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United States Department of State

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Foreign  
Relations  
of the  
United  
States



1933

Volume I

GENERAL

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Foreign Relations  
of the  
United States  
Diplomatic Papers

1933

(In Five Volumes)

Volume I  
General

*u.s. Dept. of State*



United States  
Government Printing Office  
Washington : 1950

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**PUBLICATION 3839**

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## PREFACE

The *Foreign Relations* volumes have been compiled on an annual basis since the publication of diplomatic correspondence which accompanied President Lincoln's first annual message to Congress (December 3, 1861). Originally entitled *Papers Relating to Foreign Affairs Accompanying the Annual Message of the President*, the name of this series was changed in 1870 to *Papers Relating to the Foreign Relations of the United States*, and in 1947 to the present title.

Publication of these volumes, except for the year 1869, has been continuous. In addition to the annual volumes, supplements have also been published, among them the World War Supplements, the Lansing Papers, the special 1918-1919 Russia volumes, the Paris Peace Conference, 1919, series, and Japan, 1931-1941.

The principles which guide the compilation and editing of *Foreign Relations* have recently been restated in Department of State Regulation 045 of May 27, 1949. The text of this regulation is printed below:

### 045 DOCUMENTARY RECORD OF UNITED STATES FOREIGN RELATIONS

#### 045.1 *Scope of Documentation*

The publication, *Foreign Relations of the United States* constitutes the official public record of United States foreign policy. These volumes include all papers relating to major policies and decisions of the Department in the matter of foreign relations, together with appropriate materials concerning the events and facts which contributed to the formulation of such decisions and policies.

#### 045.2 *Editorial Preparation*

The basic documentary record of American foreign policy in *Foreign Relations of the United States* shall be edited by RE.<sup>1</sup> Documentation shall be substantially complete as regards the files of the Department. However, certain omissions of documents or parts of documents are permissible:

- a. To avoid publication of matters which would tend to impede current diplomatic negotiations or other business.
- b. To condense the record and avoid repetition of needless details.
- c. To preserve the confidence reposed in the Department by other governments and by individuals.
- d. To avoid needless offense to other nationalities or individuals.

<sup>1</sup> Division of Historical Policy Research.



- e. To eliminate personal opinions presented in despatches and not acted upon by the Department. To this there is one qualification—in connection with major decisions it is desirable, where possible, to show the alternatives presented to the Department when the decision was made.

No deletions shall be made without clearly indicating the place in the text where the deletion occurs.

#### 045.3 Clearance

RE shall obtain the following clearances of material for publication in *Foreign Relations of the United States*:

- a. Refer to the appropriate policy offices such papers as would appear to require policy clearance.
- b. Refer to the appropriate foreign governments requests for permission to print certain documents originating with them which it is desired to publish as part of the diplomatic correspondence of the United States. Without such permission the documents in question will not be used.

The responsibilities of the Division of Historical Policy Research for the preparation of the *Foreign Relations* volumes are entrusted, under the general supervision of the Chief of the Division, G. Bernard Noble, to the Foreign Relations Branch of that Division. The research staff of that Branch is at present organized as follows: Assistant Chief of Division, in charge of Foreign Relations Branch (Editor of *Foreign Relations*), E. R. Perkins; Assistant Chief of Branch, Gustave A. Nuermberger; Specialist on the Soviet Union, Rogers P. Churchill; General Section, George V. Blue, Shirley F. Landau; British Commonwealth and Europe Section, Matilda F. Axton, Newton O. Sappington; Near East and Africa Section, Morrison B. Giffen, Francis C. Prescott; Far East Section, John G. Reid, Louis E. Gates, Edwin S. Costrell; American Republics Section, Victor J. Farrar, Henry P. Beers.

The Division of Publications is responsible with respect to *Foreign Relations* for the proofreading and editing of copy, the preparation of lists of papers and indexes, and the distribution of printed copies. Under the general direction of the Chief of the Division, Reed Harris, the editorial functions mentioned above are performed by the Foreign Relations Editing Branch in charge of Elizabeth A. Vary.

In the selection of papers the editors have attempted, in keeping with their directive, to give a substantially complete record of American foreign policy as contained in the files of the Department of State, together with as much background material as possible, while keeping the volumes within reasonable limits with respect to size and number. In the preparation of *Foreign Relations* for the decade

preceding World War II special attention is given to the inclusion of documents of significance with respect to the origins of that conflict.

The research staff is guided in compiling the record by the principles of historical objectivity. It is the rule that there shall be no alteration of the text, no deletions without indicating the place in the text where the deletion is made, no omission of facts which were of major importance in reaching a decision, and that nothing should be omitted with a view to concealing or glossing over what might be regarded by some as a defect of policy.

The increased correspondence in the Department files was reflected in an increase in the number of annual volumes from three to five beginning with those for the year 1932. At the same time the arrangement of country sections was changed from an alphabetical order to area groupings. For 1933 the arrangement of volumes is as follows: Volume I, General; Volume II, British Commonwealth, Europe, the Near East and Africa; Volume III, The Far East; Volumes IV and V, The American Republics.

The basic research and selection of papers for the 1933 volumes was done, under the direction of the Editor of *Foreign Relations*, by Miss Axton, Messrs. Farrar, Giffen, Nuernberger, Reid, and Sappington of the present staff and W. Grafton Nealley and the late Karl R. Samras, former staff members.

E. R. PERKINS

*Editor of Foreign Relations*

MARCH 15, 1950.



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### THE CONFERENCE FOR THE REDUCTION AND LIMITATION OF ARMAMENTS, GENEVA: 1933 PHASE

#### I. WORK OF THE BUREAU AND COMMISSIONS, JANUARY 16-MARCH 27

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1933		
Jan. 5	<i>Memorandum by the Secretary of State</i> Conversation with the German Ambassador, who made inquiries about the situation in general, including disarmament; Secretary's expression of encouragement over Germany's return to the Disarmament Conference.	1
Jan. 7	<i>To the American Delegate to the Bureau of the Conference</i> U. S. views on various questions concerning licensing systems for the manufacture of arms, with emphasis on opinion that any system established should be under the domestic control of each of the high contracting parties.	2
Jan. 16 (504)	<i>From the American Delegate (tel.)</i> Advice that a discussion of the French plan (presented November 15, 1932) will be held in the General Commission soon, and that it would seem advisable to consider what form any observation of the U. S. delegation should take in the discussion.	4
Jan. 18 (279)	<i>To the American Delegate (tel.)</i> Instructions to endeavor to have provisions such as those in chapters I and II of the 1925 Arms Traffic Convention incorporated in the General Disarmament Convention.	4
Jan. 24 (511)	<i>From the American Delegate (tel.)</i> Suggested draft of a speech (text printed) relative to the French plan; opinion that emphasis of U. S. delegation should be on the disarmament side of any proposal rather than the political side.	5
Jan. 25 (282)	<i>To the American Delegate (tel.)</i> Request that speech be redrafted in the light of several suggestions made.	6
Jan. 28 (285)	<i>To the American Delegate (tel.)</i> Opinion, based on difficulty of drawing up a suitable statement under present circumstances, that any American declaration on the French plan should be avoided at least until situation has further clarified.	7
Feb. 2 (523)	<i>From the Acting Chairman of the American Delegation (tel.)</i> Feeling that it would now be wise to make a brief statement; suggested draft (text printed).	8
Feb. 2 (289)	<i>To the Acting Chairman of the American Delegation (tel.)</i> Approval of statement.	9

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Feb. 8 (290)	<i>To the Acting Chairman of the American Delegation (tel.)</i> Advice that no importance is attached to the wording, whether "prohibition" or "renunciation", since essential purpose of the Treaty is to do away with gas warfare as a method of hostilities. Instructions for use when question of sanctions is discussed.	10
Feb. 10 (531)	<i>From the Acting Chairman of the American Delegation (tel.)</i> Likelihood that question may soon arise as to the inclusion of the United States and other non-European states in an affirmation not to resort to force, similar to the one contained in the Five Power Declaration of December 11, 1932.	10
Feb. 10 (532)	<i>From the Acting Chairman of the American Delegation (tel.)</i> British proposal on artillery, giving rise to question as to whether U. S. Government would accept a limitation of about 105 millimeters for replacement or new construction of mobile land guns.	11
Feb. 11 (292)	<i>To the Acting Chairman of the American Delegation (tel.)</i> Instructions to exert every effort to prevent the Conference raising the issue of any extension of the projected no-force affirmation to non-European states.	12
Feb. 14 (535)	<i>From the Acting Chairman of the American Delegation (tel.)</i> Indications that efforts put forth in accordance with telegram No. 292, February 11, have been successful.	13
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Feb. 23 (540)	<i>From the Acting Chairman of the American Delegation (tel.)</i> Observations on questions involved in Japan's possible withdrawal from the Conference, in view of her decision to withdraw from League of Nations; feeling that the decision as to whether she remains in the Conference rests largely with the Americans.	16
Feb. 23 (294)	<i>To the Acting Chairman of the American Delegation (tel.)</i> Willingness to allow wide latitude of action, subject to certain specified limitations, toward keeping Japan in the Conference.	18
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Mar. 8 (558)	<i>From the Acting Chairman of the American Delegation (tel.)</i> Conversation with Henderson, President of the Conference, who produced a document called "Suggested Basis of Discussion" (text printed) outlining his conception of U. S. role in supplementing a European security scheme.	25
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Mar. 10 (562)	<i>From the Acting Chairman of the American Delegation (tel.)</i> Political Commission's discussion of the definition of an aggressor, and appointment of a committee to deal with the subject.	29
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## I. WORK OF THE BUREAU AND COMMISSIONS—Continued

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## II. AMERICAN PLANNING DURING THE RECESS, MARCH 28—APRIL 25

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Oct. 13 (739)	<i>From the Chairman of the American Delegation (tel.)</i> Conversation with Soragna, chief Italian delegate, including some discussion of the Four Power Pact.	258
Oct. 13 (215)	<i>From the Ambassador in Italy</i> Conversation with the German Ambassador, who said that his Government could be induced to agree to the two periods provided in the disarmament plan, that it insisted on parity of quality, and that sanctions of a military nature were out of the question.	259
Oct. 14 (742)	<i>From the Chairman of the American Delegation (tel.)</i> Statements by Davis and by Simon at Bureau meeting (texts printed).	260
Oct. 14 (743)	<i>From the Chairman of the American Delegation (tel.)</i> Summary of remarks by various other delegates at the Bureau meeting.	264
Oct. 14 (745)	<i>From the Chairman of the American Delegation (tel.)</i> Telegram from the German Foreign Minister to Henderson (text printed) announcing Germany's withdrawal from the Disarmament Conference.	265

## V. WITHDRAWAL OF GERMANY FROM THE CONFERENCE, OCTOBER 14—NOVEMBER 24

1933 Oct. 14	<i>To the Ambassador in Great Britain (cir. tel.)</i> Request for a full analysis of British Government's attitude toward the reported German withdrawal from the League and the Disarmament Conference. (Footnote: The same, <i>mutatis mutandis</i> , to France, Italy, Czechoslovakia, and Poland.)	265
Oct. 14 (376)	<i>To the Chairman of the American Delegation (tel.)</i> Request for an analysis of the reaction at the League to Germany's withdrawal and an analysis of the implications of this move on European political developments.	266
Oct. 14 (744)	<i>From the Chairman of the American Delegation (tel.)</i> Opinion that the German decision to withdraw had been made prior to speeches by Simon and others in the Bureau, since it came before there was time to consider those speeches.	266
[Oct. 15?]	<i>From the Chairman of the American Delegation (tel.)</i> Account of two meetings held at Henderson's invitation to determine future procedure of the Conference.	267

## DISARMAMENT CONFERENCE

## V. WITHDRAWAL OF GERMANY FROM THE CONFERENCE—Continued

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1933 Oct. 15 (112)	<i>From the Ambassador in Italy (tel.)</i> Advice that Italian Government is indignant over the German action, and feels that with this development the Four Power Pact remains the only practical international treaty arrangement applicable to Germany.	269
Oct. 15 (454)	<i>From the Chargé in France (tel.)</i> Information that France feels that efforts at the Disarmament Conference should be pushed to a conclusion of a treaty that would demonstrate to the German people what they are refusing.	270
Oct. 15 (748)	<i>From the Chairman of the American Delegation (tel.)</i> Comments on the current situation and possible means of procedure being contemplated; observation that Germany's withdrawal intensifies the European nature of the disarmament problem and that United States, while cooperating with European countries in any efforts to bring Germany back, should avoid influencing their political decisions.	270
Oct. 16 (292)	<i>From the Ambassador in Great Britain (tel.)</i> Belief that the British are thinking in terms of the grave crisis facing them, that they are determined to do everything possible to prevent war in Europe, and desire U. S. cooperation to that end.	272
Oct. 16	<i>Memorandum of Trans-Atlantic Telephone Conversation</i> Davis' information to President Roosevelt and Secretary Hull that Conference has adjourned for 10 days so that delegates may consult their governments; his opinion that nothing can be done with the Germans on disarmament until after their November 12 elections. Arrangements for a statement to be made by Davis on U. S. position.	273
Oct. 16 (377)	<i>To the Chairman of the American Delegation (tel.)</i> Suggested statement to be given out by Davis concerning U. S. position: That United States is interested solely in disarmament and not in the political element or in the purely European aspect of peace.	277
Oct. 16 (754)	<i>From the Chairman of the American Delegation (tel.)</i> Information that statement has been given out in accordance with instructions.	277
Oct. 17 (131)	<i>To the Ambassador in Germany (tel.)</i> Desire for analysis of the situation in Germany from both internal and international angles.	278
Oct. 17 (756)	<i>From the Chairman of the American Delegation (tel.)</i> For the President: Receipt of confidential information from former head of the League of Nations Union in Germany of Hitler's need to strengthen his own political position before he could make any concession on disarmament.	278
Oct. 17 (328)	<i>From the Chargé in France</i> Analysis of the situation created for France by Germany's withdrawal from the League and the Conference.	279

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## V. WITHDRAWAL OF GERMANY FROM THE CONFERENCE—Continued

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Oct. 18 (57)	<i>From the Ambassador in Poland (tel.)</i> Information that no action is contemplated by Poland pending developments following Germany's decision to withdraw from Conference.	286
Oct. 18 (43)	<i>From the Chargé in Czechoslovakia (tel.)</i> Advice that Czechoslovak Government feels that the situation created by Germany's action is serious, but that some sort of disarmament convention will probably be concluded soon even without Germany.	287
Oct. 18 (218)	<i>From the Ambassador in Germany</i> Further considerations with respect to developments leading up to Germany's withdrawal.	287
Oct. 19 (758)	<i>From the Chairman of the American Delegation (tel.)</i> Report on sentiment regarding continuance of the Conference; outline of a suggestion that the General Commission set up a committee to bring the British draft up to date in the light of recent negotiations and report to the Bureau.	289
Oct. 20 (175)	<i>From the Ambassador in Germany (tel.)</i> Further observations on the internal situation leading to Germany's withdrawal action; belief that the mass of German opinion is with the Government.	291
Oct. 20 (558)	<i>From the Ambassador in Japan</i> Résumé of reactions of Japanese leaders and press to Germany's withdrawal action, and the speculation as to its effect on Japan's relations with the Soviet Union.	292
Oct. 21 (381)	<i>To the Chairman of the American Delegation (tel.)</i> Advice that editorial reaction in United States shows resentment against the Hitler government and opposition to U. S. involvement in European political developments.	296
Oct. 22 (759)	<i>From the Chairman of the American Delegation (tel.)</i> Opinion that it is vital that the Conference should be carried on in some form but without public meetings; inclination to favor the suggestion outlined in telegram No. 758, October 19.	297
Oct. 24 (383)	<i>To the Chairman of the American Delegation (tel.)</i> Belief that action suggested in telegram No. 758, October 19, has certain dangers, and that it would be wisest not to sponsor such a course but to maintain a passive attitude until the situation in Europe has clarified itself further.	298
Oct. 25 (761)	<i>From the Chairman of the American Delegation (tel.)</i> Decision of Bureau meeting to recommend to the General Commission that the latter adjourn until December 4, leaving the Bureau to carry on work of the Conference in preparation for a second reading of the British draft.	298

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## V. WITHDRAWAL OF GERMANY FROM THE CONFERENCE—Continued

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Nov. 23 (393)	<i>To the American Delegate (tel.)</i> Advice that instructions may be issued to return home for brief consultation over the Christmas holidays; desire first, however, for a synopsis of probable nature of the contemplated parallel work.	319
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Nov. 24 (797)	<i>From the American Delegate (tel.)</i> Advice that an opportunity for consultation would be greatly appreciated; suggestions as to arrangements to be made.	320
Nov. 24 (394)	<i>To the American Delegate (tel.)</i> Information, in connection with Delegate's telegram No. 796, November 23, that United States does not wish to join in preliminary discussions which are essentially designed to meet the immediate political situation in Europe.	320
Nov. 25 (141)	<i>From the Ambassador in Italy (tel.)</i> Conversation with the British Ambassador, who thought that the preliminary steps to bringing Germany back into the Disarmament Conference would take the shape of diplomatic negotiations rather than a meeting of the four powers.	321
Dec. 2 (800)	<i>From the American Delegate (tel.)</i> Advice that the Committee on Control has discussed the French amendments to article 75 of the British draft, but no commitments have been made by the delegations.	322

VI. FOUR POWER CONVERSATIONS (FRANCE, GERMANY, GREAT BRITAIN, ITALY),  
DECEMBER 3-30

1933 Dec. 3 (144)	<i>From the Ambassador in Italy (tel.)</i> Receipt of information on conversations between Hitler and François-Poncet, French Ambassador to Germany, relative to the Saar basin and the disarmament question.	322
Dec. 5 (147)	<i>From the Ambassador in Italy (tel.)</i> Receipt of information on conversation between Mussolini and Litvinov, Soviet Commissar for Foreign Affairs, concerning the League of Nations and Soviet difficulties with Japan.	325

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## VI. FOUR POWER CONVERSATIONS—Continued

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Dec. 9 (198)	<i>From the Ambassador in Germany (tel.)</i> British Ambassador's conference with Hitler, who proposed that Germany be permitted to have one-fourth the armament strength of her neighbors and that a 10-year pact be arranged with a general supervisory commission to be approved in Germany.	327
Dec. 9	<i>Memorandum by the Under Secretary of State</i> <i>Aide-mémoire</i> from the British Embassy, December 8 (text printed) setting forth preliminary impressions of the Hitler proposals, and indicating that certain inquiries are being addressed to Hitler concerning details.	328
Dec. 10 (201)	<i>From the Ambassador in Germany (tel.)</i> Receipt of information that the French refused to accede to the Hitler proposals.	330
Dec. 11 (147)	<i>To the Ambassador in Germany (tel.)</i> Request for the exact details of the suggestions put forth by Hitler, and of the French and British positions; outline of U. S. general policy.	330
Dec. 11 (804)	<i>From the American Delegate to the Bureau of the Conference (tel.)</i> Résumé of the trends in disarmament discussions among the European powers; assertion that the major question at issue is whether some increase in armament for Germany is to be an immediate result of any convention that may be signed.	332
Dec. 11	<i>From the American Delegate</i> Report that the Committee of the Bureau on General Provisions has adjourned until after Christmas; summary of the Committee meetings, with particular reference to discussions on supervision and control.	333
Dec. 14 (203)	<i>From the Ambassador in Germany (tel.)</i> Summary of the Hitler proposals, comprising a series of 10-year nonaggression pacts to accompany disarmament arrangements, and insistence on an army of 300,000 regulars for Germany.	335
Dec. 14 (353)	<i>From the Ambassador in Germany</i> Comments on the Hitler note to the British Ambassador, dated December 11 (text printed), which sets forth the formal proposals summarized in telegram No. 203, December 14.	336
Dec. 15 (313)	<i>To the Chargé in Great Britain (tel.)</i> Instructions to cable analysis of the British Government's present policy and objectives in the light of the Hitler proposals.	342

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1933 Dec. 16 (339)	<i>From the Chargé in Great Britain (tel.)</i> Analysis of British objectives, as requested by the Department, emphasizing that they are trying to separate for greater clarity of approach the two questions: (1) Germany's place in a disarmament convention, and (2) the disarmament to be applied to the armed powers.	342
Dec. 18 (388)	<i>From the Chargé in Great Britain</i> Conversation with the Prime Minister, who declared that the British Government stood solidly by the British disarmament plans and by the League, and also that they were continuing inquiries and conversations with the Germans based on Hitler's memorandum of December 11.	345
Dec. 19 (209)	<i>From the Ambassador in Germany (tel.)</i> Interview with the Foreign Minister, who gave information on questions from the French Ambassador and the German replies concerning proposed change in German armaments.	347
Dec. 22 (213)	<i>From the Ambassador in Germany (tel.)</i> Advice from the British Ambassador that the German Foreign Minister has indicated a sympathetic attitude toward certain British suggestions in reply to the Hitler proposal on armament.	348
Dec. 24 (575)	<i>From the Chargé in France (tel.)</i> Information that the British and French Foreign Ministers have compared notes on the German demands in armament; that they are agreed on the need for every effort to obtain a treaty containing substantial disarmament measures.	349
Dec. 27	<i>From the Ambassador in Poland to President Roosevelt</i> Observations following a tour of certain European capitals, including Berlin and Paris, with comments particularly on the military situation in Germany.	350
Dec. 28 (320)	<i>To the Ambassador in Great Britain (tel.)</i> Desire of Norman Davis to be kept informed of developments so that he may determine when his return to Geneva will be most feasible.	352
Dec. 29 (346)	<i>From the Chargé in Great Britain (tel.)</i> Observation that the British Cabinet in its next meeting, January 10, will force the question of acceptance of the principle of Franco-British accord working rigidly within the framework of the League toward disarmament.	352
Dec. 30	<i>To the Ambassador in Italy (cir. tel.)</i> Transmittal of an excerpt (text printed) from President Roosevelt's speech before the Woodrow Wilson Foundation, December 28, dealing with disarmament and the League.	353

