty<sup>21</sup> and the expectation that Japanese sealers will be able to derive large profits from the exploitation of this hitherto protected resource are possibilities which readily suggest themselves. It should be recalled however that for many years the Japanese Government has consistently advanced the same reasons for its desire to secure revision of the Convention and furthermore it must be assumed that the Japanese Government is cognizant of

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<sup>20</sup> Not found in Department files.

<sup>21</sup> Signed at Washington, February 21, 1911, *Foreign Relations*, 1911, p. 315; for notice of termination on July 26, 1939, see *ibid.*, 1939, vol. III, p. 558, also *Foreign Relations*, Japan, 1931-1941, vol. II, p. 189.

regulations, governing the importation into the United States of seal furs, which might be expected to exclude from the American market furs procured by Japanese pelagic sealing operations.

The Embassy is unable to assess the economic value to Japan of fur seals as a source of fur and various by-products for internal consumption, but it seems reasonable to suppose that, without an outlet on the American fur market, profits from Japanese pelagic sealing operations would not be excessive.

A Domei despatch from Nagasaki dated May 29 and published in the *Japan Times and Advertiser* of May 30 reported that Nagasaki fisheries experimental station authorities are making preparations for extensive sealing operations in waters stretching from Karafuto to Alaska after the expiration of the Convention. An article in the May 30 *Miyako* stated that, whereas sealing operations have heretofore been carried on by sealers of only the four prefectures of north-east Japan, fishing vessels and fishermen of Nagasaki prefecture are now expected to participate in these operations and that a new method of taking seals by nets will be employed.

GREW

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711.417/1139 : Telegram

*The Ambassador in the Soviet Union (Steinhardt) to the  
Secretary of State*

Moscow, June 6, 1941—2 p. m.  
[Received June 6—12:45 p. m.]

1095. Department's 748, May 29, 7 p. m.<sup>22</sup> In my conversation with Lozovski<sup>23</sup> yesterday evening I raised the question of the Fur Seal Convention. He said that the Soviet Government is in the process of drafting its reply to the Japanese Government and that he would advise me of its nature in the course of the next few days. He seemed entirely agreeable to the renewal of the subject between the United States and the Soviet Union.

STEINHARDT

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711.417/1135 : Telegram

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

WASHINGTON, August 7, 1941—2 p. m.

475. Your no. 703, May 19, 11 a. m., Fur Seal Convention. Please send the Foreign Office a formal note reading in substance as follows:

<sup>22</sup> Not printed.

<sup>23</sup> Solomon A. Lozovski, Soviet Assistant Commissar for Foreign Affairs.

"The authorities of the Government of the United States have given careful consideration to the views of the Japanese Government as set forth in the communication dated May 9, 1941<sup>24</sup> addressed to me by the Minister of Foreign Affairs in response to my note of March 17, 1941 to the Foreign Office in which certain conclusions and suggestions relative to the Fur Seal Convention of 1911 were offered for the consideration of the Japanese Government.

From the Foreign Office's note of May 9, 1941 my Government understands that the Japanese Government reaffirms the position taken in the memorandum attached to the Foreign Office's note dated October 23, 1940<sup>25</sup> giving notice of abrogation of the Fur Seal Convention. My Government also notes that while the Japanese Government is prepared to conclude a new agreement on the basis of the principles attached to its notice of abrogation, it is not prepared to consider withdrawing that notice in accordance with the procedure suggested by my Government.

It will be recalled that in my Government's response to the Japanese Government's notice of abrogation and to the statement of principles attached thereto a procedure was offered for the consideration of the Japanese Government containing the following points:

1. A substantial increase in the number of fur seals killed on the Pribilof Islands, including the sealing season of 1941 which began June 1.
2. A thorough survey of the fur seal situation to be made, and upon the basis thereof consideration to be given by the Convention powers to any need for adjustment that may be found to exist.
3. Withdrawal of the Japanese Government's notice of abrogation, affording time for investigation and analysis of data preparatory to a constructive solution to any problems which may be found to exist.