## EFFORTS TO SECURE FROM CONGRESS AUTHORITY FOR THE PRESIDENT TO PROHIBIT THE EXPORT OF ARMS AND MUNITIONS FROM THE UNITED STATES UNDER CERTAIN CONDITIONS

Date and number	Subject	Page
1932 Dec. 29 (274)	<i>To the American Delegate to the Bureau of the Disarmament Conference (tel.)</i> Department's decision, because of problems arising out of Latin American situation, to urge Senator Borah to press for immediate favorable action on the Arms Traffic Convention of 1925; belief that this will not interfere with disarmament plans under discussion at Geneva.	356
1933 Jan. 3	<i>Memorandum by the Under Secretary of State</i> Information from the British Ambassador of his Government's willingness to cooperate with United States in preventing sale of arms to Bolivia and Paraguay if the President asks Congress for the requisite Executive authority.	356
Jan. 11 (276)	<i>To the American Delegate (tel.)</i> Information that the President sent a message to Congress on January 10 urging ratification of the 1925 convention and requesting authority under certain conditions to limit or forbid the export of arms.	358
Jan. 27	<i>Memorandum by the Under Secretary of State of a Conversation With the Chairman of the House Committee on Foreign Affairs</i> Explanation to the Committee Chairman of the importance of passage of the bill authorizing the President to prohibit export of arms, with particular reference to war and threat of war in South America; the Chairman's explanation of the situation in Congress in connection with the bill.	358
Feb. 2	<i>Memorandum by the Under Secretary of State</i> Conversation with the French Ambassador, who promised to communicate with his Government regarding its willingness to cooperate with United States in the arms matter under consideration.	359
Feb. 13 (104)	<i>From the American Delegate (tel.)</i> Request for text, or pertinent excerpts, of the memorandum which the Paris press indicated was given out by the Department in support of the arms embargo resolution.	360
Feb. 13 (67)	<i>To the American Delegate (tel.)</i> Transmittal of the Department's memorandum (text printed), and explanation of its release to the press.	361
Feb. 28	<i>From the Swedish Minister</i> Advice that the Swedish Government will be willing to cooperate with United States and other interested governments in the direction outlined in the resolution now before Congress.	362
Mar. 9 (143)	<i>From the American Delegate (tel.)</i> Observations concerning viewpoints of the British, French, and Italians relative to the arms embargo question, and the Italian desire to know U. S. attitude.	363
Mar. 15	<i>To the Italian Ambassador</i> Advice that if authority to improve embargoes under certain conditions is conferred upon the Executive, the United States will be glad to exchange views with other interested governments.	364



## EXPORT OF ARMS AND MUNITIONS

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1933 Apr. 5	<i>To the Chairman of the House Committee on Foreign Affairs</i> Request for support of the arms embargo resolution now before Congress; information that Senator Pittman is being asked to support the legislation in the Senate.	364
May 10	<i>From the Chairman of the Senate Committee on Foreign Relations</i> Summary of the chief objections raised in Committee meeting to House Joint Resolution 93 (text printed); desire of the Committee to receive the Secretary's personal views if possible.	365
May 13	<i>To Diplomatic and Consular Officers in the Latin American Republics</i> Statement of U. S. position with special reference to the export of arms and munitions to Latin America.	367
Undated	<i>To the Senate Committee on Foreign Relations</i> Memorandum on H. J. Res. 93, giving background and reasons favoring enactment of the legislation, concluding with assertion that the passage of the Resolution is necessary in order that the U. S. Government may keep pace with other Governments of the world in the movement to promote peace. (Footnote: Information that memorandum was read by an officer of the Department at Committee's meeting on May 17.)	369
June 1	<i>To the American Delegate (tel.)</i> Information that the Resolution was passed by the House on April 17, was reported out of Senate Committee on May 30 with an amendment (text printed), and that it will probably not come up for a vote in the Senate during this session of Congress.	378
Nov. 7	<i>To the Secretary of Commerce</i> Résumé of instructions sent to diplomatic and consular officers on U. S. policy on the arms embargo question; request that this be brought to attention of Commerce Department officers who handle any business connected with sale of arms to foreign countries.	378

## BRITISH AND JAPANESE REACTION TO AMERICAN NAVAL CONSTRUCTION PROGRAM

1933 July 26 (480)	<i>From the Ambassador in Japan</i> Analysis of reasons for Japanese agitation over American plans for naval construction, and résumé of efforts of the Japanese Navy to build up to treaty limits.	380
Sept. 14	<i>From the British Embassy</i> Inquiry whether the U. S. Government would be willing, in the light of Disarmament Conference discussions and other considerations, to suspend the laying down of certain 6-inch-gun cruisers as planned if Japan would agree to do the same, pending a discussion between the three powers.	382
Sept. 14	<i>Memorandum by the Secretary of State</i> Conversation with the British Chargé, emphasizing that the United States does not intend to enter upon an armament race with any other nation or nations, and summarizing U. S. position on naval construction.	384

## NAVAL CONSTRUCTION PROGRAM

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1933 Sept. 20	<i>Memorandum by the Chairman of the Division of Western European Affairs to the Secretary of State and the Under Secretary of State</i> Conversation with the Counselor of the Japanese Embassy, who inquired as to press reports that the British Government was objecting to the U. S. naval building program.	385
Sept. 22	<i>To the British Embassy</i> U. S. Government's reasons for deciding to increase its navy at present, and assertion that it cannot see its way clear to alter its delayed construction program or to suspend the laying down of the cruisers as planned.	386
Nov. 3	<i>Memorandum by Mr. Henry L. Stimson</i> Detailed account, prepared in the light of certain references in the British note of September 14, of negotiations with the British during the London Naval Conference of 1930, with quotations of excerpts from the records; conclusion that there was nothing said or done by any member of the U. S. delegation which could justify the British suggestion for suspending the laying down of the 6-inch-gun cruisers.	389

## THE FOUR POWER PACT, AGREEMENT OF UNDERSTANDING AND COOPERATION BETWEEN FRANCE, GERMANY, GREAT BRITAIN, AND ITALY, SIGNED AT ROME, JULY 15, 1933

1933 Mar. 24	<i>Memorandum by the Chief of the Division of Western European Affairs</i> Details as to the origin, background, and subsequent redrafting of a tentative proposal transmitted by Mussolini to the British, French, and German Ambassadors on March 18 for a Four Power, 10-year pact for collaboration in preserving European peace; summary of German and French reaction toward the first draft.	396
Mar. 28	<i>Memorandum by the Secretary of State</i> Memorandum left by the French Ambassador (text printed) giving comment and views of the French Government on the Mussolini proposal. (Footnote: Copies of the French memorandum transmitted to the Ambassadors in France, Germany, and Italy, and to the Chairman of the U. S. delegation to the Disarmament Conference.)	398
Mar. 31 (62)	<i>From the Chargé in Great Britain (tel.)</i> From Davis (Chairman of American delegation to the Disarmament Conference): Advice that exact text of the Mussolini proposal has been received from the Italian Ambassador and will be cabled if desired.	400
Mar. 31 (61)	<i>To the Chargé in Great Britain (tel.)</i> For Davis: Instructions to cable full text unless <i>New York Times</i> story containing text can be confirmed as accurate.	400
Apr. 1 (65)	<i>From the Chargé in Great Britain (tel.)</i> From Davis: Text of the Four Power Pact as received from the Italian Ambassador.	401

## FOUR POWER PACT SIGNED AT ROME

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1933 Apr. 3 (20)	<i>From the Ambassador in Italy (tel.)</i> Information that the British Ambassador has presented a revised text of the proposed pact to Mussolini.	402
Undated	<i>Memorandum by the Chairman of the American Delegation to Disarmament Conference</i> Conversation on April 11 with the Italian Ambassador, who wished to give assurance that the Four Power project was not intended as a united front against the United States or any other nation, and to express Mussolini's hope that some word could be said in Washington indicating America's interest in the purposes of the pact.	403
Apr. 15	<i>Memorandum by the Under Secretary of State</i> Receipt of a memorandum (text printed) from the French Ambassador giving views of the French Government, together with a draft of a Four Power Pact (text printed).	404
Apr. 21 (1875)	<i>From the Ambassador in Italy</i> Information from Foreign Office circles that the suggestions of the Governments concerned with the proposed Four Power Pact have now been formulated and submitted and henceforth negotiations thereon will be conducted through regular diplomatic channels.	409
May 12 (123)	<i>From the Chargé in Great Britain (tel.)</i> From Davis: Italian Ambassador's explanation of the status of negotiations on the Pact, and hope for U. S. moral influence toward getting it consummated.	409
May 19 (37)	<i>From the Ambassador in Italy (tel.)</i> Information that the British are urging speedy action on the Pact, in view of precarious conditions in Europe, that Mussolini feels the same way, and apparently also the German Government.	411
May 31 (53)	<i>From the Ambassador in Italy (tel.)</i> For the President: Receipt of information that agreement has been reached on the Pact, except for minor matters of form, and that it would be considered helpful if the President would make a statement commendatory of the Pact as it may concern world peace.	411
June 3 (251)	<i>From the Ambassador in France (tel.)</i> Foreign Minister's advice that the Pact is encountering difficulties due to the provision for reaffirmation of equality of rights without any engagement on Germany's part not to rearm except in agreement with the other signatories.	412
June 6 (10)	<i>From the Ambassador in Italy</i> Memorandum (text printed) of a conversation with the Under Secretary of State for Foreign Affairs, who outlined the history of the Pact, his Government's apprehension over the possibility of failure to reach agreement, and its further efforts to secure agreement.	413
Undated [Rec'd June 7] (60)	<i>From the Ambassador in Italy (tel.)</i> Information that the Four Power Pact is being initialed in Rome at 7:30 p. m.	415

## FOUR POWER PACT SIGNED AT ROME

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June 9 (30)	<i>To the Ambassador in Italy (tel.)</i> The President's statement (text printed) concerning the Pact initialed at Rome; instructions to inform the Italian Government of the text. (Footnote: The same, <i>mutatis mutandis</i> , to France, Great Britain, Germany, and the Disarmament Conference.)	416
June 9 (33)	<i>From the Chargé in Great Britain</i> Transmittal of a White Paper issued on June 8 by the British Government which included the terms of the Four Power Pact (text printed).	416
June 10 (69)	<i>From the Ambassador in Italy (tel.)</i> German Ambassador's assertion that France had given an interpretation to the Pact which was not acceptable to Germany.	419
June 16 (39)	<i>From the Ambassador in France</i> Memorandum (text printed) of a conversation with the British Ambassador, who wished the President to be informed of his opinion as to the sincerity and intelligence of Daladier, President of the French Council of Ministers, and his moderating influence with respect to the conclusion of the Pact.	420
June 22 (43)	<i>From the Ambassador in Italy</i> Submittal of various sidelights on the recent negotiations for the Four Power Pact, gathered from conversations which members of the Embassy have had in Foreign Office and diplomatic circles in Rome.	421
July 21 (93)	<i>From the Ambassador in Italy</i> Information on the signing of the Pact on July 15; advice that Italian press comment was extremely enthusiastic and optimistic with regard to the future.	424

GERMAN NAZI ATTACKS ON THE DOLLFUSS REGIME IN AUSTRIA:  
EXPANSION OF THE AUSTRIAN ARMY WITH CONSENT OF OTHER  
POWERS

1933 Apr. 27 (2341)	<i>From the Chargé in Germany</i> Observation that the growth of the Nazi Party in Austria is significant, considering its close association with the Hitler movement in Germany; that the consensus of opinion is that some form of union between Austria and Germany is ultimately inevitable.	426
May 12 (2389)	<i>From the Chargé in Germany</i> Comments on Hitler's motives and procedure in his apparent efforts to realize the Austrian <i>Anschluss</i> .	427

## NAZI ATTACKS ON DOLLFUSS REGIME

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Aug. 10 (136)	<i>From the Ambassador in Italy</i> Austria's desire to increase her armed forces from 22,000 men to 30,000; advice that she has consulted the other signatories of the Treaty of St. Germain.	433
Aug. 19 (894)	<i>From the Minister in Austria</i> Information concerning various provocative measures of the German Nazis against Austria; opinion that the Austro-German crisis is becoming serious; indications that the British Government also views the situation with anxiety.	433
Aug. 23 (93)	<i>From the Ambassador in Italy (tel.)</i> Information from Foreign Office source that Italy will consider a Nazi Austria as analogous to <i>Anschluss</i> .	435
Aug. 24 (152)	<i>From the Ambassador in Italy</i> Report on Italian efforts to subdue the violent Nazi manifestations in Austria, and on a conference at Riccione between Mussolini and Dollfuss. Account of a conversation with the French Ambassador on the Austro-German situation.	436
Aug. 25 (94)	<i>From the Ambassador in Italy (tel.)</i> Discussion with Suvich, Under Secretary of State for Foreign Affairs, upon his return from the Mussolini-Dollfuss conversations; his opinion that the Austrian situation is not dangerous, but serious; outline of Mussolini's policy.	439
Aug. 29 (27)	<i>To the Minister in Austria (tel.)</i> Instructions to ascertain and report whether a derogation of the military clauses of the Treaty of St. Germain is imminent; also to report other pertinent information.	440
Aug. 31 (40)	<i>From the Minister in Austria (tel.)</i> Information from the Chancellor that the modification of the treaty desired by Austria was so slight that all the powers consulted had already approved informally and that he did not regard the concession granted as a derogation of the treaty.	441
Sept. 6 (42)	<i>From the Minister in Austria (tel.)</i> Chancellor's assertion that his policy toward Germany had been a purely defensive one and that the Nazis' terrorist acts had compelled him to take repressive measures against them.	442
Sept. 11 (98)	<i>From the Ambassador in Italy (tel.)</i> Conversation with Suvich, who said that the situation in Austria seemed more quiet and probably more favorable but was certainly not disposed of.	443
Sept. 13 (141)	<i>From the Ambassador in Germany</i> Account of continuing and more violent German attacks on the Dollfuss regime in Austria in the press and over the radio.	443

## NAZI ATTACKS ON DOLLFUSS REGIME

Date and number	Subject	Page
1933 Sept. 30 (180)	<i>From the Ambassador in Germany</i> Report that the recent reorganization of the Austrian Cabinet was viewed in Germany as strengthening Dollfuss' position.	446
Nov. 18 (68)	<i>From the Minister in Austria (tel.)</i> Opinion of the British Minister that the Nazis will attempt a <i>putsch</i> soon, and that the Dollfuss Government has slightly better than an even chance to remain.	447
Dec. 21	<i>Memorandum by the Under Secretary of State</i> Italian Ambassador's account of Suvich's visit to Berlin, during which he had discussed with Hitler the Disarmament Conference, the League of Nations, and the relations of Hitler with respect to Austria.	447

## TENSION ARISING FROM GERMAN-POLISH RELATIONS WITH RESPECT TO THE POLISH CORRIDOR AND DANZIG

1933 May 4 (2363)	<i>From the Chargé in Germany</i> Information that Hitler and Foreign Minister Von Neurath had two conversations with the Polish Minister recently concerning "the political questions affecting Germany's relation to Poland" but that no detailed information was given out on the discussions.	448
May 19 (2418)	<i>From the Chargé in Germany</i> Indication that developments in Danzig are again affecting Germany's relations with Poland; that the forthcoming Danzig elections are likely to result in the accession of the Nazis to power there.	449
June 3 (2447)	<i>From the Chargé in Germany</i> Results of the Danzig general election in which the Nazis were the chief gainers, with slightly more than 50 percent of all votes cast. Comment that this has made possible a <i>Gleichschaltung</i> of the Free State of Danzig with the Reich.	450

MONETARY AND ECONOMIC CONFERENCE, LONDON, JUNE 12-  
JULY 27, 1933

## I. MULTILATERAL AND BILATERAL PREPARATIONS, JANUARY 14-APRIL 12

1933 Jan. 14 (57)	<i>To the American Representatives on the Preparatory Committee of Experts for the Monetary and Economic Conference (tel.)</i> U. S. desire that subject of discriminatory and harmful effects of bilateral compensation and clearing agreements be discussed at meetings of Experts Committee and, if possible, placed on Conference agenda; tentative suggestion for an agreement by leading trading countries looking toward eventual elimination of such arrangements. (Footnote: Information that Preparatory Committee of Experts was meeting at Geneva.)	452
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## LONDON ECONOMIC CONFERENCE

## I. MULTILATERAL AND BILATERAL PREPARATIONS—Continued

Date and number	Subject	Page
1933 Jan. 19 (58)	<i>To the American Representatives on the Preparatory Committee of Experts (tel.)</i> Request for immediate report on the progress of Preparatory Committee discussions and the main points of policy likely to be presented.	453
Jan. 19 (9)	<i>From the Consul at Geneva (tel.)</i> From Day and Williams (American representatives on the Preparatory Committee): Adjournment of the Preparatory Committee, January 19; list of subjects to be included in the Conference program.	453
Jan. 20 (10)	<i>From the Consul at Geneva (tel.)</i> From Sackett: Information that the Organizing Committee of the Monetary and Economic Conference will meet January 25; request for Department's views concerning the date to be set for the London Conference and the advisability of attaching a reservation to the U. S. formal agreement on the date in view of possible British and French interpretation that such agreement implies approval of a general conference for debt settlement. (Footnote: Information that Frederic M. Sackett and Norman Davis are the American representatives on the Organizing Committee.)	454
Jan. 20 (11)	<i>From the Consul at Geneva (tel.)</i> Information concerning four points outlined in the report of the Preparatory Committee of Experts as essential to the success of the Conference and on which there should be preliminary negotiations by participating governments.	456
Jan. 20	<i>From the Consul at Cherbourg (tel.)</i> From Day and Williams: Clarification of two of the points reported in telegram No. 11, January 20.	457
Jan. 22 (13)	<i>From the Consul at Geneva (tel.)</i> From Sackett: British suggestion that the Organizing Committee at its meeting on January 25 issue a declaration concerning the inadvisability of calling the London Conference earlier than 3 months from the present date because of the time needed by the delegates for the preparation of the questions involved.	457
[Jan. 23]	<i>Memorandum by the Assistant Secretary of State</i> Record of a telephone conversation between Secretary of State Stimson and President-elect Roosevelt on certain aspects of U. S. policy with regard to the Conference.	458
Jan. 23	<i>To the American Representatives on the Organizing Committee for the Monetary and Economic Conference (tel.)</i> For Sackett: Instructions to support the British suggestion for a declaration concerning the date of the Conference; further instructions to make a statement (text printed) at a meeting of the Organizing Committee to the effect that the views of the American members of the Preparatory Committee of Experts do not necessarily reflect the official views of the U. S. Government.	460

## LONDON ECONOMIC CONFERENCE

## I. MULTILATERAL AND BILATERAL PREPARATIONS—Continued

Date and number	Subject	Page
1933 Jan. 25 (19)	<i>From the Consul at Geneva (tel.)</i> From Sackett: Report of the meeting of the Organizing Committee on January 25. Information that J. Ramsay MacDonald was unanimously designated President of the Conference.	461
Feb. 24	<i>From the American Representatives on the Preparatory Committee of Experts</i> Interpretation of the salient features of the draft annotated agenda of the Conference in terms of the key countries and their possible contributions to the common program.	462
Feb.	<i>From the British Embassy</i> Memorandum outlining British policy on economic problems, with final comment that any hope of bettering conditions is dependent upon a satisfactory settlement of the war debts question. (Footnote: Information that this memorandum was handed to Secretary Hull by the British Ambassador just before March 4.)	465
Mar. 17 (53)	<i>To the Chargé in Great Britain (tel.)</i> Instructions to report the significance, if any, of the conference between French Finance Minister Bonnet and the British Cabinet.	471
Mar. 17 (46)	<i>From the Chargé in Great Britain (tel.)</i> Information from the French Ambassador that Bonnet had arrived in London on March 16 to discuss questions arising from the agenda of the London Conference and other matters.	471
Mar. 24	<i>To the British Embassy</i> U. S. reply to the British memorandum on economic problems, enumerating questions of mutual interest which might be profitably explored. Further information that the U. S. Government is prepared to discuss the debt question simultaneously with, but separately from, the questions on the tentative draft agenda.	472
Mar. 30 (60)	<i>To the Chargé in Great Britain (tel.)</i> For Davis from Phillips: Information that although several exploratory conversations have been held with the British Ambassador, no reply to the U. S. memorandum of March 24 has been received to date.	474
Mar. 30 (60)	<i>From the Chargé in Great Britain (tel.)</i> From Davis: Résumé of conversations with Prime Minister MacDonald and Foreign Minister Simon on the procedure and date for the Monetary and Economic Conference. (Footnote: Schedule of conversations held by Mr. Davis between March 30 and April 10 with various officials in London, Paris, and Berlin.)	474
Mar. 31 (63)	<i>From the Chargé in Great Britain (tel.)</i> From Davis: Request for Department's views concerning the British suggestion that the Organizing Committee meet on April 10 and then establish June 1 as the date for convoking the Conference.	476



## LONDON ECONOMIC CONFERENCE

## I. MULTILATERAL AND BILATERAL PREPARATIONS—Continued

Date and number	Subject	Page
1933 Mar. 31 (64)	<i>From the Chargé in Great Britain (tel.)</i> For the President from Davis: Conversation with MacDonald and Simon concerning the question of MacDonald's proposed visit to the United States for a personal exchange of views with the President.	477
Apr. 1 (62)	<i>To the Chargé in Great Britain (tel.)</i> For Davis: President Roosevelt's suggestions as to best time for proposed visit of Prime Minister MacDonald; instructions to advise the Prime Minister of President's interest in the visit, even though no official invitation is being sent at this time.	479
Apr. 2 (68)	<i>From the Chargé in Great Britain (tel.)</i> From Davis: Request for reply to telegram No. 63 of March 31.	479
Apr. 3 (69)	<i>From the Chargé in Great Britain (tel.)</i> From Davis: Further discussion with MacDonald concerning the date for his visit to the United States. Reiteration of MacDonald's opinion that, irrespective of the debt question, a frank discussion of the major problems confronting the two countries would be advisable.	480
Apr. 3 (65)	<i>To the Chargé in Great Britain (tel.)</i> For Davis: U. S. preference to withhold final decision concerning the date of the Conference; suggestion that the Organizing Committee meet not earlier than April 15, when it is hoped a decision can be reached in the matter.	482
Apr. 3 (71)	<i>From the Chargé in Great Britain (tel.)</i> From Davis: Intention to arrange with Simon to have a meeting of the Organizing Committee after April 16, to consider the feasibility of attempting to convene the Conference prior to June 15; request for Department's views on two alternative plans concerning the Conference, one of which entails the scheduling of preliminary economic conversations in Washington.	482
Apr. 4 (73)	<i>From the Chargé in Great Britain (tel.)</i> From Davis: Conversation with MacDonald and his colleagues concerning the preoccupation of the Cabinet with the debt question and its relation to the Prime Minister's proposed trip to the United States.	483
Apr. 4 (65)	<i>To the Chargé in France (tel.)</i> For Davis: Information that discussions now under way are pointing toward agreement on the second alternative mentioned in telegram No. 71 of April 3, from the Chargé in Great Britain, the initiation of preliminary conversations in Washington.	485
Apr. 5 (136)	<i>From the Chargé in France (tel.)</i> From Davis: Conversations with Prime Minister Daladier and Foreign Minister Paul-Boncour, who said that they strongly favored preliminary conversations in Washington; opinion that the French will seek an opportunity to raise the debt question in connection with the Conference work.	485

## LONDON ECONOMIC CONFERENCE

## I. MULTILATERAL AND BILATERAL PREPARATIONS—Continued

Date and number	Subject	Page
1933 Apr. 6 (137)	<i>From the Chargé in France (tel.)</i> From Davis: Information that plans have been completed for MacDonald's visit to the United States; suggestion that arrangement be made with the British Embassy in Washington for an official invitation.	486
Apr. 11	<i>Memorandum by the Secretary of State</i> Information that the British Ambassador presented a telegram from his Government in regard to the U. S. memorandum of March 24, and agreed to submit either a copy or a synopsis (text <i>infra</i> ) of the telegram for further consideration.	487
Apr. 12	<i>From the British Ambassador</i> Oral communication (text printed) of contents of a telegram expressing the British Government's views on the relation of the war debt question to the Economic Conference.	487

## II. PRELIMINARY CONVERSATIONS AT WASHINGTON, APRIL 7—JUNE 3

1933 Apr. 7 (72)	<i>To the Ambassador in France (tel.)</i> Advice that the President has invited the Governments of France, Italy, Germany, Japan, China, Argentina, Brazil, and Chile to participate in preliminary economic conversations in Washington preparatory to the London Conference. (Footnote: Information that a similar invitation was extended, April 8, to the Governments of Canada and Mexico.)	489
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## A. EXCHANGES OF VIEWS BETWEEN PRESIDENT ROOSEVELT AND FOREIGN REPRESENTATIVES

## Great Britain

1933 Apr. 22	<i>Joint Statement by President Roosevelt and the British Prime Minister</i> Announcement of a preliminary review of the main problems of the London Economic Conference.	490
Apr. 23	<i>Joint Statement by President Roosevelt and the British Prime Minister</i> Announcement of further exploration of the monetary aspect of the Conference agenda.	491
Apr. 24	<i>Joint Statement by President Roosevelt and the British Prime Minister</i> Declaration that the present discussions were designed to explore subjects to be covered at the London Conference and not to conclude definite agreements with respect to any particular problem.	491

## LONDON ECONOMIC CONFERENCE

## II. PRELIMINARY CONVERSATIONS AT WASHINGTON—Continued

## A. EXCHANGES OF VIEWS BETWEEN PRESIDENT ROOSEVELT AND FOREIGN REPRESENTATIVES—continued

Date and number	Subject	Page
1933 Apr. 26	<i>Joint Statement by President Roosevelt and the British Prime Minister</i> Announcement that the proposals examined during the past week will be discussed in Washington with other governments with a view to securing the fullest possible understanding before the convening of the London Conference.	492
May 6 (862)	<i>From the Chargé in Great Britain</i> Report of the Prime Minister's radio address, May 5, in which he summarized his Washington conversations.	493

## France

1933 Apr. 13	<i>From the Chairman of the American Delegation to the Disarmament Conference</i> Information that Edouard Herriot will be the chief French representative at the Washington conversations; observations concerning French views on the debt and tariff questions.	494
Apr. 28	<i>Memorandum by the Under Secretary of State of a Conversation Between President Roosevelt and the French Representative, Thursday Afternoon, April 27, 1933</i> Exchange of views on the subject of intergovernmental debts, and on the question of establishing a tariff truce during the life of the Conference.	497
Apr. 28	<i>Joint Statement by President Roosevelt and the French Representative</i> Announcement of exchange of views on several subjects of international importance, and particularly the problem of intergovernmental debts.	499

## Canada

1933 Apr. 13	<i>Memorandum by the Under Secretary of State</i> Conversation with the Canadian Minister as to the desirability of scheduling the visit of the Canadian Prime Minister, Richard Bennett, to the United States to overlap that of Prime Minister MacDonald of England.	501
May 6	<i>Joint Statement by President Roosevelt and the Canadian Prime Minister</i> Report of conversations with reference to the principal problems of the London Conference, and to problems peculiar to the United States and Canada.	502

## LONDON ECONOMIC CONFERENCE

## II. PRELIMINARY CONVERSATIONS AT WASHINGTON—Continued

## A. EXCHANGES OF VIEWS BETWEEN PRESIDENT ROOSEVELT AND FOREIGN REPRESENTATIVES—continued

## Argentina

Date and number	Subject	Page
1933 May 6	<p data-bbox="238 444 888 491"><i>Joint Statement by President Roosevelt and the Argentine Ambassador to France</i></p> <p data-bbox="238 491 888 583">Announcement of conversations held in Washington preparatory to the London Conference, with particular emphasis upon questions of trade policy and the stabilization of monetary conditions.</p>	503

## Italy

1933 May 6	<p data-bbox="238 703 888 749"><i>Joint Statement by President Roosevelt and the Italian Minister of Finance</i></p> <p data-bbox="238 749 888 857">Announcement of Washington conversations resulting in declaration of common objectives in approaching the problems of the London Conference, especially the adjustment of financial and economic conditions with a view toward stimulating international trade.</p>	504
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## Germany

1933 May 12	<p data-bbox="238 982 888 1029"><i>Joint Statement by President Roosevelt and the German Representative</i></p> <p data-bbox="238 1029 888 1112">Announcement of conversations in Washington resulting in the recognition of the need for economic as well as military disarmament, and intention to promote the aims of the London Conference through international cooperation.</p>	505
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## China

1933 May 19	<p data-bbox="238 1237 888 1302"><i>Joint Statement by President Roosevelt and the Vice President of the Executive Yuan and Minister of Finance of the Republic of China</i></p> <p data-bbox="238 1302 888 1432">Announcement of common accord at the Washington conversations on the question of enhancing and stabilizing the price of silver in connection with efforts to improve international trade; determination to approach the problems of the London Conference and the Disarmament Conference with equal interest and effort.</p>	505
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## LONDON ECONOMIC CONFERENCE

## II. PRELIMINARY CONVERSATIONS AT WASHINGTON—Continued

## A. EXCHANGES OF VIEWS BETWEEN PRESIDENT ROOSEVELT AND FOREIGN REPRESENTATIVES—continued

## Mexico

Date and number	Subject	Page
1933 May 18	<p data-bbox="263 435 904 479"><i>Joint Statement by President Roosevelt and the Mexican Minister of Finance</i></p> <p data-bbox="263 482 904 590">Announcement of satisfactory results of conversations in Washington centered on agreement as to the need of concerted international effort toward restoration of economic equilibrium in the world; and specifically, consideration of a project for stabilization of the price of silver.</p>	506

## Brazil

1933 May 25	<p data-bbox="263 716 904 760"><i>Joint Statement by President Roosevelt and the Brazilian Representative</i></p> <p data-bbox="263 763 904 871">Announcement of conversations in Washington resulting in mutual agreement as to the importance of a tariff truce and stabilization of currencies in reviving international trade; exchange of views concerning the conditions of international payments in connection with U. S.-Brazilian trade.</p>	507
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## Japan

1933 May 27	<p data-bbox="263 996 904 1041"><i>Joint Statement by President Roosevelt and the Japanese Privy Counselor and the Vice Governor of the Bank of Japan</i></p> <p data-bbox="263 1045 904 1152">Declaration, as the result of Washington conversations, of intention to contribute maximum efforts toward the success of the London Conference and the Disarmament Conference, and concurrence in the view that both economic and military disarmament are essentials to a sound basis for peace.</p>	507
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## Chile

1933 June 3	<p data-bbox="263 1274 904 1317"><i>Joint Statement by President Roosevelt and the Chilean Representative</i></p> <p data-bbox="263 1321 904 1446">Announcement of conversations in Washington which revealed complete agreement between the United States and Chile as to the necessity for international action at the London Conference looking toward an improvement of the world price level, stabilization of currencies, and the removal of obstacles to international trade.</p>	508
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## LONDON ECONOMIC CONFERENCE

## II. PRELIMINARY CONVERSATIONS AT WASHINGTON—Continued

## B. EXCHANGES OF VIEWS WITH THE DEPARTMENT OF STATE

Date and number	Subject	Page
1933 Apr. 11	<p data-bbox="235 383 495 406"><i>To the Albanian Minister</i></p> <p data-bbox="235 406 876 470">Official invitation (text printed) suggesting an exchange of views, through diplomatic channels, on any of the items of the London Conference agenda.</p> <p data-bbox="235 470 876 534">(Footnote: Information that substantially the same invitation was extended to the majority of the foreign diplomatic missions in Washington.)</p>	509
Australia		
1933 May 15 (171)	<p data-bbox="235 661 533 683"><i>From the British Ambassador</i></p> <p data-bbox="235 683 876 748">Memorandum (text printed), transmitted at request of Prime Minister of Australia, presenting Australian views on certain points of the Conference agenda.</p>	510
May 24	<p data-bbox="235 765 506 788"><i>To the British Ambassador</i></p> <p data-bbox="235 788 876 835">Memorandum (text printed) in reply to the Australian observations on the draft annotated agenda for the Conference.</p>	513
Brazil		
1933 May 22	<p data-bbox="235 956 876 1025"><i>Memorandum by Mr. William R. Manning, of the Division of Latin American Affairs, of a Conversation Between American and Brazilian Representatives</i></p> <p data-bbox="235 1025 876 1107">Discussion of questions before the London Conference, in particular, U. S. desire for Brazilian support of the tariff truce proposal, and two Brazilian questions in connection with coffee.</p>	514
Canada and Mexico		
1933 [May 16?]	<p data-bbox="235 1234 876 1281"><i>Memorandum of a Conversation Between American Representatives and Canadian and Mexican Representatives</i></p> <p data-bbox="235 1281 876 1390">Discussion of the background of the world silver situation; outline of points of agreement between U. S. and Mexican representatives in regard to stabilization of silver values and the restoration of its purchasing powers, the Canadian representatives lacking authority to make any commitments.</p>	516

## LONDON ECONOMIC CONFERENCE

## II. PRELIMINARY CONVERSATIONS AT WASHINGTON—Continued

## B. EXCHANGES OF VIEWS WITH THE DEPARTMENT OF STATE—continued

## Chile

Date and number	Subject	Page
1933 May 27	<p data-bbox="263 423 918 487"><i>Memorandum by Mr. Stuart E. Grummon, of the Division of Latin American Affairs, of a Conversation Between American Representatives and the Chilean Representative</i></p> <p data-bbox="263 487 918 638">Résumé of matters previously discussed with other foreign representatives preparatory to the London Conference; Chilean representative's position that, although Chile was in agreement with the general international objectives listed in the Conference agenda, his Government, due to present internal difficulties, would be unable to take an active part in the Conference.</p>	517

## China

1933 May 10	<p data-bbox="263 765 918 829"><i>Memorandum by the Chief of the Division of Far Eastern Affairs of a Conversation Between American and Chinese Representatives</i></p> <p data-bbox="263 829 918 916">Exchange of views with regard to monetary problems, in particular, the question of stabilizing silver; comments on the possibility of effecting an agreement between the silver-producing and the silver-using countries.</p>	521
May 11	<p data-bbox="263 939 918 1003"><i>Memorandum by the Chief of the Division of Far Eastern Affairs of a Conversation Between American and Chinese Representatives</i></p> <p data-bbox="263 1003 918 1081">Further discussions concerning the stabilization of silver and the possible role of Indian silver in future exchange relations; Senator Pittman's expression of confidence that the silver question can be satisfactorily settled at the London Conference.</p>	523

## Czechoslovakia

1933 May 18	<p data-bbox="263 1206 918 1253"><i>Memorandum of a Conversation Between American Representatives and the Czechoslovak Minister</i></p> <p data-bbox="263 1253 918 1340">Discussion of the monetary and economic phases of the problems to be taken up at the London Conference, especially the stabilization of currencies, the problem of exchange restrictions, and tariff reduction.</p>	527
May 18	<p data-bbox="263 1357 590 1381"><i>From the Czechoslovak Legation</i></p> <p data-bbox="263 1381 918 1463">Czechoslovak agreement in principle with the objectives of the Conference agenda; views on exchange restrictions, the tariff question, the debt question, and the ill effects of U. S. abandonment of the gold standard.</p>	529

## LONDON ECONOMIC CONFERENCE

## II. PRELIMINARY CONVERSATIONS AT WASHINGTON—Continued

## B. EXCHANGES OF VIEWS WITH THE DEPARTMENT OF STATE—continued

## Germany

Date and number	Subject	Page
1933 May 4 (73)	<i>From the Chargé in Germany (tel.)</i> Opinion that Hjalmar Schacht, president of the German Reichsbank, no longer occupies the role of an independent adviser to Hitler, but is becoming increasingly subject to Nazi pressure.	531
May 11	<i>Memorandum by the Economic Adviser of a Conversation Between American and German Representatives</i> Dr. Schacht's observations on the question of Germany's external indebtedness and exchange difficulties, and his intimation that the German Government may declare a complete transfer moratorium; indication by American representatives as to inevitable adverse reaction in the United States toward such a move and suggestions for possible remedial measures.	532
May 20 (55)	<i>To the Chargé in Germany (tel.)</i> Advice concerning substance of the recent conversations with the German representatives.	534

## Japan

1933 May 17 (101)	<i>From the Ambassador in Japan (tel.)</i> Information concerning lack of authority of the Japanese delegation; résumé of probable Japanese policy on political and economic matters to be considered at the Washington conversations and the London Conference.	534
May 25	<i>Memorandum by the Chief of the Division of Far Eastern Affairs of a Conversation Between American and Japanese Representatives</i> Discussion of monetary policies, including the questions of stabilization of currency and the return to the gold standard.	537
May 26	<i>Memorandum by the Chief of the Division of Far Eastern Affairs of a Conversation Between American and Japanese Representatives</i> Further exchange of views with regard to bilateral trade agreements, the most-favored-nation clause, and the proposed tariff truce.	542

## Mexico

1933 [May 11?]	<i>Memorandum by the Chief of the Division of Mexican Affairs of a Conversation Between American and Mexican Representatives</i> Concurrence in general views exchanged with respect to tariff and monetary questions.	548
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## LONDON ECONOMIC CONFERENCE

## II. PRELIMINARY CONVERSATIONS AT WASHINGTON—Continued

## B. EXCHANGES OF VIEWS WITH THE DEPARTMENT OF STATE—continued

Date and number	Subject	Page
1933 [May 12]	<p data-bbox="247 378 895 447"><i>Memorandum by the Chief of the Division of Mexican Affairs of a Conversation Between American and Mexican Representatives</i></p> <p data-bbox="247 447 895 534">Further exchange of views concerning tariff questions; suggestion that the Canadian, Mexican, and U. S. representatives hold an informal discussion on the silver problem with a view to concluding an agreement at the London Conference.</p> <p data-bbox="247 534 895 581">(Footnote: Reference to memorandum of conversation on silver question, May 16, <i>ante</i>, p. 516.)</p>	549
[May 17?]	<p data-bbox="247 591 895 638"><i>Memorandum of a Conversation Between American and Mexican Representatives</i></p> <p data-bbox="247 638 895 685">Agreement on draft of joint statement for the press concerning the results of the informal conversations in Washington.</p>	550
Norway		
1933 May 18	<p data-bbox="247 808 895 878"><i>Memorandum by Mr. Richard W. Morin, of the Division of Western European Affairs, of a Conversation Between American Representatives and the Norwegian Minister</i></p> <p data-bbox="247 878 895 946">Discussion of currency stabilization and exchange of views with respect to bilateral treaties within the framework of the unconditional most-favored-nation clause.</p>	551
Poland		
1933 May 15	<p data-bbox="247 1065 895 1135"><i>Memorandum by Mr. Landreth M. Harrison, of the Division of Eastern European Affairs, of a Conversation Between American and Polish Representatives</i></p> <p data-bbox="247 1135 895 1223">Presentation of the tentative program worked out by the United States in previous conversations with special missions of other Governments preparatory to the London Conference; Polish observations on various aspects of the program outlined.</p>	553
Rumania		
1933 May 19	<p data-bbox="247 1343 895 1413"><i>Memorandum by Mr. Henry L. Deimel, Jr., of the Division of Near Eastern Affairs, of a Conversation Between American Representatives and the Rumanian Minister</i></p> <p data-bbox="247 1413 895 1501">Exchange of views concerning the general scope of the Washington conversations, with particular reference to bilateral commercial treaties and the question of preferential grain arrangements.</p>	562

## LONDON ECONOMIC CONFERENCE

## II. PRELIMINARY CONVERSATIONS AT WASHINGTON—Continued

## B. EXCHANGES OF VIEWS WITH THE DEPARTMENT OF STATE—continued

## Sweden

Date and number	Subject	Page
1933 May 17	<p data-bbox="238 413 878 479"><i>Memorandum by Mr. Richard W. Morin, of the Division of Western European Affairs, of a Conversation Between American and Swedish Representatives</i></p> <p data-bbox="238 479 878 586">Swedish Minister's views on the range of previous conversations between U. S. and other foreign representatives; his interest in U. S. position with respect to the most-favored-nation clause, and the views of other governments on currency stabilization.</p>	566

## Turkey

1933 Apr. 20	<p data-bbox="238 713 692 736"><i>Memorandum by the Under Secretary of State</i></p> <p data-bbox="238 736 878 822">Record of a conversation between the Secretary of State and the Turkish Ambassador, who submitted an <i>aide-mémoire</i> (text printed), setting forth the Turkish views on the Conference agenda.</p> <p data-bbox="261 822 850 845">(Footnote: Information concerning U. S. reply, May 25.)</p>	567
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## Yugoslavia

1933 May 18	<p data-bbox="238 966 878 1032"><i>Memorandum by Mr. Henry L. Deimel, Jr., of the Division of Near Eastern Affairs, of a Conversation Between American Representatives and the Yugoslav Minister</i></p> <p data-bbox="238 1032 878 1098">Indication of Yugoslav position with respect to certain items on the Conference agenda, especially the tariff truce proposal and the question of war debts.</p>	572
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## III. FURTHER MULTILATERAL DISCUSSIONS UPON PRE-CONFERENCE AND OTHER ISSUES, APRIL 17—MAY 29

1933 Apr. 17	<p data-bbox="238 1246 625 1269"><i>Memorandum by the Economic Adviser</i></p> <p data-bbox="238 1269 878 1334">Conversation with British Financial Adviser Bewley concerning a British proposal for the creation of an international fund for the purpose of reducing barriers to international trade.</p>	574
Apr. 17 (166)	<p data-bbox="238 1354 557 1376"><i>From the Chargé in France (tel.)</i></p> <p data-bbox="238 1376 878 1463">From Davis: Telegram from Drummond, Secretary General of the League of Nations (text printed), suggesting that the Organizing Committee for the London Conference defer its meeting of April 25 for a maximum period of 3 weeks.</p> <p data-bbox="261 1463 857 1486">(Footnote: Nonobjection to the proposed postponement.)</p>	575
Apr. 21 (175)	<p data-bbox="238 1501 557 1524"><i>From the Chargé in France (tel.)</i></p> <p data-bbox="238 1524 878 1581">From Davis: Conversation with Prime Minister Daladier with respect to the financial problem created by U. S. abandonment of the gold standard.</p>	576