On the basis of their present information, the authorities of my Government are still convinced that a return to pelagic sealing is highly undesirable and that the method of taking seals most consonant with the common desire of our Governments to conserve the fur seals is the taking of seals on land rather than at sea. My Government remains of the opinion that the conclusion of a permanent agreement based upon the statement of principles supplied by the Japanese Government would not be desirable before it has had an opportunity to make the necessary study and inquiry into the questions which these principles raise. Plans are accordingly being made by my Government to begin a scientific ocean survey of the fur seal situation at an early date. However, as my Government has previously indicated, it would be unfortunate if the existing Convention should expire without provision for conserving its beneficial effects. Therefore, the appropriate authorities of my Government, having in mind the foregoing considerations and the expressed views of the Japanese Government, have further studied the statement of principles attached to the Japa-

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<sup>24</sup> See telegram No. 703, May 19, 11 a. m., from the Ambassador in Japan, p. 912.

<sup>25</sup> See telegram No. 1051, October 25, 1940, 11 a. m., from the Ambassador in Japan, *Foreign Relations*, 1940, vol. iv, p. 986.

nese Government's notice of abrogation and offer for the consideration of the appropriate Japanese authorities an outline of a possible provisional fur seal agreement based in part on those principles, as follows:

1. Provisional arrangement temporarily permitting pelagic sealing with provision for (a) a clear separation of the Pacific Ocean and Bering Sea into east and west areas, the eastern area to be allotted to the United States and Canada and the western area to be allotted to Japan and the Soviet Union, (b) limited hunting seasons fixed according to areas, and (c) regulation of hunting methods.

2. Pelagic sealing to be regulated by the respective Governments in the areas allotted to them under the agreement; the taking of seals on land to be regulated by the sovereign powers thereof.

3. Progressive reduction, at a rate to be agreed upon, of the number of fur seals in the North Pacific Ocean for a period of at least 2 years; this provision to be carried out by a regular exchange of information between the present Convention powers on the number of fur seals killed.

4. No division to be made of the fur seals taken on land or at sea by the agents or nationals of the several Convention powers.

With regard to point 1 above, it is the view of the authorities of my Government that, for the purposes of the provisional agreement outlined, the general ocean areas in which Japan and the Soviet Union might confine their sealing operations would lie, in general, to the west of a line following the international boundary between the United States and the Soviet Union as defined in article I of the convention ceding Alaska concluded between the United States and Russia on March 30, 1867 (*United States Statutes at Large*, vol. 15, page 539) to its terminus at a point 167 degrees east of Greenwich and approximately 50 degrees 45 minutes north latitude, thence in a southerly direction along a line to be agreed upon. The waters east of this line would be the sphere of operations subject to regulation by the United States and Canada. Further, the appropriate authorities of my Government are not prepared to concur in a return to the practice of pelagic sealing except upon a provisional basis pending the conclusion of an ocean survey of the fur seal situation. These authorities, therefore, reserve their position with respect to regulatory measures it may be necessary to take in the interest of the fur seal herd of the Pribilof Islands.

My Government believes that if effect were to be given to a provisional agreement along the above-stated lines, some degree of regulation would be achieved and the fur seal herds in the North Pacific saved from the rapid destruction which probably would occur should the present Convention expire without any agreement on the subject.

My Government trusts that the competent Japanese authorities will, pursuant of the Japanese Government's expressed interest in protecting and preserving the important fur seal resources of the North Pacific Ocean, give favorable consideration to the present proposals. In view of the limited time during which the Convention will remain in force, I should appreciate receiving at an early date the response of



the Japanese Government to the views and proposals of my Government set forth herein.”

Please discuss this matter personally with the Minister for Foreign Affairs <sup>26</sup> to the extent you consider helpful. You may state that the Embassy will be pleased to be of any possible assistance in the Japanese Government's study of this important matter.

Telegraph result of discussion and full text of any communication received.

1. For background, reference is made to part 2 of the Department's telegram no. 164 of March 13, 3 p. m., especially paragraphs 5 and 6.

2. The American fur seal herd has been developed and preserved primarily by the initiative taken by the Government of the United States. Over a long period of years the United States has pursued a consistent policy of careful conservation which has given the herd its present value, and as a result the herd is considered a substantial American investment. Now that this seal herd has been increased to a number from which there is a reasonable return for the money and effort devoted to it by the United States, the Government and people of the United States would view with deep concern any development which might jeopardize their unmistakable interest in this important resource.