## LONDON ECONOMIC CONFERENCE

## III. FURTHER MULTILATERAL DISCUSSIONS—Continued

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1933 Apr. 21 (177)	<i>From the Chargé in France (tel.)</i> From Davis: MacDonald's insistence upon calling the meeting of the Organizing Committee on April 27, or April 29; request for instructions.	576
Apr. 21 (99)	<i>To the Chargé in France (tel.)</i> For Davis: Consent to calling of meeting of the Organizing Committee on April 29.	577
Apr. 22 (178)	<i>From the Chargé in France (tel.)</i> From Davis: Suggestion that the French Government be consulted before any publicity is given as to the date for the Organizing Committee.	577
Apr. 22 (103)	<i>To the Chargé in France (tel.)</i> For Davis: Information for Sir John Simon, Chairman, concerning date of meeting of Organizing Committee and desirability of consultation with French and other Governments.	577
Apr. 22 (182)	<i>From the Chargé in France (tel.)</i> From Davis: Suggestion that principles of the Convention on the Abolition of Import and Export Prohibitions and Restrictions (1927) might serve as a useful point of departure in dealing with prohibitions and quotas.	578
Apr. 28 (83)	<i>To the Chargé in Great Britain (tel.)</i> For Davis: Instructions to present at meeting of Organizing Committee two proposals relating to contemplated U. S. tariff truce motion at Conference, one notifying the invited Governments of U. S. intention, the other proposing the adoption by the Organizing Committee of a resolution (text printed) for a voluntary tariff truce during the preliminary period before the Conference.	578
Apr. 29 (91)	<i>From the Chargé in Great Britain (tel.)</i> From Davis: Report of favorable action by Organizing Committee on first proposal, and intention of members of Committee to request authorization from their respective Governments for adoption of resolution for preliminary tariff truce; suggestion by Stoppani, Chief of League of Nations Economic Section, that a rephrased resolution (text printed) would have a better chance of adoption.	581
Apr. 30 (84)	<i>To the Chargé in Great Britain (tel.)</i> For Davis: Instructions to avoid discussion of any alternative weaker text of the tariff truce resolution if possible, but if it appears unlikely that the members of the Organizing Committee will receive authorization within a few days to discuss the original resolution, to present a statement (text printed) embodying U. S. views concerning an alternative text.	584
May 1 (92)	<i>From the Chargé in Great Britain (tel.)</i> From Davis: Information that in case adoption of the proposed resolution seems unlikely, it may be necessary to seek some other means of acquainting the Organizing Committee with the Department's views.	584

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Undated	<i>Memorandum of Trans-Atlantic Telephone Conversation</i> Between Under Secretary of State Phillips and Norman Davis, in London, May 6 [5?]: Discussion of problems connected with the tariff truce resolution and difficulties encountered by Davis in obtaining British acceptance without sacrificing the strength of the original text.	587
May 5 (92)	<i>To the Chargé in Great Britain (tel.)</i> For Davis: Authorization to agree to any feasible wording of the intermediary tariff truce proposal as long as it does not result in a weakened text; further instructions concerning general truce to be proposed at the Conference.	591
May 5 (101)	<i>From the Chargé in Great Britain (tel.)</i> From Davis: British Government's approval in principle of tariff truce but reluctance to commit itself with respect to the interim period. Intention to endeavor to reach an agreement, although it may require modification of the text of the resolution to meet British opposition.	592
May 6 (97)	<i>To the Chargé in Great Britain (tel.)</i> Instructions to inform MacDonald that the U. S. intermediary tariff truce proposal is not intended to prejudge the basis of future negotiations but to curb action, from now through July, which might imperil the friendly spirit of the Conference.	593
May 8 (106)	<i>From the Chargé in Great Britain (tel.)</i> From Davis: Opinion that British agreement on the tariff truce is becoming definitely linked with some assurance or action on the debt question.	594
May 8 (109)	<i>From the Chargé in Great Britain (tel.)</i> From Davis: Discussion with Runciman, President of the British Board of Trade, of modified draft tariff truce resolution (text printed), which he agreed to circulate for immediate consideration by the principal members of the Cabinet; request for examination of the draft with respect to any changes that may be required under the new U. S. farm bill.	594
May 9 (112)	<i>From the Chargé in Great Britain (tel.)</i> From Davis: British general concurrence with draft resolution with amended second and third paragraphs (text printed); request for immediate reply concerning acceptance of revised wording.	596
May 9 (113)	<i>From the Chargé in Great Britain (tel.)</i> From Davis: Opinion that British desire for settlement of war debt issue and present policy of preferential trade agreements are inconsistent with the aims of the London Conference; suggestions for securing a more cooperative British attitude.	597

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May 10 (116)	<i>From the Chargé in Great Britain (tel.)</i> From Davis: Report of circulation of approved draft resolution to the six other Organizing Committee representatives, and of difficulties encountered due to the inclusion of the British reservation referring to the annotated agenda; suggestion that the Washington representatives of these Governments be advised of the importance of the U. S. Government attaches to prompt acceptance of the resolution.	601
May 12 (121)	<i>From the Chargé in Great Britain (tel.)</i> From Davis: Approval of tariff truce formula reported in telegram No. 112, May 9, by Germany, Belgium, United States, United Kingdom, France, Italy, Japan, and Norway; advice that reference to annotated agenda was removed from text and added as a footnote.	601
May 12 (108)	<i>To the Chargé in Great Britain (tel.)</i> For Davis: Congratulations upon successful completion of negotiations with respect to the tariff truce resolution.	602
May 12 (122)	<i>From the Chargé in Great Britain (tel.)</i> From Davis: Account of the formal meeting of the Organizing Committee, May 12, after informal discussion leading to agreement to accept the text of the tariff truce resolution, and to include the various reservations and explanations in the <i>procès-verbal</i> .	602
Undated	<i>Resolution</i> Text of the resolution recommending the adoption of a tariff truce at the beginning of the Conference.	605
May 13 (126)	<i>From the Chargé in Great Britain (tel.)</i> From Davis: Information that the <i>procès-verbal</i> containing the explanations and reservations with respect to the tariff truce will probably not be drawn up until the Italian comments have been received; transmittal of German reservations (text printed) and substance of French reservations.	605
May 15 (221)	<i>From the Chargé in France (tel.)</i> French viewpoint that establishment of a monetary truce is a prerequisite to the success of the Conference, and suggestion that conversations between United States, Great Britain, and France be initiated toward that end.	606
May 16 (114)	<i>To the Chargé in Great Britain (tel.)</i> Communication from President Roosevelt for Prime Minister MacDonald (text printed) clarifying a reference in a radio address by the President, May 16, as to the desirability of an early conclusion of the Conference.	607
May 16 (222)	<i>From the Chargé in France (tel.)</i> From Davis: Information concerning modification of French reservation.	608

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1933 May 16	<i>From the French Embassy</i> Willingness of French Government and Bank of France to enter into conversations with the U. S. and British Governments and the central banks of those countries to discuss the question of establishing a tripartite monetary cooperation.	608
May 19 (136)	<i>From the Ambassador in Great Britain (tel.)</i> Communication from Prime Minister MacDonald for President Roosevelt (text printed), expressing opinion that a period of 8 weeks is too optimistic an estimate for the accomplishment of the work of the London Conference.	609
May 22 (106)	<i>To the American Member on the Organizing Committee for the Monetary and Economic Conference (tel.)</i> Instructions to inform Organizing Committee officials of Agriculture Department's proposed plans for administration of the farm bill, and to make clear that this action is not a violation of the tariff truce.	610
May 23 (121)	<i>To the Ambassador in Great Britain (tel.)</i> Communication from President Roosevelt for Prime Minister MacDonald (text printed), reiterating the view that by intensive effort on the part of the delegates, the work of the Conference could be accomplished within 2 months.	611
May 23	<i>From the American Member on the Organizing Committee for the Monetary and Economic Conference</i> Final form of the revised French reservation (text printed) to the tariff truce declaration. Information that the U. S. comments on the final French text have been confined to questions of form, and a full reservation of rights made in the event that any of the measures prove discriminatory to American interests.	612
May 24 (135)	<i>From the Consul at Geneva (tel.)</i> Information that the League of Nations Council has adopted a resolution appealing to all governments invited to the London Conference to adhere to the tariff truce.	614
May 24 (186)	<i>From the Chairman of the American Delegation to the Disarmament Conference (tel.)</i> Advice that no reference to the pending U. S. agricultural legislation appears in the <i>procès-verbal</i> of the Organizing Committee meeting of April 29, as discussion concerning U. S. plans occurred in the private meeting preceding the formal meeting; opinion that proposed U. S. action may be defended either under the reference to the annotated agenda or on the basis that it does not constitute a new initiative.	614
May 24 (602 Pol.)	<i>From the Consul at Geneva</i> Transmittal of an <i>aide-mémoire</i> (extract printed) relative to the attitude of agricultural countries of Central and Eastern Europe at the World Monetary and Economic Conference, to be used as a basis for discussion at the conference of those states to be held at Bucharest June 4.	616

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## III. FURTHER MULTILATERAL DISCUSSIONS—Continued

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1933 May 27	<p data-bbox="256 352 525 376"><i>To the French Ambassador</i></p> <p data-bbox="256 376 902 463">Advice that American representatives will be glad to join in conversations at London, apart from the Conference program, to consider stabilization of the monetary situation with the French and British Governments and central banks.</p>	619

## IV. TRIPARTITE CONVERSATIONS UPON MONETARY STABILIZATION: IMPACT UPON THE CONFERENCE, MAY 30—JULY 5

1933 May 30	<p data-bbox="256 621 511 645"><i>From President Roosevelt</i></p> <p data-bbox="256 645 902 753">Appointment of Secretary of State Hull as Chairman of the American delegation to the Monetary and Economic Conference at London; memoranda (texts printed) of instructions concerning organization of the American delegation, and outline of American policy to be followed at the Conference.</p> <p data-bbox="285 753 802 777">(Footnote: Membership of American delegation.)</p>	620
May 31 (136)	<p data-bbox="256 791 674 815"><i>To the Ambassador in Great Britain (tel.)</i></p> <p data-bbox="256 815 902 923">Instructions to advise Foreign Office that Oliver Sprague and George Harrison, representatives, respectively, of the U. S. Government and the New York Federal Reserve Bank, will be available in London June 9 for discussions with British and French Governments and bank representatives.</p> <p data-bbox="285 923 827 947">(Footnote: Repeated to the Ambassador in France.)</p>	627
May 31	<p data-bbox="256 956 533 980"><i>To Mr. James P. Warburg</i></p> <p data-bbox="256 980 902 1064">Approval of designation as liaison officer between the American delegation to the London Conference and the U. S. representatives participating in the monetary stabilization conversations.</p> <p data-bbox="256 1064 902 1130">(Footnote: Identification of Warburg as Vice Chairman of the Board of Directors, Bank of the Manhattan Co.; Financial Adviser of the American delegation.)</p>	628
June 8 (13)	<p data-bbox="256 1144 902 1185"><i>From the Chairman of the American Delegation to the Monetary and Economic Conference (tel.)</i></p> <p data-bbox="256 1185 902 1251">For the President and Acting Secretary Phillips: Request for authorization for Warburg to participate fully in the monetary discussions in London.</p>	628
June 8 (12)	<p data-bbox="256 1263 763 1288"><i>To the Chairman of the American Delegation (tel.)</i></p> <p data-bbox="256 1288 902 1329">President Roosevelt's approval of Warburg's participation in the monetary discussions.</p>	629
June 9 (14)	<p data-bbox="256 1338 788 1362"><i>From the Chairman of the American Delegation (tel.)</i></p> <p data-bbox="256 1362 902 1446">Discussion with Prime Minister MacDonald of details of the Conference program; reiteration of U. S. view with respect to early adjournment of the Conference, and further extension of the tariff truce.</p>	629
June 9 (265)	<p data-bbox="256 1458 639 1482"><i>From the Ambassador in France (tel.)</i></p> <p data-bbox="256 1482 902 1548">Information that French bank officials are en route to London to enter into the tripartite conversations on monetary stabilization.</p>	631

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## IV. TRIPARTITE CONVERSATIONS UPON MONETARY STABILIZATION—Continued

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1933 June 10 (17)	<i>To the Chairman of the American Delegation (tel.)</i> Communication from President Roosevelt (text printed) suggesting that a motion be made for conclusion of the Conference by August 12.	631
June 11 (19)	<i>From the Chairman of the American Delegation (tel.)</i> Request for clarification of press reports concerning two amendments to the industrial control bill conferring extraordinary tariff powers on the President inasmuch as they may constitute obstacles to the introduction of the tariff truce resolution at the Conference.	631
June 11 (20)	<i>To the Chairman of the American Delegation (tel.)</i> Information that action has been taken with respect to amendment to the industrial control bill; that the President sees no obstacle to the introduction of the tariff truce resolution.	632
June 11 (21)	<i>From the Chairman of the American Delegation (tel.)</i> MacDonald's acquiescence in U. S. requests concerning organization of the Conference, 10-minute limitation of preliminary speeches, and adjournment by August 12. Advice that United States has been offered a choice between the chairmanships of the two great commissions—Monetary and Economic; opinion that chairmanship of the Monetary Commission appears to be the more desirable.	632
June 11 (1a)	<i>From the Chairman of the American Delegation (tel.)</i> For the President: Request for refutation of reports that the President and the administration are no longer supporting desire of the Chairman and American delegation to reduce tariffs and remove obstacles to international trade.	633
June 11 (22)	<i>To the Chairman of the American Delegation (tel.)</i> From the President: Assurance that no alteration of policy has occurred.	634
June 12 (1082)	<i>From the Minister in Rumania</i> Report of the meeting in Bucharest, June 4-6, of the Eastern and Central European agrarian countries.	634
June 13 (28)	<i>From the Chairman of the American Delegation (tel.)</i> Final draft of Chairman's address (text printed) to be delivered at the Conference.	636
June 14 (30)	<i>From the Chairman of the American Delegation (tel.)</i> For the President and Acting Secretary Phillips: Report of a misunderstanding with the British and French over chairmanship of the Monetary Commission.	640
June 15 (32)	<i>From the Chairman of the American Delegation (tel.)</i> For the President and Phillips: Advice that Bonnet will nominate Cox of the U. S. delegation as Chairman of the Monetary Commission.	641
June 15 (34)	<i>From the Chairman of the American Delegation (tel.)</i> Information that Cox was elected Chairman of the Monetary Commission, and that Hendryk Colijn, President of the Netherlands Council of Ministers, was elected President of the Economic Commission.	641



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## IV. TRIPARTITE CONVERSATIONS UPON MONETARY STABILIZATION—Continued

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1933 June 15 (37)	<i>To the Chairman of the American Delegation (tel.)</i> For Secretary of State Hull, Cox, and Sprague: Transmittal of a message from President Roosevelt that any proposal concerning stabilization must be forwarded to Washington for consideration by the Treasury Department and the President.	641
June 16 (35)	<i>From the Chairman of the American Delegation (tel.)</i> For Secretary of the Treasury Woodin from Sprague: Report of U. S., British, and French monetary conversations resulting in a general statement (text printed) and an agreement between the banks of issue concerning an arrangement limited to the period of the Conference and designed to eliminate wide fluctuations in the three exchanges.	642
June 16 (37)	<i>From the Chairman of the American Delegation (tel.)</i> For the President from Warburg: Endorsement of Sprague's report, and recommendation that the President approve the plan as a whole and an additional statement (text printed) respecting U. S. and British intention ultimately to stabilize their currencies on a gold basis.	644
June 17 (42)	<i>To the Chairman of the American Delegation (tel.)</i> For Hull for guidance of Cox and information of Harrison and Sprague: President Roosevelt's statement of policy on stabilization (text printed), rejecting the tripartite declaration and general statement.	645
June 18 (41)	<i>From the Chairman of the American Delegation (tel.)</i> For the President from Warburg: Advice that no U. S. resolutions have been introduced at the Conference to date due to preoccupation with organization of the Monetary Commission, and to nonreceipt of the President's views on report concerning proposed plans for temporary stabilization.	646
June 18 (40)	<i>From the Chairman of the American Delegation (tel.)</i> For the President from Cox, Sprague, and Warburg: Clarification of several points of stabilization plan to which President Roosevelt objected. Opinion that the President's position will be interpreted by other nations as indicating reversal of U. S. plans, or lack of authority by American representatives.	647
June 18 (42)	<i>From the Chairman of the American Delegation (tel.)</i> Denial of press reports that American delegation has made a proposal of 10 percent all around tariff cut.	648
June 19 (1)	<i>From President Roosevelt (tel.)</i> Reiteration of reluctance to consider temporary stabilization; but inquiry as to advisability of suggestion of U. S. willingness during Conference to keep pound from going above 4.25.	649
June 20 (46)	<i>From the Chairman of the American Delegation (tel.)</i> Report of proposal before the Economic Committee, introduced by the French and supported by the British, advocating international control of the production and exchange of various important commodities; advice that the delegation will follow developments with a view toward protection of American interests, and request for the President's further suggestions.	649

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June 20 (47)	<i>From the Chairman of the American Delegation (tel.)</i> For the President from Warburg: Report of unanimous acceptance by the Monetary Commission's second committee of American resolution concerning an international monetary standard; advice that remainder of the resolution has been referred to subcommittees for development of technical details.	650
June 21 (52)	<i>To the Chairman of the American Delegation (tel.)</i> Communication from Early, Secretary to President Roosevelt (text printed), expressing President Roosevelt's gratification at acceptance of American resolution; also, his approval in principle of proposal reported in delegation's telegram No. 46, June 20, concerning control of commodities.	651
June 21 (53)	<i>From the Chairman of the American Delegation (tel.)</i> For the President and Phillips: Advice that the delegation will proceed in accordance with views expressed in telegram No. 48, June 20, with a single view toward permanent and universal stabilization.	651
June 22 (56)	<i>From the Chairman of the American Delegation (tel.)</i> For the President from Warburg: Statement for the press (text printed) issued by the American delegation, clarifying the American position on temporary stabilization.	652
June 22 (57)	<i>From the Chairman of the American Delegation (tel.)</i> For the President from Warburg: Request for the President's views as to the feasibility of authorizing the Federal Reserve banks to take such action as may from time to time be practicable to limit fluctuations, in view of the possible development of another crisis at the Conference should violent fluctuations occur in the dollar rate.	653
June 22 (58)	<i>From the Chairman of the American Delegation (tel.)</i> For the President from Cox: Supplement to Warburg's reports, indicating necessity for distinction between the operations of the delegation and financial units of the American representation, as set forth in the press statement reported in delegation's telegram No. 56, June 22.	653
June 23 (61)	<i>From the Chairman of the American Delegation (tel.)</i> To the President from Warburg: Report of the progress through the Drafting Committee of U. S. resolutions introduced in accordance with the President's memorandum of May 30 on American policy.	654
June 24 (10)	<i>From President Roosevelt (tel.)</i> Advice that the President's suggestion for action to limit fluctuation of the pound may be discussed with Baruch and Woodin if considered necessary. Communication for Hull and Cox (text printed) expressing congratulations upon their successful activities.	655

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## IV. TRIPARTITE CONVERSATIONS UPON MONETARY STABILIZATION—Continued

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1933 June 25	<p><i>From the Assistant Secretary of State to the Acting Secretary of State (tel.)</i></p> <p>Request for approval of Assistant Secretary of State Moley's proposed statement to the press (text printed) upon his arrival in London, June 23, explaining his mission as liaison officer between President Roosevelt and the American delegation. (Footnote: Repeated to President Roosevelt, aboard U. S. S. <i>Ellis</i>, June 26; paraphrase sent to the American delegation at the London Conference.)</p>	656
June 26 (13)	<p><i>From President Roosevelt (tel.)</i></p> <p>Approval of Moley's statement for the press, and advice that no further statements should be issued by either Moley or his associate, Herbert Swope, while in London, since they are not members of the delegation.</p>	657
June 26 (71)	<p><i>To the Chairman of the American Delegation (tel.)</i></p> <p>Letter from General Counsel of the National Recovery Administration, June 24 (text printed), interpreting the provisions of Section 3 (e) of Title I of the National Industrial Recovery Act as applying to the silver mining industry, and advising that the exercise of authority conferred upon the President is discretionary.</p>	657
June 27 (4a)	<p><i>From the Chairman of the American Delegation (tel.)</i></p> <p>For the President: Information concerning a meeting of the entire American and British delegations called by MacDonald, June 27, to discuss the imminent abandonment of the gold standard by Holland, France, Switzerland, and Belgium.</p>	658
June 28 (79)	<p><i>To the Chairman of the American Delegation (tel.)</i></p> <p>For Sprague from Acheson: Request for views as to whether immediate U. S. action is desirable in the light of the acute monetary situation of the gold standard countries; further request that the Treasury be informed daily by cable concerning developments.</p>	659
June 28 (75)	<p><i>From the Chairman of the American Delegation (tel.)</i></p> <p>Report of Cuban proposal, under consideration in the Economic Commission, for an agreement between the sugar producing and consuming countries, and of Cuban desire for American support; request for instructions as to the position the delegation should take.</p>	659
June 28 (15)	<p><i>From President Roosevelt (tel.)</i></p> <p>Instruction for the delegation (text printed) concerning the gold situation and the necessity for maintaining a distinction between government action at the Conference and private action by central banks; request that instruction be discussed with Baruch and Acheson prior to its transmittal to London. (Footnote: Information that instruction was withheld pending receipt of telegrams from London.)</p>	660
June 28 (27)	<p><i>To President Roosevelt (tel.)</i></p> <p>From Acheson: Statement prepared by Baruch (text printed) concerning threatened devaluation of gold currencies by several European countries, and recommending two possible courses of action by the United States to prevent further decline of the dollar.</p>	661

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1933 June 28 (16)	<i>From President Roosevelt (tel.)</i> For Acheson: Request that Acheson, Phillips, and Baruch discuss the President's telegram No. 15, June 28; suggestion for the establishment of a <i>modus vivendi</i> by Harrison (Governor of Federal Reserve Bank of New York) and the central banks.	663
June 29 (29)	<i>To President Roosevelt (tel.)</i> From Acheson: Advice that proposed message to the delegation, contained in President's telegram No. 15 of June 28, has been discussed with Phillips and Baruch, but that the instruction has been withheld pending receipt of messages from Sprague and Moley, who are working on a proposal in accordance with the President's views on stabilization.	663
June 30 (79)	<i>From the Chairman of the American Delegation (tel.)</i> From Sprague for Woodin and Baruch: Report on the gold situation in reply to telegram No. 79, June 28. Information that a U. S.-British proposal has been drafted containing the general statement of ultimate monetary policy made 2 weeks ago, and also calling for concerted action by all countries toward restriction of speculative foreign exchange operations; that the matter has been discussed with Moley, who is sending a separate telegram ( <i>infra</i> ).	664
June 30 (80)	<i>From the Chairman of the American Delegation (tel.)</i> From Moley for Woodin and Baruch: Tentative agreement by Sprague and Moley with British representatives for a statement (text printed), to be approved by the President and to be made by the United States and Great Britain in conjunction with the gold standard countries; French desire for rewording of certain portions of the text.	665
June 30 (30)	<i>To President Roosevelt (tel.)</i> Transmittal of Moley's communication, <i>supra</i> . Advice that Acheson, who is in New York in conference with Woodin and Baruch, has been informed of contents of telegrams Nos. 79 and 80, June 30, from the Chairman of the American delegation.	666
June 30 (32)	<i>To President Roosevelt (tel.)</i> American delegation's suggested revision (text printed) of the proposed joint declaration.	667
June 30 (33)	<i>To President Roosevelt (tel.)</i> For the President from Woodin, Baruch, and Acheson: Recommendation of approval of the draft, with certain additional suggestions, inasmuch as its adoption is considered important to the continuance of the Conference.	667
June 30 (90)	<i>To the Chairman of the American Delegation (tel.)</i> Advice that the President has requested that the delegation refrain from any action or comment pending his reply to telegrams Nos. 79 and 80, June 30.	668
July 1 (18)	<i>From President Roosevelt (tel.)</i> For Hull and notification of Woodin and Baruch: Objections to the suggested joint declaration.	669

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1933 July 1 (84)	<i>From the Chairman of the American Delegation (tel.)</i> For the President from Moley: Final draft of the proposed joint declaration (text printed).	670
July 1 (85)	<i>From the Chairman of the American Delegation (tel.)</i> For the President from Moley: Comments on the final draft of the proposed joint declaration, and reiteration of opinion that continuance of the Conference depends upon U. S. support of the declaration.	671
July 1 (86)	<i>From the Chairman of the American Delegation (tel.)</i> For Baruch and Woodin from Swope: Suggestions as to background to accompany press statement concerning the President's approval, if forthcoming, of the joint declaration.	671
July 1 (87)	<i>From the Chairman of the American Delegation (tel.)</i> For the President and Phillips from Moley: Advice that Secretary of State Hull is issuing a brief announcement concerning the President's rejection of the declaration, and that he intends to issue a statement of American policy on July 3.	672
July 2 (19)	<i>From President Roosevelt (tel.)</i> For Hull: Message (text printed) for use in connection with proposed statement of American policy. Advice that if it is considered inexpedient to make the announcement in London it will be released in Washington as a White House statement.	673
July 2 (88)	<i>From the Chairman of the American Delegation (tel.)</i> For Phillips: Statement for the press (text printed) to be issued July 3; request that it be withheld in Washington pending establishment of hour of release in London. (Footnote: Information that statement was not released.)	674
July 2 (20)	<i>From President Roosevelt (tel.)</i> For Hull: Approval of statement for the press.	674
July 2 (90)	<i>From the Chairman of the American Delegation (tel.)</i> Request for instructions as to position the American delegation should take in connection with Cuban sugar proposal reported in telegram No. 75, June 28.	675
July 2 (91)	<i>From the Chairman of the American Delegation (tel.)</i> For the President: Discussion with Moley, Feis, and Day concerning the economic section of the Conference work; request for instructions and indication of American attitude with respect to certain resolutions now in committees, which apparently are not in accord with proposed domestic recovery measures in Washington.	676
July 3 (38)	<i>To President Roosevelt (tel.)</i> Advice that the message contained in the President's telegram No. 19, July 2, was released in London, July 3, instead of Secretary Hull's proposed statement transmitted in delegation's telegram No. 88, July 2.	678

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1933 July 3 (95)	<i>From the Chairman of the American Delegation (tel.)</i> For the President: Advice that the subject matter of the President's statement has been highly praised except for divergence of opinion as to meaning of the language used in reference to the dollar and ultimate gold standard; further advice that the only general criticism charges harshness and untimeliness of language.	679
July 3 (22)	<i>From President Roosevelt (tel.)</i> Request for more detailed information concerning question of conflict between instructions to American delegation and general policy with respect to recovery legislation. (Footnote: Telegram transmitted to the Chairman of the American delegation.)	679
July 4 (202)	<i>From the Ambassador in Great Britain (tel.)</i> From Moley to President Roosevelt: Outline of topics to be discussed between Moley and the President by telephone, July 4. (Footnote: Information that no record of this telephone conversation was found in Department files.)	680
July 4 (23)	<i>From President Roosevelt (tel.)</i> For Hull and delegates: Comments on the criticism reported in delegation's telegram No. 95, July 4, concerning the President's statement of July 3; opinion that the two constructions of language in reference to the dollar are not incompatible.	680
July 4 (99)	<i>From the Chairman of the American Delegation (tel.)</i> For the President: Summary (text printed) of opinions expressed by representatives of the five gold countries and by MacDonald that the continuance of the Conference is futile in view of the inconsistency between President Roosevelt's statement of July 3 and the general aims of the Conference. Advice that American delegation will endeavor, first, to prevent adjournment, or, secondly, to secure a recess; request for comment.	681
July 4 (24)	<i>From President Roosevelt (tel.)</i> For Hull and delegation: Suggestion that the delegation stress U. S. bilateral trade agreement policy and also discussions toward extension of the tariff truce in order to dispel the defeatist attitude at the Conference brought about by failure to achieve temporary gold stabilization.	683
July 4 (100)	<i>From the Chairman of the American Delegation (tel.)</i> For the President: Request for the President's judgment as to whether the delegation should oppose adjournment or agree to a recess of the Conference in view of the general attitude of the delegations favoring adjournment.	684
July 4 (101)	<i>From the Chairman of the American Delegation (tel.)</i> For the President: Information concerning the Chairman's successful effort at the Steering Committee in delaying action on resolution of adjournment as favored by the gold standard countries and certain others; advice that friendly delegations feel that the U. S. Government may be able to avoid further friction by agreeing to a recess and the appointment of certain committees with MacDonald and the Steering Committee in charge.	685

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## IV. TRIPARTITE CONVERSATIONS UPON MONETARY STABILIZATION—Continued

Date and number	Subject	Page
1933 July 4 (102)	<i>To the Chairman of the American Delegation (tel.)</i> For Hull from President Roosevelt: Instructions, as requested in telegram No. 91, July 2, for use of the delegation in discussion of work before the Economic Commission.	685
July 4 (104)	<i>To the Chairman of the American Delegation (tel.)</i> For Hull and delegation from President Roosevelt: Opinion that, if unable to prevent some form of recess, the delegation's position should be for a recess limited to 10 days for the purpose of allowing the committees to work.	688
Undated	<i>Memorandum of Trans-Atlantic Telephone Conversation</i> Between Roosevelt, Hull, and Moley, July 5: Consideration of questions before the Economic Commission, and further discussion of U. S. position on recess of the Conference.	688
July 5	<i>From the American Delegation to the Secretary (General of the Monetary and Economic Conference</i> Analysis of the President's position on temporary stabilization, and reassertion of the delegation's interest in approaching the larger aspects of permanent stabilization.	692

V. EFFORTS OF THE AMERICAN DELEGATION TO ACHIEVE ITS OBJECTIVES,  
JULY 5-27

1933 July 5 (104)	<i>From the Chairman of the American Delegation to the Monetary and Economic Conference (tel.)</i> For the President: Advice that dissatisfaction at the Conference is somewhat allayed, but that the delegation is placed in an awkward position due to lack of definite instructions on certain vital questions and the possibility of a long recess.	694
July 5 (106)	<i>To the Chairman of the American Delegation (tel.)</i> From the President: Instructions to press for the shortest possible recess if continuation of the Conference cannot be obtained; further instructions to proceed according to delegation's original instructions, together with the President's despatches of July 3 and 4, and to request any further information by telephone on July 6.	694
July 6 (105)	<i>From the Chairman of the American Delegation (tel.)</i> Request for outline of plans and status of present negotiations in Washington envisaging allocation of the American sugar market. (Footnote: Copy transmitted to President Roosevelt.)	695
July 6 (106)	<i>From the Chairman of the American Delegation (tel.)</i> Request for clarification of questions which the delegates on the Economic Commission anticipate encountering in the attempt to execute the general ideas outlined in Department's telegram No. 102 of July 4 concerning U. S. commercial policy.	696

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## V. EFFORTS OF THE AMERICAN DELEGATION TO ACHIEVE ITS OBJECTIVES—Con.

Date and number	Subject	Page
1933 July 6 (107)	<i>From the Chairman of the American Delegation (tel.)</i> Information that majority of the delegates supported the American proposal at the Bureau meeting, urging that the Conference continue in session and complete its work; reiteration of request for concrete proposals to present to both the Economic and Monetary Commissions since previous instructions have been almost entirely general in nature.	697
July 6 (111)	<i>To the Chairman of the American Delegation (tel.)</i> For Hull from the President: Congratulations upon gaining support in urging continuation of the Conference; advice that fuller instructions, as requested, are in preparation.	698
July 7 (110)	<i>From the Chairman of the American Delegation (tel.)</i> For the President from Pittman: Request for approval of and any suggested changes in a proposed interpretative statement (text printed) to accompany U. S. monetary resolution, now ready to go before the full Monetary Commission.	698
July 7 (112)	<i>From the Chairman of the American Delegation (tel.)</i> For the President: Transmittal of a resolution (text printed) adopted by the Steering Committee, July 6, concerning arrangements for the further business of the Conference.	700
July 7 (114)	<i>To the Chairman of the American Delegation (tel.)</i> Authorization by the President to support in principle the Cuban sugar proposal; Tariff Commissioner Coulter's opinion that the proposal is not in conflict with the general purposes underlying present sugar negotiations in Washington, but that a safeguard clause should be included for the protection of possible future agreements between the United States and Cuba.	701
July 7 (117)	<i>To the Chairman of the American Delegation (tel.)</i> Résumé of agreements arrived at to date at the General Conference of the Sugar Industry in Washington.	701
July 7 (120)	<i>To the Chairman of the American Delegation (tel.)</i> Advice that the President sees no objection to the adoption of the monetary resolution in its modified form, and that the Pittman interpretative statement, transmitted in delegation's telegram No. 110 of July 7, is considered unnecessary.	2
July 7 (121)	<i>To the Chairman of the American Delegation (tel.)</i> Numbered comments in reply to specific questions raised in Chairman's telegram No. 106, July 6, concerning U. S. commercial policy in connection with work before the Economic Commission.	703
July 8 (117)	<i>To the Chairman of the American Delegation (tel.)</i> For the President: Advice that, despite persistent attempts of the French bloc to disrupt the Conference, the American delegation is urging that the session continue for 3 or 4 weeks, in the hope of forestalling a recess.	704
July 10 (125)	<i>To the Chairman of the American Delegation (tel.)</i> Further report concerning sugar negotiations in Washington, and the President's views on certain other topics scheduled for discussion in the Economic Commission.	705



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## V. EFFORTS OF THE AMERICAN DELEGATION TO ACHIEVE ITS OBJECTIVES—Con.

Date and number	Subject	Page
1933 July 11 (121)	<i>From the Chairman of the American Delegation (tel.)</i> For the President: Request for the President's views on an outline of a resolution (text printed) considered by the delegation to embody domestic economic policy and to form the basis for a solution to check international economic strife; opinion that the delegation's ability to put forward a positive program may be a decisive factor in the question of continuing the operation of the Economic Commission.	706
July 11 (133)	<i>To the Chairman of the American Delegation (tel.)</i> Views of the Federal Reserve Board (text printed), rejecting a resolution on central bank policy. Advice that President Roosevelt concurs in these views.	710
July 11 (123)	<i>From the Chairman of the American Delegation (tel.)</i> For the President: Information that the attitude of the Conference has changed for the better, and opinion that substantial progress can be expected before the recess.	711
July 12 (134)	<i>To the Chairman of the American Delegation (tel.)</i> Advice that the President approves introduction of the resolution transmitted in delegation's telegram No. 121 of July 11, as a basis for immediate conversations but not as a final plan; advice that the Department will transmit specific suggestions promptly.	711
July 12 (124)	<i>From the Chairman of the American Delegation (tel.)</i> For the President: Information that, in view of the Federal Reserve Board's comments transmitted in Department's telegram No. 133, July 11, the delegation has suggested that no action be taken on the monetary resolution at present; request for immediate advice as to further desired action since the matter will probably come up again in the Bureau on July 12.	712
July 13 (126)	<i>From the Chairman of the American Delegation (tel.)</i> For the President: Opinion that it would be inadvisable to introduce the economic proposal outlined in delegation's telegram No. 121 of July 11 until instructions concerning all desired amendments have been received.	712
July 13 (138)	<i>To the Chairman of the American Delegation (tel.)</i> Letter from the Federal Reserve Board to the Treasury Department (text printed) advising that after a review of the question, the Board retains its position as reported in Department's telegram No. 133, July 11.	713
July 13 (139)	<i>To the Chairman of the American Delegation (tel.)</i> Comments and suggestions concerning the economic resolution as outlined in delegation's telegram No. 121, July 11; information that the suggestions transmitted are the result of a study by State, Treasury, Commerce, and Tariff Commission experts.	713
July 13 (130)	<i>From the Chairman of the American Delegation (tel.)</i> Summary of Cuban draft resolution concerning limitation of sugar production, and enumeration of specific questions that would arise for the Department's decision.	716

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## V. EFFORTS OF THE AMERICAN DELEGATION TO ACHIEVE ITS OBJECTIVES—Con.

Date and number	Subject	Page
1933 July 14 (133)	<i>From the Chairman of the American Delegation (tel.)</i> For the President from Pittman: Résumé of three resolutions on central bank functions passed by subdivision 2 of the Monetary Commission, and account of the work to be considered by the Commission, including the U. S. resolution on gold and silver, before the plenary session and adjournment of the Conference on July 27.	717
July 16 (140)	<i>From the Chairman of the American Delegation (tel.)</i> Information that unless otherwise instructed the delegation will introduce a proposal (text printed) for action looking toward an international agreement for the regulation of copper production and marketing, following somewhat an idea previously suggested by the President. (Footnote: President Roosevelt's approval of the resolution, July 17.)	719
July 16 (141)	<i>From the Chairman of the American Delegation (tel.)</i> Draft resolution (text printed) before the monetary subcommittee concerning service of external debts, and summary of points raised by the British, French, and Greek delegations, which may result in amendments. Request for the Department's observations and suggestions as to the position that the American delegation should assume.	720
July 16 (142)	<i>From the Chairman of the American Delegation (tel.)</i> Submission of draft resolution (text printed) envisaging the stimulation of economic activity through adjustment of price levels, and inquiry as to whether the Department would be disposed to authorize its introduction. (Footnote: Information that approval was granted on July 17.)	721
July 17 (151)	<i>To the Chairman of the American Delegation (tel.)</i> Observations on the points raised in delegation's telegram No. 141, July 16, in connection with the draft resolution on service of external debts; advice that there are no objections to the text.	722
July 17 (152)	<i>To the Chairman of the American Delegation (tel.)</i> Information that since the Disarmament Conference is scheduled to meet October 16, the point has been raised as to the awkward situation which would occur should the London Conference reconvene October 1, necessitating simultaneous sessions of two international conferences.	722
July 17 (155)	<i>To the Chairman of the American Delegation (tel.)</i> Observations concerning questions raised in connection with Cuban draft resolution on limitation of sugar production; the President's opinion that, in view of the simultaneous discussions now progressing in Washington and London, the outcome of the Washington conference should be awaited before accepting any proposal drawn up in London.	723
July 18 (148)	<i>From the Chairman of the American Delegation (tel.)</i> Information that the U. S. resolution envisaging an international copper agreement was adopted with a minor amendment, July 18; advice that formulation of the proposal to be submitted as a basis for discussion should be begun in Washington at once.	723

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## V. EFFORTS OF THE AMERICAN DELEGATION TO ACHIEVE ITS OBJECTIVES—Con

Date and number	Subject	Page
1933 July 19 (149)	<i>From the Chairman of the American Delegation (tel.)</i> Information that the sugar discussions are progressing satisfactorily and that the U. S. position, as outlined in Department's telegram No. 155 of July 17, has been explained to the Economic subcommittee; request for the Department's views concerning the Cuban delegation's desire that a formal statement (text printed) embodying the American position, be made, in the hope of expediting action on the project before recess of the Conference.	724
July 19 (160)	<i>To the Chairman of the American Delegation (tel.)</i> Advice that the President authorizes the issuance of the proposed formal statement on sugar.	725
July 20 (155)	<i>From the Chairman of the American Delegation (tel.)</i> Request for the President's views on certain sections (text printed) of the delegation's proposal on commercial policy.	725
July 20 (166)	<i>To the Chairman of the American Delegation (tel.)</i> Query concerning one phrase of the draft resolution on commercial policy. Information that the President has seen the correspondence on the subject.	726
July 21	<i>From the Chairman of the American Delegation to the Chairman of the Economic Commission</i> Submission of a document (text printed) embodying U. S. proposals for further development during recess and later stages of the Conference of a program on commercial policy.	727
July 21	<i>To the Administrator of the National Recovery Administration</i> Reply to question concerning possible conflict between the delegation's proposed tariff truce and Section 3 (e) of the Industrial Recovery Act, advising that the Department has been informed by the experts of the Tariff Commission that no conflict would occur.	731
July 23 (160)	<i>From the Chairman of the American Delegation (tel.)</i> For the President: Opinion that the U. S. tariff and commercial proposal should afford a good basis for the Conference program during the recess and the following session; information that the Chairman, in his adjournment address to the Conference, will urge the continuance of sessions, with recesses if necessary, until the basic problems have been solved.	732
July 26 (167)	<i>From the Chairman of the American Delegation (tel.)</i> Recommendation that the Department of Agriculture reexamine its position on indirectly competing fibers, in view of the ill effect that the present contemplated action will have upon the tariff truce.	733
July 26 (175)	<i>To the Chairman of the American Delegation (tel.)</i> For Hull from the President: Appreciation of the Chairman's diligent work at the Conference, and invitation to visit the President at Hyde Park en route to Washington.	734
July 26 (176)	<i>To the Chairman of the American Delegation (tel.)</i> For Hull from the President: Message (text printed) for transmittal to Prime Minister MacDonald, expressing appreciation of his role as President of the Conference, and opinion that the Conference has not been a failure.	734

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## V. EFFORTS OF THE AMERICAN DELEGATION TO ACHIEVE ITS OBJECTIVES—CON.