3. The fact that the fur seals of the Pribilof Islands breed on territory of the United States is also considered as establishing a superior American interest and claim in that herd.

4. The waters of the North Pacific Ocean have been a sanctuary for the fur seal herds, undisturbed for nearly 30 years by vessels engaged in pelagic sealing. In the event the Convention should terminate without any agreement, public opinion in the United States would be disturbed by the prospect of serious depletion of the American fur seal herd by pelagic sealing.

5. In view of the repeatedly expressed contention of the Japanese authorities that the fur seal herd of the Pribilof Islands frequents the waters adjacent to Japan, there would seem to be no reasonable ground for objection by Japan to the suggestion that Japan and the Soviet Union confine their sealing operations to areas lying, in general, to the west of the proposed dividing line, leaving the waters east of that line as the sphere of operations of the United States and Canada and subject to regulation by them. Such a division of the ocean would leave the fur seal herds of Robben Island and the Commander Islands exclusively for Japan and the Soviet Union and would also allow their nationals to take fur seals of the Pribilof Islands herd if they frequent the waters of the Asiatic coast, as claimed by Japanese authorities.

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<sup>26</sup> Adm. Teijiro Toyoda.

6. It is believed that the temporary arrangement outlined would allay serious apprehension on the part of important sections of the American public and furnish a practicable basis, pending the conclusion of a permanent agreement, for the protection of the rights and interests of each of the present parties to the Convention.

7. The Department has given consideration to the interests of Canada and the Soviet Union in this matter and is advising the Canadian Legation and the Soviet Embassy here of the course of action this Government is taking.

HULL

711.417/1155 : Telegram

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

WASHINGTON, September 2, 1941—7 p. m.

556. Department's 164, March 13, 3 p. m., and 475, August 7, 2 p. m., and your 703, May 19, 11 a. m., Fur Seal Convention. Inform Foreign Office by a formal note that sealing operations at the Pribilof Islands during current year, which were completed on August 8, resulted in yield of 95,013 fur seal skins, an increase of approximately 30,000 as compared with yield of 65,263 skins in 1940.

HULL

711.417/1163 : Telegram

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

TOKYO, September 5, 1941—1 p. m.

[Received September 5—5:50 a. m.]

1389. Department's telegram No. 475, August 7, 2 p. m. I discussed yesterday with the Minister for Foreign Affairs himself the importance of reaching a provisional agreement on fur seals prior to the expiration of the Fur Seal Convention of 1911, on October 22, next, on the basis of the proposals advanced in our note number 1881, of August 9 [19?], 1941,<sup>27</sup> and I requested the Minister to set a time for a review of this whole subject by the Minister and myself after he had familiarized himself with its detail.

GREW

<sup>27</sup> The formal note presented by Ambassador Grew to the Foreign Office in accordance with Department's telegraphic instruction No. 475, August 7, 2 p. m., p. 915.

711.417/1163 : Telegram

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

WASHINGTON, September 25, 1941—midnight.

617. Your 1389, September 5, 1 p. m., fur seal agreement. The Department hopes that you can arrange at an early date to meet the Minister for Foreign Affairs and ascertain from him the general views and intentions of the Japanese Government with respect to the proposals contained in the Department's 475, August 7, 2 p. m.

For your information, the time element is becoming increasingly important because of the probability that certain new legislation will be required in this country (possibly paralleling Canadian legislation) for the protection of the fur seal herd of the Pribilof Islands should the Convention of 1911 expire without replacement.

HULL

711.417/1172 : Telegram

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

Tokyo, October 15, 1941—noon.

[Received October 15—5:27 a. m.]

1630. Department's 617, September 25, midnight. Fur seals. We have repeatedly and at frequent intervals pressed the Foreign Office for its reply and were told that the proposal of the American Government had raised a number of questions which were being carefully studied by experts of the Bureau of Fisheries. In reply to another urgent approach today, the Director of the American Bureau of the Foreign Office<sup>28</sup> said that a reply is now being drafted. He did not offer any direct information with regard to the position which would be taken by the Japanese Government. However, he said that, even if the Fur Seals Convention were allowed to lapse, Japanese fur sealers would not be permitted to clear from Japanese ports until the enactment of necessary legislation, and that no such legislation could be provided until after the ending in April 1942 of the next session of the Diet.