Date and number	Subject	Page
1933 July 27 (169)	<i>From the Chairman of the American Delegation (tel.)</i> For the President: Information concerning the appropriateness of the President's message to MacDonald; acceptance of the invitation to Hyde Park.	735
Aug. 5	<i>From the Chairman of the American Delegation to President Roosevelt</i> Report of the American delegation (text printed) summarizing the work of the London Conference.	736
Aug. 5	<i>From the British Prime Minister to President Roosevelt</i> Appreciation of the President's message on the eve of adjournment of the Conference.	747

## VI. CONFERENCE AFTERMATH, SEPTEMBER 14—DECEMBER 16

1933 Sept. 19 (270)	<i>From the Ambassador in Great Britain (tel.)</i> From Atherton: Résumé of a conversation with MacDonald concerning future plans for the Conference; MacDonald's intention to have a survey of the work of the Conference prepared by the League Secretariat, and his further intention to call a Bureau meeting in December to report the conclusions of the survey.	748
Sept. 22 (259)	<i>To the Ambassador in Great Britain (tel.)</i> Approval of MacDonald's plan to have a survey prepared for a December meeting of the Bureau, and assurance of American cooperation in the undertaking.	751
Sept. 25 (276)	<i>From the Ambassador in Great Britain (tel.)</i> Advice that Leith-Ross, Chief Economic Adviser to the British Government, will visit the United States with full authority to enter into an exchange of views on all subjects with the President and the Secretary of State.	752
Oct. 19 (700 Pol.)	<i>From the Consul at Geneva</i> Report on the outcome of certain informal exchanges of views between Mr. Colijn, President of the Economic Commission of the London Conference, and various League members, concerning the continuation of the work of the Conference.	752
Nov. 18	<i>From the Acting Secretary of State to the Secretary of State</i> Memorandum (text printed) concerning the denunciation of the tariff truce by the principal powers, and reasons for requests by various sections of the U. S. Government for similar action on the part of the United States; suggestion that the United States, while withdrawing from the general truce, might propose a restricted Pan American truce. (Footnote: Information that the Secretary was en route to the Pan American Conference at Montevideo.)	758

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VI. CONFERENCE AFTERMATH—Continued

Date and number	Subject	Page
1933 Dec. 16 (387)	<p><i>From the Chargé in Great Britain</i> Report of a conversation with MacDonald, who advised that the results of the economic survey were so general as to be valueless; his intention to call upon various governments, including the United States, for suggestions or surveys in an endeavor to find a solution to the economic ills of the world.</p>	760

MEMORANDUM OF AGREEMENT ON SILVER BETWEEN THE UNITED STATES AND CERTAIN OTHER POWERS, SIGNED AT LONDON, JULY 22, 24, AND 26, 1933

1933 July 22, 24, and 26	<p><i>Memorandum of Agreement Between the United States of America, Australia, Canada, China, India, Mexico, Peru, and Spain, With Supplementary Undertakings, Signed at London</i> Text of agreement and supplementary undertakings. (Footnote: Data on ratifications by the various countries.)</p>	763
1934 Jan. 16	<p><i>From the Chief of the Treaty Division to the Acting Secretary of State</i> Record of a conversation with Assistant Secretary of State Moore and Senator Key Pittman. Suggestion that the President be asked to "O. K." the pertinent paragraph of a letter from Senator Pittman to him of January 9, and that this could be taken as authority to regard his proclamation of December 21, 1933, as ratification of the silver agreement.</p>	772
Jan. 17	<p><i>From the Acting Secretary of State to the Chief of the Treaty Division</i> Information that the President has initialed his O. K. as requested, indicating that the proclamation constitutes ratification.</p>	774
Jan. 24	<p><i>To the Minister in China (cir. tel.)</i> Instructions to notify the Government of China of (1) U. S. ratification of the silver agreement by proclamation of the President, December 21, 1933, and (2) Australian ratification and intention to make first quarterly deposit of silver about March 31, 1934. (Footnote: The same or similar telegrams to the other signatory countries.)</p>	774

ATTITUDE OF THE UNITED STATES TOWARD NEGOTIATION OF AN INTERNATIONAL AGREEMENT ON COPPER PRODUCTION

1933 Sept. 14 (87)	<p><i>To the Consul at Geneva (tel.)</i> Instructions to consult Stoppani, Chief of the League of Nations Economic Section, concerning the possibility of proceeding in regard to an international copper agreement.</p>	775
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## COPPER AGREEMENT

Date and number	Subject	Page
1933 Sept. 28 (202)	<i>From the Consul at Geneva (tel.)</i> Information from Stoppani that Colijn, who was authorized by the Bureau of the World Economic Conference to handle questions of production, etc., has called a small group meeting for September 30 to explore the possibility of proceeding with the copper question.	776
Sept. 29 (95)	<i>To the Consul at Geneva (tel.)</i> Instructions to attend the meeting called by Colijn and to make it clear that United States is prepared to support the general idea of an international agreement on copper.	776
Sept. 30 (207)	<i>From the Consul at Geneva (tel.)</i> Attendance at the meeting, which developed three possible courses of procedure: (1) A meeting of producers; (2) a meeting of representatives of interested Governments; (3) a combined meeting of both.	777
Oct. 4 (213)	<i>From the Consul at Geneva (tel.)</i> Colijn's desire for U. S. views on the alternatives set forth in telegram No. 207, September 30.	778
Oct. 5 (96)	<i>To the Consul at Geneva (tel.)</i> U. S. preference for a meeting of representatives of the interested Governments.	779
Oct. 6 (218)	<i>From the Consul at Geneva (tel.)</i> Advice that Great Britain, Canada, and Belgium consider that the initiative should be left entirely to the producers.	779
Oct. 9 (103)	<i>To the Consul at Geneva (tel.)</i> Inquiry as to whether Great Britain and the others have in mind nominating producers' representatives or leaving such nomination to the League.	779
Oct. 12 (105)	<i>To the Consul at Geneva (tel.)</i> Instructions to call attention, at the next informal discussion, to the importance of reclaimed copper as an element in the future copper situation that will face producers throughout the world.	780
Oct. 13 (252)	<i>From the Consul at Geneva (tel.)</i> Observation that it appears that actually all the Governments involved are either somewhat opposed or indifferent to any form of copper conversations; that the crux of the situation at Geneva seems to lie between the United States and Great Britain.	780
Nov. 15 (296)	<i>From the Consul at Geneva (tel.)</i> Indication that the United States is regarded as the only country favoring conversations of the type originally envisaged.	781
Dec. 14	<i>From the Administrator of the National Recovery Administration</i> Comment that, due to the complexity of problems of international control and production, it would probably be necessary to secure agreement from the independent companies themselves before any control could be exercised.	782

WITHDRAWAL OF THE UNITED STATES FROM THE INTERNATIONAL CONVENTION FOR THE ABOLITION OF IMPORT AND EXPORT PROHIBITIONS AND RESTRICTIONS

Date and number	Subject	Page
1933 June 14 (214 C. 67)	<i>From the British Ambassador</i> Advice that British Government has notified the League of Nations of its withdrawal from the Convention for the Abolition of Import and Export Prohibitions and Restrictions, signed in 1927, as provided for in article 6 of the Protocol signed in 1929.	783
June 19 (44)	<i>To the Chairman of the American Delegation to the Monetary and Economic Conference (tel.)</i> Request for views as to possible U. S. action with respect to the 1927 Convention, in the light of the British withdrawal and certain provisions of the new Recovery Act.	784
June 23 (64)	<i>From the Chairman of the American Delegation to the Monetary and Economic Conference (tel.)</i> Opinion, in view of various considerations, that it is advisable for the U. S. Government to withdraw from the Convention, and that a note of explanation (substance printed) should accompany the notification to the League.	784
June 27 (73)	<i>To the Chairman of the American Delegation (tel.)</i> Instruction to be repeated to the Legation at Berne (text printed) containing note to the Secretary General of the League giving notification of U. S. decision.	785
June 28 (74)	<i>From the Chairman of the American Delegation (tel.)</i> Advice that the instruction has been transmitted to Berne.	786
July 3 (22)	<i>From the Minister in Switzerland (tel.)</i> League's inquiry as to whether the U. S. withdrawal applies also to the supplementary agreement and protocol signed July 11, 1928.	786
July 7 (34)	<i>To the Minister in Switzerland (tel.)</i> Instructions to advise the League that the withdrawal does apply to supplementary agreement and protocol of July 11, 1928.	786

AGREEMENT AMONG WHEAT EXPORTING AND IMPORTING COUNTRIES, SIGNED AT LONDON, AUGUST 25, 1933

1933 Mar. 31	<i>Memorandum by the Economic Adviser</i> Record of a meeting on March 29 of U. S. and British officials at which the idea of an international agreement dealing with wheat was considered and it was recognized that the problem concerned chiefly the four largest wheat exporting countries, Canada, Australia, Argentina, and the United States, although the Balkans and Russia should also be considered.	787
Apr. 12 (100)	<i>From the Consul at Geneva (tel.)</i> Inquiry from Stoppani, Chief of the League of Nations Economic Section, whether the wheat question will be considered in connection with conversations in Washington preliminary to the World Economic Conference.	788

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Date and number	Subject	Page
1933 Apr. 20 (40)	<i>To the Consul at Geneva (tel.)</i> Instructions to inform Stoppani that the United States is agreeable to the idea of arranging for a meeting of experts of the four or more exporting countries at Geneva or elsewhere to study the wheat question.	789
Apr. 25 (105)	<i>From the Consul at Geneva (tel.)</i> Stoppani's outline of a plan to invite experts from the four countries to hold conversations about May 10, this meeting, if fruitful, to be followed by conversations between all important importing and exporting countries in order to formulate proposals for presentation to the World Economic Conference.	789
Apr. 26 (42)	<i>To the Consul at Geneva (tel.)</i> Acceptance of Stoppani's plan and the proposed date.	791
May 1 (106)	<i>From the Consul at Geneva (tel.)</i> Indications that Australia and Argentina will accept invitation to participate in the May 10 conversations, but nonreceipt of word from Canada as yet.	791
May 2 (44)	<i>To the Consul at Geneva (tel.)</i> Designation of Henry Morgenthau, Sr., to serve as U. S. expert at the May 10 meeting; advice that he will be accompanied by George C. Haas of the Farm Board.	791
May 12 (52)	<i>To the Consul at Geneva (tel.)</i> For Morgenthau: Indication of two technical questions to be kept in mind in the discussions with wheat experts.	792
May 13 (119)	<i>From the Consul at Geneva (tel.)</i> For Morgenthau: Information that the inclination of all delegates is to recommend reduction of acreage, leaving methods of doing so to each country.	793
May 13 (54)	<i>To the Consul at Geneva (tel.)</i> For Morgenthau: Instructions to work toward some compromise formula as regards the question of reduction of acreage or reduction of exports.	793
May 15 (121)	<i>From the Consul at Geneva (tel.)</i> For Morgenthau: Request for approval to send Haas to Washington to make detailed report of the complicated conditions at Geneva and have him return to London by June 5.	794
May 17	<i>From the Head of the American Delegation</i> Explanation of some of the conditions at Geneva, and advice that Haas will bring to Washington a full statement of what occurred during the conversations of the wheat experts.	795
May 27 (70)	<i>To the Consul at Geneva (tel.)</i> For Morgenthau: Instructions from the Secretary of Agriculture as to certain bases on which to proceed to negotiate an agreement between the four exporting countries.	796
May 30 (134)	<i>To the Ambassador in Great Britain (tel.)</i> For Morgenthau from Wallace (Secretary of Agriculture): Further details on U. S. position relative to acreage reduction, in amplification of telegram No. 70, May 27, to Geneva.	797



## WHEAT AGREEMENT

Date and number	Subject	Page
1933 June 2 (166)	<i>From the Ambassador in Great Britain (tel.)</i> For Wallace from Morgenthau: Willingness of other delegates to agree to a uniform acreage reduction conditional upon a certain limitation of exports by United States, and their inquiry as to possible U. S. procedure to control exports.	797
June 3 (147)	<i>To the Ambassador in Great Britain (tel.)</i> For Morgenthau from Wallace: Approval of plan outlined in telegram No. 166, June 2, details on methods of controlling exports to follow later.	798
June 6 (151)	<i>To the Ambassador in Great Britain (tel.)</i> For Morgenthau from Wallace: Advice that exports can probably be controlled sufficiently under section 8, subsection 2 of the Farm Act.	798
June 16 (39)	<i>From the Chairman of the American Delegation to the Monetary and Economic Conference (tel.)</i> For Wallace from Morgenthau: Report on discussions at full meeting of the experts.	798
June 16 (161)	<i>To the Ambassador in Great Britain (tel.)</i> For Morgenthau from Wallace: Details of U. S. wheat program as announced June 16, and advice that amount of acreage reduction to be required will not be determined until the experts' negotiations are completed.	799
June 22 (54)	<i>From the Chairman of the American Delegation to the Monetary and Economic Conference (tel.)</i> For Wallace from Morgenthau: Report of deadlock in negotiations with Bennett of Canada, Bruce of Australia, and Le Breton of Argentina, owing to lack of authority of Bruce and Le Breton to commit their Governments on the principle of acreage reduction.	800
June 27 (71)	<i>From the Chairman of the American Delegation to the Monetary and Economic Conference (tel.)</i> For Wallace from Morgenthau: Information that Bruce's instructions restrict him from entering into any arrangement except one subject to assured European cooperation; decision of the experts to canvass unofficially the European countries as to their inclinations while awaiting the outcome of a cable from MacDonald to the Australian Prime Minister apprising him of the seriousness of the present stalemate in negotiations.	801
June 28 (80)	<i>To the Chairman of the American Delegation to the Monetary and Economic Conference (tel.)</i> For Morgenthau from Tugwell (Assistant Secretary of Agriculture): Instructions to continue unofficial canvass of the European countries and to report their attitudes to Washington; also to urge concerted action toward establishment of the principle of adjustment within a long-range program.	802
June 29 (78)	<i>From the Chairman of the American Delegation to the Monetary and Economic Conference (tel.)</i> For Wallace from Morgenthau: Request for 1933 and 1934 lowest export limitations acceptable to the United States, in view of Bruce's recent instructions to agree in principle to reduction in production and fixing of export maxima conditional upon satisfactory subsequent arrangement with European importing countries.	803

## WHEAT AGREEMENT

Date and number	Subject	Page
1933 June 29 (81)	<i>To the Chairman of the American Delegation to the Monetary and Economic Conference (tel.)</i> For Morgenthau from Tugwell: U. S. views on acreage reduction and estimation of lowest acceptable export figures.	804
June 30 (82)	<i>From the Chairman of the American Delegation to the Monetary and Economic Conference (tel.)</i> For Wallace from Morgenthau: Outline of proposal (text printed) which served as a basis for further discussion, June 30, among the experts of the four principal exporting countries; information that U. S. views transmitted in telegram No. 81, June 29, were presented, but that no definite agreement was reached.	804
July 1 (93)	<i>To the Chairman of the American Delegation to the Monetary and Economic Conference (tel.)</i> For Morgenthau from Wallace: Approval of the general outline of proposal set forth in telegram No. 82, June 30, contingent upon unconditional agreement as to reduction in crop acreages planted in 1933 and 1934; advice that detailed suggestions on certain figures will follow.	807
July 5 (103)	<i>From the Chairman of the American Delegation to the Monetary and Economic Conference (tel.)</i> For Wallace from Morgenthau: Report of adjournment of the meeting, subject to call, due to stalemate in negotiations on the question of whether to make the entire wheat agreement contingent upon European cooperation.	808
July 6 (107)	<i>To the Chairman of the American Delegation to the Monetary and Economic Conference (tel.)</i> For Morgenthau from Wallace: Request for opinion on a proposed statement (text printed) to be released July 6 setting forth U. S. views concerning the present status of the wheat situation.	809
July 7 (112)	<i>To the Chairman of the American Delegation to the Monetary and Economic Conference (tel.)</i> For Morgenthau from Wallace: Suggestion for a possible compromise on acreage reduction to be used, if needed, to help bring Australia into the reduction agreement.	809
July 7 (111)	<i>From the Chairman of the American Delegation to the Monetary and Economic Conference (tel.)</i> For Wallace from Morgenthau: Advice that in view of the possibility of continuing the general Conference, it now seems inadvisable to make the statement suggested in telegram No. 107, July 6; but that the other three representatives will be informed of the proposal by letter.	810
July 7 (113)	<i>From the Chairman of the American Delegation to the Monetary and Economic Conference (tel.)</i> For Wallace from Morgenthau: Inquiry whether the Department of Agriculture would be inclined to permit Australia, in lieu of agreement on acreage reduction, to substitute agreement on export maximum with provision that no stocks will be accumulated intact.	811

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Date and number	Subject	Page
1933 July 7 (118)	<i>To the Chairman of the American Delegation to the Monetary and Economic Conference (tel.)</i> For Morgenthau from Wallace: Approval of the Australian proposal provided that the other three countries agree to acreage reduction; suggested modifications of plan outlined in telegram No. 82, June 30.	811
July 8 (115)	<i>From the Chairman of the American Delegation to the Monetary and Economic Conference (tel.)</i> For Wallace from Morgenthau: Information that it would appear inadvisable to use suggestion set forth in telegram No. 112, July 7, in view of indication that Australia will go along with the acreage reduction agreement.	812
July 15 (135)	<i>From the Chairman of the American Delegation to the Monetary and Economic Conference (tel.)</i> For Wallace from Morgenthau: Information concerning maximum export quota acceptable to the Danubian States and recommendation that the proposal be approved.	812
July 17 (147)	<i>To the Chairman of the American Delegation to the Monetary and Economic Conference (tel.)</i> For Morgenthau from Wallace: Approval of the Danubian proposal, and suggestions concerning the possible participation of Russia in the agreement.	813
July 19 (153)	<i>From the Chairman of the American Delegation to the Monetary and Economic Conference (tel.)</i> For Wallace from Morgenthau: Advice that agreement has been reached with the Danubian countries, but that the question of preferential treatment for Danubian wheat in European markets may necessitate more conclusive instructions concerning the U. S. position. Further information concerning discussions with Russia and with the importing countries on general arrangement.	814
July 20 (164)	<i>From the Chairman of the American Delegation to the Monetary and Economic Conference (tel.)</i> For Morgenthau from Wallace: Instructions and suggestions concerning arrangements reported in telegram No. 153, July 19.	815
July 27 (209)	<i>To the Ambassador in Great Britain (tel.)</i> For Morgenthau from Wallace: Outline of plan for domestic wheat program to be announced soon, since the prospect of securing a definite international wheat agreement appears to be on the wane; request for status of present negotiations and opinion of the domestic plan.	815
July 28 (226)	<i>From the Ambassador in Great Britain (tel.)</i> For Wallace from Morgenthau: Recommendation that, in view of the imminent breakdown in the wheat negotiations and announced recess until August 21 at London, the U. S. domestic plan be announced immediately.	816
July 28 (228)	<i>From the Ambassador in Great Britain (tel.)</i> For Wallace from Morgenthau: Enumeration of principles agreed upon by overseas and Danubian exporters and European importers through daily discussions since July 18; information that it was impossible to complete discussions before Conference adjournment but that the majority of the representatives expressed willingness to continue negotiations later.	816

## WHEAT AGREEMENT

Date and number	Subject	Page
1933 Aug. 16 (181)	<i>From the Consul at Geneva (tel.)</i> Information concerning invitation of League of Nation's Secretary General, August 12, to 27 European countries to participate in a conference on wheat beginning August 21.	817
Aug. 17 (218)	<i>To the Ambassador in Great Britain (tel.)</i> For Murphy (adviser to Morgenthau) from Wallace: Press statement released August 15 (text printed), setting forth U. S. position on the international wheat situation and intention of announcing the U. S. domestic wheat program on August 24.	818
Aug. 17 (244)	<i>From the Ambassador in Great Britain (tel.)</i> For Wallace from Murphy: Information that preliminary discussions with Canadian and Australian representatives indicate that the plan outlined in telegram No. 82, June 30, will require considerable modification because of crop changes; draft agreement (text printed) recommended by exporters after discussion with certain importers.	818
Aug. 21 (246)	<i>From the Ambassador in Great Britain (tel.)</i> Inquiry as to whether the U. S. Government could sign and fulfill an agreement such as indicated in telegram No. 82, June 30, without ratification by Congress; request for further instructions as to the desired form of any such proposed agreement, and clarification of authority to initial.	820
Aug. 21 (219)	<i>To the Ambassador in Great Britain (tel.)</i> For Murphy from Wallace: Approval of draft agreement for importing countries as outlined in telegram No. 244, August 20, and enumeration of provisions desired for acceptance of agreement for exporting countries.	821
Aug. 21 (247)	<i>From the Ambassador in Great Britain (tel.)</i> For Wallace from Murphy: Report of opening meeting with 31 countries represented; suggestion that, in view of the possibility of reaching an agreement by August 26, it would be advisable to withhold the announcement scheduled for August 24, as set forth in telegram No. 218, August 17.	821
Aug. 21 (220)	<i>To the Ambassador in Great Britain (tel.)</i> For Murphy from Wallace: Advice that Murphy is authorized to initial the wheat agreement for the United States upon approval of the full text by Wallace; further advice that only as a last resort to save the wheat agreement would the Department of Agriculture delay the announcement of the domestic wheat program.	822
Aug. 22 (248)	<i>From the Ambassador in Great Britain (tel.)</i> For Wallace from Murphy: Information concerning the impracticality of certain provisions set forth in telegram No. 219, August 21.	822
Aug. 23 (221)	<i>To the Ambassador in Great Britain (tel.)</i> From Wallace to Murphy: Advice that due to the complexities involved in providing price differentials for the various important classes and grades of wheat, it would appear inadvisable to engage in efforts toward establishment of a minimum export price.	822

## WHEAT AGREEMENT

Date and number	Subject	Page
1933 Undated [Rec'd Aug. 26] (252)	<i>From the Ambassador in Great Britain (tel.)</i> For Wallace from Murphy: Draft of latest proposed exporters agreement (text printed) supplementing draft transmitted in telegram No. 82, June 30; opinion that it is the best that can be hoped for.	823
Aug. 28 (224)	<i>To the Ambassador in Great Britain (tel.)</i> For Murphy from Wallace: Advice that domestic acreage reduction program was announced August 28, but that no announcement concerning U. S. exports will be made until the wheat negotiations are completed.	824
Aug. 29 (227)	<i>To the Ambassador in Great Britain (tel.)</i> For Murphy from Wallace: Reminder that authorization to enter into final commitment for the United States is confined to drafts previously approved by the Department of Agriculture.	824
Aug. 30 (256)	<i>From the Ambassador in Great Britain (tel.)</i> For Wallace from Murphy: Report of completion of exporters agreement with U. S. figures unchanged.	825
Aug. 30 (231)	<i>To the Ambassador in Great Britain (tel.)</i> For Murphy from Wallace: Congratulations upon successful completion of the wheat agreement.	825

## NEGOTIATIONS WITH REGARD TO CERTAIN INTERGOVERNMENTAL DEBTS DUE THE UNITED STATES

## GREAT BRITAIN

1933 Jan. 19	<i>Memorandum by the Secretary of State</i> Conversation with the British Ambassador on the debt situation, with indication that some progress has been made toward bridging the gap between the Hoover and Roosevelt administrations in regard to this matter.	826
Jan. 20	<i>Press Release Issued by the White House</i> Statement (text printed) agreed upon at a conference between President Hoover and President-elect Roosevelt indicating that the new administration will be glad to receive a British representative early in March for discussion of debts.	827
Jan. 20	<i>Memorandum by the Secretary of State</i> Memorandum handed to the British Ambassador (text printed) inviting Great Britain to send a representative or representatives to discuss debts and requesting that they also send representatives at the same time to discuss world economic problems.	828
[Jan. 23]	<i>Memorandum by the Assistant Secretary of State</i> Substance of a telephone conversation between Secretary of State Stimson and President-elect Roosevelt on arrangements for possible debt discussions with certain countries in addition to Great Britain.	829
Jan. 23	<i>Memorandum by the Assistant Secretary of State</i> Discussion with the British Ambassador of several details relative to the forthcoming debt negotiations.	830

## INTERGOVERNMENTAL DEBTS

## GREAT BRITAIN—Continued

Date and number	Subject	Page
1933 Jan. 24	<i>Memorandum by the Secretary of State of a Telephone Conversation</i> Information given to Roosevelt at Warm Springs, Ga., concerning the countries which have thus far made requests for a discussion of debts.	831
Jan. 25	<i>Memorandum by the Secretary of State</i> Conversation with the British Ambassador, who brought his Government's acceptance ( <i>infra</i> ) of the U. S. invitation for a discussion of the debt question and an exchange of views on the world economic situation.	832
Jan. 25	<i>From the British Embassy</i> Acceptance of U. S. invitation of January 20.	832
Jan. 25	<i>Memorandum by the Secretary of State of a Telephone Conversation</i> Further discussion with Roosevelt at Warm Springs, Ga., concerning arrangements for debt discussions with various countries.	833
Jan. 26	<i>Memorandum by the Secretary of State of a Conversation With Mr. Raymond Moley</i> Discussion of a possible answer to the British note of January 25.	834
Feb. 23	<i>Memorandum by the Secretary of State</i> Conversation with the British Ambassador; Secretary's expression of opinion that debt settlements are only a small part of the adjustments required by the world economic situation.	835
Mar. 20	<i>From the Under Secretary of State to the Secretary of State</i> Account of discussion with the British Ambassador concerning the possibility of a visit by Prime Minister MacDonald to the United States.	836
Undated	<i>Joint Statement by President Roosevelt and Prime Minister MacDonald</i> Announcement that the President and Prime Minister have discussed debt problems, but only in a preliminary exploratory way. (Footnotes: Information that MacDonald was in Washington April 21-26 for conversations preliminary to the World Economic Conference; that this statement was issued by the White House as a press release on April 25.)	837
May 18	<i>Memorandum by the Secretary of State</i> Inquiries by the British Ambassador concerning debt conversations; reply that such conversations had been conducted by the President and Assistant Secretary Moley.	837
June 9	<i>To the British Ambassador</i> Notification of \$75,950,000 interest due and payable on June 15.	838
June 13	<i>Memorandum by the Acting Secretary of State</i> Information from the British Ambassador that his Government is willing to make a \$10,000,000 payment on June 15, pending a final settlement of the debt question.	838

## INTERGOVERNMENTAL DEBTS

## GREAT BRITAIN—Continued

Date and number	Subject	Page
1933 June 13	<i>From the British Ambassador</i> Review of the debt situation and its relation to the problems of the World Economic Conference; payment of \$10,000,000 as an acknowledgment of the debt, and request for formal negotiations for a final settlement of the entire question.	839
June 13	<i>Memorandum by the Acting Secretary of State</i> British Ambassador's desire to give publicity to U. S.-British exchange of notes and agreed statement; President Roosevelt's refusal to approve issuance of statement in advance of exchange of notes, and indication that U. S. reply to the British note of June 13 cannot be sent before June 14.	841
June 14	<i>To the British Ambassador</i> Reply to British note of June 13, suggesting that British Government provide for the further representations desired by them on the entire debt question to be made in Washington as soon as convenient.	842
Oct. 4	<i>Memorandum by the Secretary of State</i> Conversation with the British Ambassador on arrangements for the first meeting between U. S. and British representatives for discussion of the debt question.	842
Nov. 6	<i>Memorandum by the Secretary of State</i> Call of the British Ambassador for the purpose of a formal exchange of communications (texts <i>infra</i> ) on the debt negotiations.	843
Nov. 6 (391)	<i>From the British Ambassador</i> British Government's disappointment that an agreement for final settlement of the debt question could not be reached in recent negotiations; readiness, however, to resume negotiations when feasible, and to make a further payment on December 15 as acknowledgment of the debt.	844
Nov. 6	<i>To the British Ambassador</i> Acknowledgment of British note of November 6.	844
Nov. 7	<i>Press Release Issued by the White House</i> Text of statement by President Roosevelt (agreed upon by the U. S. and British representatives) released simultaneously in London and Washington, announcing decision to adjourn the negotiations until certain factors in the world situation become more clarified. Address to be made by the Chancellor of the Exchequer to the House of Commons (excerpt printed).	845
Nov. 8	<i>To the British Ambassador</i> Advice that the value of the silver bullion received from the British Government as the June 15 payment has been fixed at \$10,000,518.42 and credited as a payment on account of the interest due June 15.	846

## INTERGOVERNMENTAL DEBTS

## BELGIUM

Date and number	Subject	Page
1933 Jan. 23	<i>Memorandum by the Under Secretary of State</i> Information, in reply to an inquiry by the Belgian Ambassador, that no plans have been made for debt discussions with those nations which have not made the December 1932 payment.	847
June 9	<i>To the Belgian Ambassador</i> Notification of amounts due on the Belgian debt and payable on June 15.	848
June 14 (1893)	<i>From the Belgian Ambassador</i> Belgian Government's reiteration of its inability to resume the payments suspended by the agreement of July 1931; renewed assurances, however, of desire to seek a satisfactory settlement.	849
June 17	<i>To the Belgian Ambassador</i> Acknowledgement of Belgian note of June 14, calling attention to the problems raised by the Belgian failure to meet payments due.	849
June 19	<i>Memorandum by the Acting Secretary of State</i> Information to the Belgian Ambassador that there is no plan as yet to discuss debts with those countries which have not paid anything on the installments due.	849
Nov. 28	<i>To the Belgian Ambassador</i> Statement of amounts due from the Belgian Government on December 15.	850
Dec. 12	<i>From the Belgian Embassy</i> Belgian Government's assertion that it is unable to make the December 15 payment; that the reasons for inability to pay are the same as set forth in December 1932.	851

## CZECHOSLOVAKIA

1933 Jan. 18 (904)	<i>From the Chargé in Czechoslovakia</i> Memorandum of conversation with the Foreign Minister on January 16 (text printed) concerning the circumstances of Czechoslovakia's payment of the December 15, 1932, installment of its war debt.	852
Jan. 24	<i>To the Czechoslovak Minister</i> Information that President-elect Roosevelt will be glad to receive a Czechoslovak representative to discuss the debt problem after completion of the proposed discussions with the British Government.	853
Jan. 30	<i>From the Czechoslovak Minister</i> Acceptance of U. S. invitation for debt discussions whenever such negotiations will be deemed advisable.	854
May 5	<i>Memorandum by the Assistant Secretary of State</i> Advice from the Czechoslovak Minister that no provision has been made in the Czechoslovak budget for payment of the June 15 debt installment.	854



INTERGOVERNMENTAL DEBTS  
CZECHOSLOVAKIA—Continued

Date and number	Subject	Page
1933 June 9	<i>To the Czechoslovak Minister</i> Notification of \$1,500,000 principal due and payable on June 15.	855
June 12	<i>Memorandum by the Assistant Secretary of State</i> Inquiry by the Czechoslovak Minister as to payment of the installment in silver, and reply that silver will be accepted at 50 cents an ounce.	855
June 15	<i>From the Czechoslovak Minister</i> Decision of Czechoslovak Government to pay \$180,000 as acknowledgment of the debt, and renewal of request for negotiations as soon as possible.	855
July 17	<i>Memorandum by the Acting Secretary of State</i> Conversation with the Czechoslovak Minister on the probability of beginning negotiations in August or September.	856
Oct. 19	<i>Memorandum by the Secretary of State</i> Czechoslovak Minister's assertion that he is ready to enter upon debt negotiations; Secretary's assurance that he will advise him further as to definite steps to be taken.	857
Nov. 29	<i>Memorandum by the Acting Secretary of State</i> Conversation with the Czechoslovak Minister concerning the amount to be paid on the debt installment due December 15; Secretary's opinion that it should equal the payment of June 15, which amounted to \$180,000.	857
Dec. 6	<i>Memorandum by the Acting Secretary of State</i> Information from the Czechoslovak Minister that his Government, for domestic political reasons, could not pay more than \$150,000 on December 15.	858
Dec. 9	<i>From the Czechoslovak Minister</i> Payment of \$150,000 on the December 15 installment as an acknowledgment of existing obligations pending a final settlement of the debt problem.	858

ESTONIA

1933 June 9	<i>To the Estonian Acting Consul General at New York</i> Notification of amounts due and payable on June 15 on the Estonian debt to the United States.	859
June 13	<i>From the Estonian Acting Consul General at New York</i> Estonian Government's inability to meet the June 15 payment, and request for a friendly exchange of views as to the possibility of a reconsideration of the debt agreement of 1925.	860
Nov. 28	<i>To the Estonian Acting Consul General at New York</i> Notification of amounts due on the Estonian debt December 15.	860

## INTERGOVERNMENTAL DEBTS

## ESTONIA—Continued

Date and number	Subject	Page
1933 Nov. 16 (12-R)	<i>From the Estonian Minister for Foreign Affairs</i> Information that since the economic and financial conditions in Estonia have not improved, the Government will be unable to make the December 15 payment. (Footnote: Transmitted as enclosure to Consul General's communication of November 29.)	861

## FINLAND

1933 Jan. 25	<i>To the Finnish Minister</i> Information that President-elect Roosevelt will be glad to receive a representative of Finland to discuss the debt question after completion of the proposed discussions with Great Britain.	862
June 9	<i>To the Finnish Minister</i> Notification of interest due and payable on June 15.	862
June 14	<i>From the Finnish Minister</i> Advice that the interest payment will be made in full on June 15, and that it is desired to make the payment in silver.	863
Nov. 7	<i>Memorandum by the Under Secretary of State</i> Conversation with the Finnish Minister regarding a suggestion by President Roosevelt for a conference at the White House with the Minister, the Secretary of State, and the Acting Secretary of the Treasury.	863
Nov. 13	<i>Memorandum by the Acting Secretary of State</i> Record of conference at the White House, at which the President expressed his appreciation of Finland's attitude in carrying out its obligations, and his desire to show it by proposing to reduce the interest to a purely nominal one and to apply the payments on account of interest to payments on account of principal.	864
Dec. 1	<i>Memorandum by the Acting Secretary of State</i> Advice to the Finnish Minister, upon inquiry from him, that it will be best for Finland to make the December 15 payment according to the old agreement, as the terms of the new agreement are still being considered.	865
Dec. 4	<i>To the Finnish Minister</i> Reply to a Finnish inquiry concerning payment of the December 15 installment in obligations of the U. S. Government.	865
Dec. 9	<i>To the Assistant Economic Adviser</i> Advice that the usual notification of payment due on December 15 has not been sent to Finnish Minister, since he has already indicated his Government's desire to make the payment.	866

## INTERGOVERNMENTAL DEBTS

## FRANCE

Date and number	Subject	Page
1933 Jan. 5 (8)	<i>From the Ambassador in France (tel.)</i> Report on a conversation with Laval, former Prime Minister, who felt that it would be very difficult to obtain Parliament's consent to payment of the December 15, 1932, installment on the French debt.	866
Jan. 22	<i>To President-elect Roosevelt</i> Suggestion of a draft statement (text printed) to be made to the French Government by the U. S. Ambassador, in an effort to secure payment of the December 15 installment.	867
Jan. 23 (19)	<i>To the Ambassador in France (tel.)</i> Outline of events of the past few days, covering plans for inviting various governments to begin negotiations for settlement of debt problems; request for opinion as to what effect the U. S.-British discussions have had in France and how they may affect French action as regards the debt.	869
Jan. 25 (33)	<i>From the Ambassador in France (tel.)</i> Conversation with the Prime Minister, who frequently referred to the undesirability of excluding France from the debt discussions because of its failure to pay the December 15 installment.	870
Jan. 27	<i>From President-elect Roosevelt (tel.)</i> Opinion that an informal oral suggestion to France with regard to its failure to pay would be more effective than other methods.	871
Jan. 30	<i>To President-elect Roosevelt</i> Understanding that, in view of the informal suggestions already made, no further communication to the French is considered advisable.	871
Mar. 15 (93)	<i>From the Chargé in France (tel.)</i> Information that efforts to induce the Chamber of Deputies to reverse its decision on the December 15 payment are continuing.	871
May 27 (241)	<i>From the Chargé in France (tel.)</i> Report on debate in the Chamber of Deputies which indicated no change in sentiment since December, when it voted against payment of the war debt.	872
May 31	<i>Memorandum by the Acting Secretary of State</i> Explanation to the French Ambassador that if France should now make her December payment, the President would be glad to regard France in the same category as Great Britain.	873
June 7	<i>From the French Ambassador</i> Review of the French point of view that the settlement of interallied debts should be made in relation to the reparations settlement.	873
June 9	<i>To the French Ambassador</i> Notification of amounts due and payable on June 15.	878

## INTERGOVERNMENTAL DEBTS

## FRANCE—Continued

Date and number	Subject	Page
1933 June 15	<i>Memorandum by the Acting Secretary of State</i> French Ambassador's desire that the President be informed of the genuine efforts which he had made with his Government to elicit part payment.	878
June 15	<i>From the French Ambassador</i> Note from the French Government (text printed) asserting the necessity to postpone the payment due on June 15, but willingness to cooperate in seeking a satisfactory solution of the debt question.	879
June 17	<i>To the French Ambassador</i> Acknowledgment of the French Government's note of June 15.	880
June 19 (286)	<i>From the Ambassador in France (tel.)</i> Prime Minister's feeling that now is the time to undertake discussions of the nonpayment of the December and June installments in the hope of preventing another refusal by the Parliament to make payments.	880
June 19	<i>Memorandum by the Acting Secretary of State</i> Conversation with the French Ambassador, who suggested the possibility of his making another effort, on his own volition, to get his Government to make a part payment.	881
Nov. 28	<i>To the French Ambassador</i> Statement of the amounts due and payable on December 15.	881
Dec. 15	<i>Memorandum by the Acting Secretary of State</i> Information from the French Ambassador that his Government had advised him that his representations for a "token payment" had been considered but found impossible to act upon due to the hostile attitude of the Parliament.	882
Dec. 15	<i>From the French Ambassador</i> Note from the French Government (text printed) stating that it is obliged to postpone the payments due December 15.	883

## HUNGARY

1933 May 29 (296/ Res)	<i>From the Hungarian Chargé</i> Advice that the Hungarian Government will be unable to meet its interest payment due on June 15, but will deposit a Hungarian Treasury Certificate to the Foreign Creditors' Account at the Hungarian National Bank.	884
Oct. 2 (491/ Res)	<i>From the Hungarian Chargé</i> Advice that the depositing of the Treasury Certificates serves solely as a means of giving security and has no bearing on the rights of the creditors in regard to the amount of their claim.	884
Nov. 28	<i>To the Hungarian Chargé</i> Statement of the amounts due and payable on December 15.	885

## INTERGOVERNMENTAL DEBTS

## HUNGARY—Continued

Date and number	Subject	Page
1933 Dec. 12 (617/R)	<i>From the Hungarian Chargé</i> Hungarian Government's inability to make the payment due, but intention to deposit a Hungarian Treasury Certificate as previously done.	886
Dec. 28	<i>To the Hungarian Chargé</i> Communication from the Treasury Department (text printed) calling Hungarian Government's attention to the fact that the issuance and deposit of the Hungarian Treasury Certificates cannot in any way alter the provisions of its debt funding agreement with United States.	886

## ITALY

1933 Jan. 23	<i>Memorandum by the Secretary of State</i> Conversation with the Italian Ambassador regarding U. S. plans for debt discussions with those nations which had paid their December 1932 installments.	888
Jan. 24	<i>To the Italian Ambassador</i> Advice that President-elect Roosevelt will be glad to receive an Italian representative to discuss the debt question after completion of the proposed discussions with the British.	888
Mar. 10	<i>Memorandum by the Under Secretary of State</i> Information from the Italian Ambassador that he is ready to take up the question of debt negotiations whenever the U. S. Government is inclined to do so.	889
June 9	<i>To the Italian Ambassador</i> Notification of amounts due and payable on June 15.	889
June 13	<i>Memorandum by the Acting Secretary of State</i> Advice from the Italian Ambassador that the Fascist Great Council has passed a resolution to make a payment of \$1,000,000 as an expression of good will. President Roosevelt's opinion that such a payment seemed poor psychology, and Secretary's attitude that it would be an "unsatisfactory expression of good will."	890
June 14	<i>From the Italian Ambassador</i> Reference to the June 13 resolution of the Fascist Great Council (text printed), and advice that Italian Government intends to make a \$1,000,000 payment on June 15 pending a final settlement of the debt question.	891
June 17	<i>To the Italian Ambassador</i> Acknowledgment of the payment made, and expression of opinion that a payment of \$1,000,000 on an amount due of over \$13,000,000 may be regarded in the United States as unsubstantial.	891
June 22	<i>Memorandum by the Acting Secretary of State</i> Italian Ambassador's explanation of the decision for the figure \$1,000,000, and his assertion that he would be glad to discuss the entire debt question whenever convenient.	892

## INTERGOVERNMENTAL DEBTS

## ITALY—Continued

Date and number	Subject	Page
1933 Dec. 7	<i>From the Italian Ambassador</i> Italian Government's intention to make a further payment of \$1,000,000 on December 15.	892
Dec. 12	<i>To the Italian Ambassador</i> Acknowledgment of communication of December 7.	893

## LATVIA

1933 Jan. 26	<i>To the Latvian Consul General at New York</i> Advice that President-elect Roosevelt will be glad to receive a Latvian representative to discuss the debt problem after completion of the proposed discussions with the British.	893
June 9	<i>To the Latvian Consul General at New York</i> Notification of amounts due and payable on June 15.	894
June 15	<i>From the Latvian Consul General at New York</i> Decision of the Latvian Government to pay \$6,000, which is approximately 5 percent of the interest payment due on June 15, as an acknowledgment of the debt, pending proposed negotiations on the debt question.	894
June 21	<i>To the Latvian Consul General at New York</i> Acknowledgment of the payment of \$6,000.	896
Nov. 22	<i>From the Latvian Minister for Foreign Affairs to the American Chargé in Latvia</i> Latvian proposal to make a "token payment" of \$8,500 in connection with the payment due on December 15.	896
Dec. 13	<i>From the Latvian Consul General at New York</i> Advice that the sum of \$8,500 has been transferred to the Federal Reserve Bank of New York, for the account of the United States Treasury.	897

## LITHUANIA

1933 Jan. 24	<i>To the Lithuanian Minister</i> Advice that President-elect Roosevelt will be glad to receive a Lithuanian representative to discuss the debt problem after completion of the proposed discussions with the British.	898
June 20	<i>Memorandum by the Acting Secretary of State</i> Lithuanian Minister's inquiry, in view of his previous misunderstanding with regard to the acceptability of partial payments, whether a payment within a day or two would prevent his Government from being in default.	898
June 23	<i>From the Lithuanian Minister</i> Explanation that following clarification of the situation as to partial payments, the Lithuanian Government wishes to pay \$10,000 on the June 15 installment as proof of its good faith and desires an opportunity for discussion of the debt problem as soon as possible.	899

## INTERGOVERNMENTAL DEBTS

## LITHUANIA—Continued

Date and number	Subject	Page
1933 June 26	<i>To the Lithuanian Minister</i> Acknowledgment of note of June 23 and of the payment of \$10,000 on account.	900
Nov. 28	<i>To the Lithuanian Minister</i> Statement of the amounts due and payable on December 15.	901
Dec. 14 (1293)	<i>From the Lithuanian Minister</i> Review of the chain of events leading up to the present situation on the Lithuanian debt; advice that a payment of \$7,000 will be made on December 15.	902
Dec. 20	<i>To the Lithuanian Minister</i> Reply to the note of December 14, and acknowledgment of the \$7,000 payment.	905

## POLAND

1933 June 14	<i>From the Polish Embassy</i> Polish Government's inability to meet its debt payment due on June 15; request for postponement, and for a reconsideration of the entire debt question.	905
June 17	<i>To the Polish Ambassador</i> Acknowledgment of the Polish note of June 14, calling attention to the problems already raised by Poland's failure to meet her December 1932 payment.	906
June 24	<i>Memorandum by the Acting Secretary of State</i> Polish Ambassador's delivery of his Government's note of June 24 ( <i>infra</i> ), which contained a paragraph apparently indicating that Poland might include in the budget a provision for a debt payment.	906
June 24	<i>From the Polish Embassy</i> Expression of regret that the U.S. Government, in its note of June 17, did not take into account Poland's indication of readiness to negotiate regarding the entire debt question.	907
Nov. 28	<i>To the Polish Chargé</i> Statement of amounts due and payable on December 15.	907
Dec. 14	<i>From the Polish Chargé</i> Request for deferment of the December 15 installment, and confirmation of readiness to negotiate the debt problem.	908