GREW

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<sup>28</sup> Taro Terasaki.

711.417/1174 : Telegram

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

Тоkyo, October 23, 1941—7 p. m.

[Received October 23—7:44 a. m.]

1679. Embassy's 1630, October 15, noon; and 1674, October 22, 7 p. m.,<sup>29</sup> first paragraph.

1. The following statement was issued October 22 by the Director of the Bureau of Fisheries:

"The Fur Seals Convention concluded in 1911 among Japan, United States, Great Britain and Russia comes to an end as of today. In connection with the termination of that Convention, the competent authorities are carefully examining the question of canceling or revising law number 21 of 1912, prohibiting the hunting of fur seals, policy concerning the taking of seals, and other relevant matters. Until decision shall have been reached with regard to these matters, for internal purposes there will be no change and therefore as heretofore Japanese nationals will not be permitted to violate the law and other measures taken by the government. As already stated, no decision has been reached with regard to the future cancellation or revision of the law, but the competent authorities will absolutely forbid any plan partaking of the character of a free enterprise. They wish to make it perfectly clear that operations hereafter will be carried on strictly in line with national policies."

2. The Foreign Office yesterday stated to us informally that the last Cabinet had adopted some time ago a resolution, which was only recently brought to the attention of the Foreign Office, that the fur seals question should be dealt with as a technical, and not a political, matter, but that nevertheless it had prevailed on the Bureau of Fisheries to quash the plans of powerful private interests to hunt seals immediately upon the expiry of the convention. In reply to a question whether it was the intention of the Japanese Government hereafter to exclude regulation by international agreement of the taking of seals, the Foreign Office said that if Japan had decided to abandon the principle of regulation by international agreement there would have been no delay in formulating a reply to our note of August 19.<sup>30</sup> Reference was again made by the Foreign Office to the fact that the impossibility of enacting new Japanese legislation before April would provide time for further study of the problem.

GREW

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[For press release issued by the Department on October 24, see Department of State *Bulletin*, October 25, 1941, page 336.]

<sup>29</sup> Latter not printed.

<sup>30</sup> See footnote 27, p. 919.

REPRESENTATIONS TO JAPAN OVER TAMPERING WITH AMERICAN  
OFFICIAL MAIL

125.5216/104

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

No. 5421

TOkyo, March 5, 1941.

[Received April 2.]

SIR: With reference to the Embassy's despatch no. 5400 of February 27, 1941,<sup>31</sup> and to previous correspondence concerning the tampering with American official mail by Japanese postal authorities, I have the honor to enclose a translation of a personal note addressed to me by the Minister for Foreign Affairs<sup>32</sup> in response to my personal notes to him of December 26 and 27, 1940.<sup>33</sup>

It will be noted that despite the glaring examples of tampering which had been given him on more than one occasion, the Foreign Minister maintains that the minutest search failed to reveal any evidence that American official mail had been opened in the post office. In view of this attitude, the Embassy believes that further representations would serve no useful purpose and proposes, therefore, to take no further action without specific instructions from the Department.

Respectfully yours,

JOSEPH C. GREW

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125.5216/104: Telegram

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

WASHINGTON, April 14, 1941—8 p. m.

229. Your despatch 5421, March 5. Department feels that you should say to the Minister for Foreign Affairs, either orally or in writing, that his reply to you of February 26 is unsatisfactory; that while admitting that the case cannot be proved, you are convinced that your mail has been tampered with; and that you expect the Japanese postal authorities to take due measures to see that repetition does not occur. You should state that you are making these representations upon instruction from your Government.<sup>34</sup>

HULL

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<sup>31</sup> Not printed.

<sup>32</sup> Yosuke Matsuoka.

<sup>33</sup> None printed.

<sup>34</sup> The Ambassador made oral representations to the Japanese Vice Minister for Foreign Affairs on May 7 and left with him a personal letter on the subject addressed to Mr. Matsuoka (125.5216/105).

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