## RUMANIA

1933 Jan. 26	<i>Memorandum by the Secretary of State</i> Visit from the Rumanian Minister, who stated that his Government was not in default (having no installment due in December), but now wished to request a readjustment of its debt.	909
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## INTERGOVERNMENTAL DEBTS

## RUMANIA—Continued

Date and number	Subject	Page
1933 Feb. 8	<i>To the Rumanian Minister</i> Advice that President-elect Roosevelt will be glad to receive a Rumanian representative to discuss the debt problem after completion of the proposed discussions with the British.	909
Feb. 23	<i>From the Rumanian Legation</i> Rumanian Government's readiness to make the necessary arrangements for debt discussions whenever convenient.	910
May 31	<i>Memorandum by the Acting Secretary of State</i> Conversation with the Rumanian Minister, who was told that Rumania, not being in default, is presumed to be in the same category as Great Britain, which has been informed that United States will receive any proposition it may care to make.	910
June 9	<i>To the Rumanian Minister</i> Notification of \$1,000,000 due and payable on June 15.	911
June 15	<i>Memorandum by the Chief of the Division of Near Eastern Affairs</i> Call from the Counselor of the Rumanian Legation, who said his Government had reversed its earlier decision to default on the June 15 payment and now intends to make a token payment.	911
June 15	<i>From the Rumanian Minister</i> Reference to a note addressed to United States June 15 (excerpt printed) indicating reasons for Rumania's inability to pay the June 15 installment; Rumania's desire, however, to make a 3 percent interest payment as a token of good will.	912
June 19	<i>Memorandum by the Chief of the Division of Near Eastern Affairs</i> Information from the Rumanian Minister that he had already purchased the necessary amount of silver to make the 3 percent interest payment.	913
June 21	<i>To the Rumanian Minister</i> Acknowledgment of note of June 15, and assurance that Rumanian representations on the entire debt question will be heard at a date to be agreed upon.	913
Nov. 28	<i>To the Rumanian Chargé</i> Statement of amounts due and payable on December 15.	914
Dec. 2	<i>Memorandum by the Assistant Economic Adviser of a Conversation With the Rumanian Chargé and the Financial Counselor</i> Rumanian explanation that the first payment under the Hoover moratorium agreement of 1932 was due January 2, 1934, instead of December 15, 1933; discussion of the possibility of another token payment such as was made June 15.	914
Dec. 29	<i>From the Rumanian Minister</i> Suggestion that the matter of a token payment be left open until further word can be received from the Rumanian Government.	916



## INTERGOVERNMENTAL DEBTS

## RUMANIA—Continued

Date and number	Subject	Page
1934 Jan. 24	<i>To the Rumanian Minister</i> Concurrence in the Minister's suggestion of December 29.	917

## YUGOSLAVIA

1933 June 9	<i>To the Yugoslav Minister</i> Notification of amounts due and payable on June 15.	917
June 15	<i>From the Yugoslav Minister</i> Reasons for Yugoslav Government's inability to make the payments due.	918
June 21	<i>To the Yugoslav Minister</i> Acknowledgment of note of June 15, calling attention to the problems already raised by Yugoslavia's failure to meet its payment of June 15, 1932.	919
Nov. 28	<i>To the Yugoslav Minister</i> Statement of amounts due and payable on December 15.	919
Dec. 4	<i>Memorandum by the Chief of the Division of Near Eastern Affairs</i> Explanation to the Yugoslav Minister, upon his inquiry, that no error had been made in sending the statement of November 28, that it was a reminder of the amounts overdue from Yugoslavia, even though no new payment would fall due on December 15.	920

## INITIATION OF THE RECIPROCAL TRADE AGREEMENTS PROGRAM

1933 Mar. 6	<i>To the Secretary of Commerce</i> Invitation to designate members of Commerce Department staff to serve on an Inter-Departmental Committee to forward the work of negotiating with other countries for reciprocal trade agreements. (Footnote: The same letter sent on March 9 to Secretaries of Labor, Agriculture, and Treasury, and to Chairman of U. S. Tariff Commission.)	921
Mar. 6	<i>From the Chairman of the Subgroup of the Interdepartmental Reciprocity Group</i> Submittal of draft legislation for possible presentation to Congress authorizing the President to enter into certain types of arrangements involving reductions in tariffs; desirability that such enabling legislation be enacted as soon as possible.	922
June 7 (10)	<i>From the Chairman of the American Delegation to the World Monetary and Economic Conference (tel.)</i> Message for the President (text printed) expressing hope that reports are unfounded that Congress will not be asked for the enabling legislation at the present session.	923

## TRADE AGREEMENTS PROGRAM

Date and number	Subject	Page
1933 June 7 (9)	<i>To the Chairman of the American Delegation (tel.)</i> Message from the President (text printed) indicating that the tariff legislation is impossible of achievement at this session, but that general reciprocal commercial agreements may be negotiated in London for submission when Congress reassembles.	923
June 24 (65)	<i>To the Chairman of the American Delegation (tel.)</i> Request for advice as to the proposal at an early date of negotiations, within limits of the draft legislation, for reciprocal agreements with Sweden, Portugal, Brazil, Colombia, and perhaps Chile.	924
July 2 (92)	<i>From the Chairman of the American Delegation (tel.)</i> Approval of the proposal to institute negotiations as indicated, and opinion that the list of countries mentioned is a satisfactory one.	925
July 17	<i>Press Release Issued by the Department of State</i> Announcement of a meeting held in the Department to organize the Board which is to undertake exploratory study of possible trade agreement negotiations; list of those attending the meeting.	925
Nov. 2	<i>To President Roosevelt</i> Suggestion for a circular communication to Government Departments notifying them of plans for coordination of U. S. commercial policy and conduct of negotiations for trade agreements under one person who shall be chairman of an interdepartmental Executive Committee.	926
Nov. 11	<i>From President Roosevelt</i> Decision to designate an officer of the State Department to supervise U. S. commercial policy; expectation that this officer as chairman of a coordinating Committee shall be the channel of communication with foreign governments on all policy matters affecting American trade. (Footnote: The same letter sent to certain other Departments and organizations.)	927
Nov. 29	<i>Memorandum by Mr. Ray Atherton of the Division of Western European Affairs</i> Summary of status of trade agreement negotiations or proposed negotiations with Colombia, Argentina, Brazil, Sweden, Portugal, and Cuba.	928
Dec. 12 (67)	<i>To the Chairman of the American Delegation to the Seventh International Conference of American States (tel.)</i> Information that the President has designated George N. Peek to head a temporary committee to recommend permanent machinery to coordinate Government relations to American foreign trade in the matter of agricultural production.	930
Dec. 15	<i>From the Administrator of the Agricultural Adjustment Administration</i> Request for a summary of the activities and recommendations of the Executive Committee on Commercial Policy and the Interdepartmental Advisory Board on Reciprocity Treaties.	930

## TRADE AGREEMENTS PROGRAM

Date and number	Subject	Page
1933 Dec. 18	<i>To the Administrator of the Agricultural Adjustment Administration</i> Statement concerning the two Committees as requested in the Administrator's letter of December 15.	931

## ORGANIZING THE FOREIGN BONDHOLDERS PROTECTIVE COUNCIL

1933 Mar. 15	<i>From the Economic Adviser to the Secretary of State</i>	934
	Decision of State, Treasury, and Commerce Departments that a body similar to the British Council of Foreign Bondholders should be formed to render assistance to American investors holding foreign securities which have entered into default, and steps taken toward bringing such a Council into existence.	
May 17	<i>Memorandum by the Under Secretary of State</i>	936
	Brief record of discussion with the President concerning wisdom of appointing the personnel of the Council from outside associations rather than from the Government.	
July 24	<i>From Mr. Laurence Duggan of the Division of Latin American Affairs to the Assistant Secretary of State</i>	937
	Information that Title II of the Securities Act seems to indicate that existing bondholders' committees will be absorbed, but carries no direct prohibition against the existence of other committees.	
Dec. 18	<i>From the Chairman of the Meeting for Organizing Foreign Bondholders Protective Council</i>	937
	Advice that a corporation has been set up under the laws of the State of Maryland known as the Foreign Bondholders Protective Council, Inc.; names of directors and officers, and other details on the organization.	
1934 Jan. 3 (Diplo. 2386)	<i>To Diplomatic and Consular Officers</i> Transmittal of information concerning the organization of the Council, its functions and methods of conducting its affairs.	939

## THIRD INTERNATIONAL CONFERENCE ON PRIVATE AERIAL LAW, ROME, MAY 15-29, 1933

1932 July 12 (247)	<i>To the Ambassador in France (tel.)</i>	940
	Information that Clarence M. Young and John C. Cooper, designated to represent United States on International Technical Committee of Aerial Legal Experts, cannot attend Stockholm meetings beginning July 20; instructions therefore, to transmit to the Secretary General their suggestions (text printed) on the draft convention relative to precautionary attachment of aircraft to be considered at Stockholm.	
	(Footnote: Information that Edward S. Crocker, Second Secretary of Embassy in Sweden, attended the meetings at Stockholm as observer.)	

## CONFERENCE ON PRIVATE AERIAL LAW

Date and number	Subject	Page
1932 Aug. 3 (550)	<i>From the Chargé in Sweden</i> Attendance at sessions of the Technical Committee in Stockholm; transmittal of comments made by the Committee (text printed) on the suggestions of the American members concerning the draft convention on precautionary attachment of aircraft.	942
1933 May 1	<i>To the Chairman of the American Delegation to the Third International Conference on Private Aerial Law</i> Instructions relative to the two draft conventions which are to be considered at the Rome Conference, convening May 15. (Footnote: Membership of the American delegation.)	944
May 20 (38)	<i>From the Ambassador in Italy (tel.)</i> From Cooper: Advice that drafting committee will present convention on precautionary attachment to the Conference for adoption very soon; request for authorization to sign with a declaration that convention applies only to continental limits of United States.	961
May 22 (27)	<i>To the Ambassador in Italy (tel.)</i> For Cooper: Authorization to sign convention with the declaration indicated in telegram No. 38, May 20.	961
May 27 (48)	<i>From the Chargé in Italy (tel.)</i> From Cooper: Information that final draft of liability convention has been agreed upon, and will be signed for continental United States excluding Alaska.	962
May 29	<i>Convention for the Unification of Certain Rules Relative to the Precautionary Attachment of Aircraft</i> Text of convention signed at Rome.	962
May 29	<i>Convention for the Unification of Certain Rules Relating to Damages Caused by Aircraft to Third Parties on the Surface</i> Text of convention signed at Rome.	968

## ACCEPTANCE OF RESERVATIONS BY THE UNITED STATES TO THE CONVENTION SIGNED AT ST. GERMAIN-EN-LAYE, SEPTEMBER 10, 1919, REVISING THE GENERAL ACTS OF BERLIN AND BRUSSELS

1932 Dec. 2 (689)	<i>From the Chargé in France (tel.)</i> Receipt of information from Foreign Office that the Japanese and Belgian Governments have signified that they have no objection to the U. S. reservation in its ratification to the St. Germain convention; indication, however, of an understanding by the Belgian Government, and of Japanese need to comply with certain legal formalities before giving formal consent. Advice that the only signatories not yet having reached a decision are Canada and India.	978
1933 Jan. 9 (1495)	<i>To the Ambassador in France</i> Advice that United States is in agreement with the understanding of Belgium.	978

## CONVENTION OF ST. GERMAIN

Date and number	Subject	Page
1933 Jan. 9 (167)	<i>To the Ambassador in Japan</i> Request that an effort be made, in an informal and unofficial way, to induce expedition of action by Japan with respect to whatever legal formalities are necessary.	979
May 22 (280)	<i>To the Ambassador in Japan</i> Opinion that it is not the duty of the French Government as depositary of the ratifications to make a formal request of the Japanese Government to accept the U. S. reservation. Instructions to inquire officially whether the Foreign Office cannot take whatever steps are necessary to accept the reservation.	980
Sept. 11 (358)	<i>To the Ambassador in Japan</i> Instructions to ascertain if possible what obstacle, if any, lies in the way of completing the procedure for notification of Japanese acceptance of U. S. reservation.	982
Oct. 5 (151)	<i>From the Ambassador in Japan (tel.)</i> Japanese willingness to send desired notification to the French Government provided United States asks in an official note that this be done. (Footnote: Department's instructions to make the official request.)	983
Nov. 10 (157)	<i>To the Chargé in France</i> Information from Tokyo of Japan's notification to the French Government of nonobjection to U. S. reservation. Instructions to inquire if Foreign Office is now willing to accept deposit of U. S. ratification of the convention. (Footnote: Deposit of ratification, October 29, 1934.)	983

REPRESENTATIONS BY FOREIGN GOVERNMENTS REGARDING  
CONGRESSIONAL BILLS FOR THE DEPORTATION OF CERTAIN  
ALIEN SEAMEN

1933 May 9	<i>From the Norwegian Legation</i> Norwegian objections to bill H. R. 3842 (similar to bills introduced in former sessions of Congress); opinion that serious consequences would result for Norwegian shipping if bill is enacted.	985
May 9	<i>Memorandum by the Assistant Secretary of State</i> Information, in reply to inquiry by the Swedish Minister, that no new note of protest on the subject of H. R. 3842 seems necessary, since Department is presenting views of foreign governments to the Immigration Committee of the House.	985
May 10	<i>From the Italian Embassy</i> Reiteration of Italian representations regarding H. R. 3842, pointing out various objectionable features of the bill.	986
May 10 (1469)	<i>From the Netherlands Legation</i> Reassertion that important Netherlands interests would be endangered by the enactment of H. R. 3842.	988

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## ALIEN SEAMEN

Date and number	Subject	Page
1933 May 10	<i>From the French Ambassador</i> Reiteration that the adoption of H. R. 3842 may cause serious prejudice to French interests.	988
May 10	<i>From the German Embassy</i> Reassertion of German protests against S. 868 and H. R. 3842, both similar to bills introduced in former Congresses.	989
May 10	<i>From the British Ambassador</i> British opinion that the enactment of S. 868 and H. R. 3842 would be out of harmony with the spirit of the forthcoming World Economic Conference.	990
May 17	<i>From the Danish Legation</i> Reiteration of Danish objections to S. 868 and H. R. 3842.	990



## THE CONFERENCE FOR THE REDUCTION AND LIMITATION OF ARMAMENTS, GENEVA: 1933 PHASE<sup>1</sup>

### I. WORK OF THE BUREAU AND COMMISSIONS, JANUARY 16—MARCH 27

793.94/5711

#### *Memorandum by the Secretary of State*

[WASHINGTON,] January 5, 1933.

The German Ambassador<sup>1a</sup> came in to make inquiries—first, about the Far East.<sup>1b</sup> I told him that while I had a good deal of information it was of such an imperfect and conflicting character that I could not make any prophecy as to what was about to happen at Shanhaikwan and Jehol. I said that, nevertheless, since the publication of the Lytton Report,<sup>1c</sup> I was sitting very comfortably because I felt that when the representatives of five nations were able to agree unanimously upon a report which so completely corroborated the information and views of this Government, it would be likely to have an immense influence upon the situation in the end.

The Ambassador then asked me about the situation in general, including disarmament. I told him I had nothing to say about details but that, in regard to the general situation, the policy of this Government was founded upon such a solid foundation that I felt certain we would progress through in the end. I then sketched out to him what these foundations were. First, the admitted condition in the world today where civilization had developed in the industrialized countries into such a fragile condition of interdependence and the methods of war had developed so greatly in power and destructiveness that it was now becoming clear to every one that unless we succeeded in limiting and preventing wars some future war would probably destroy our entire civilization. He told me he heartily agreed. I

<sup>1</sup> For previous correspondence, see *Foreign Relations*, 1931, vol. I, pp. 471 ff.; *ibid.*, 1932, vol. I, pp. 1 ff.

The proceedings of the several commissions for 1933 are printed in League of Nations, Conference for the Reduction and Limitation of Armaments, Geneva: *Records of the Conference*, Series B, *Minutes of the General Commission*, vols. II, III; Series C, *Minutes of the Bureau*, vols. I, II; Series D, vol. IV, *Minutes of the National Defence Expenditure Commission*; Series D, vol. V, *Minutes of the Political Commission*; *Conference Documents*, vol. II.

<sup>1a</sup> Friedrich W. von Prittwitz und Gaffron.

<sup>1b</sup> For correspondence concerning the Far Eastern crisis, see vol. III, pp. 1 ff.

<sup>1c</sup> League of Nations, *Appeal by the Chinese Government, Report of the Commission of Enquiry* (Geneva, October 1, 1932).



said I recognized the fact that this situation applied more strongly to the White Race and industrialized communities and that methods which were appropriate to them might be ineffective and inappropriate yet to nations of a less developed civilization . . . that it was unfortunate the peace machinery which the world was developing did not apply with equal appropriateness to these more backward nations but it was the only machinery which we had and my policy was to do my best to make it effective and to prevent it from being destroyed. To this, the Ambassador also signified his hearty concurrence.

In reply to a further question about details as to the disarmament conference, I told him I was encouraged by Germany's return to the conference and I thought that the spirit there was more hopeful, very largely due to the admirable work done by M. Herriot<sup>14</sup> and that of Baron von Neurath.<sup>15</sup>

H[ENRY] L. S[TIMSON]

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500.A15A4 Steering Committee/276

*The Secretary of State to the American Delegate to the Bureau of the Conference (Wilson)*

WASHINGTON, January 7, 1933.

SIR: I refer to your request for instructions in your despatch No. 11 of December 15, 1932,<sup>2</sup> transmitting Conf. D/C.C.F./S.C.F./11, December 10, 1932, containing a provisional list of questions concerning licensing systems submitted by the Sub-Committee on the Manufacture of Arms.

1. I feel that it is of the utmost importance that in all discussions of the proposed system of licenses for establishments engaged in the manufacture of arms, you should bear in mind, and on all appropriate occasions make clear, the view of this Government that any system of licenses established should be under the domestic control of each of the high contracting parties within its own jurisdiction and that the specific means for carrying out the system should be left in so far as possible to the decision of the several governments. Any proposal for the setting up of any form of international supervision of privately owned factories in this country would be certain to arouse strong opposition on the part of the American public and this opposition would be clearly reflected in Congress. (See Department's Number 241, November 12, noon,<sup>3</sup> and Number 255, December 2, noon.<sup>4</sup>)

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<sup>14</sup> President of the French Council of Ministers, June-December, 1932.

<sup>15</sup> German Minister for Foreign Affairs.

<sup>2</sup> Not printed.

<sup>3</sup> *Foreign Relations*, 1932, vol. I, p. 373.

<sup>4</sup> *Ibid.*, p. 406.

You should urge, therefore, that the competent authorities for the granting of licenses be the appropriate authorities of the several governments of the high contracting parties.

2. The conditions to be fulfilled by applicants for licenses should be left to the discretion of the several governments. This Government would have no objection to requiring the applicants to furnish such information in regard to the organization, capitalization, et cetera, of the companies to which licenses are granted as would ordinarily be furnished by a company obtaining articles of incorporation in the several States of the Union.

3. Such matters as those referred to in question 3 should be left to the discretion of the several governments.

4. This Government would have no objection to any reasonable definition of arms and implements of war. The categories specified in Article I of the Convention for the Supervision of the International Trade in Arms and Ammunition and in Implements of War of 1925,<sup>5</sup> would appear to constitute a satisfactory specification for this purpose.

5. This Government would have no objection to any reasonable proposal providing for the prohibition of the manufacture of prohibited types of weapons. The specific means for carrying out the prohibition should, however, be left in so far as possible to the discretion of the several governments.

6. Such questions as those raised in question 6 should be left to the determination of the several governments.

7. The establishment of the prior right of the State to the purchase and use of any patent, process, et cetera, relating to the manufacture of arms and implements of war would require special legislation by this country and you should oppose the inclusion in the Convention of any provision of this nature.

8. Such questions as those raised in question 8 should be left to the determination of the several governments.

9. Such questions as those raised in question 9 should be left to the determination of the several governments. Federal laws, and laws of the several States of the Union, designed for the prevention of crime, and for the safety of the public against accidents resulting from carelessness in the storage and transportation of explosives, are already in effect.

10. This Government would have no objection to any reasonable provisions in regard to the publication of the data supplied under a system of licenses, and would be prepared to provide for full publicity in regard to the manufacture of arms if such publicity were supplied by the other high contracting parties and if the same degree

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<sup>5</sup> Signed at Geneva, June 17, 1925, *Foreign Relations*, 1925, vol. I, p. 61.

of publicity were made applicable to the public manufacture of arms as to their manufacture by private companies.

Very truly yours,

For the Secretary of State:  
JAMES GRAFTON ROGERS

500.A15A4 General Committee/144 : Telegram

*The American Delegate (Wilson) to the Secretary of State*

GENEVA, January 16, 1933—2 p. m.  
[Received January 16—10:05 a. m.]

504. As you know there is to be a general discussion of the French plan<sup>6</sup> in the early stages of the meeting of the General Commission which has been set for January 31. Inasmuch as the French plan involves for us some thorny political questions, notably consultation and neutral rights, it would seem advisable to consider as soon as possible what form any observation of the American delegation should take in discussing the plan. It would appear that any pronouncement we might make would be of considerable political importance either through what is said or through what it omitted to say. Thus it would seem advantageous to enter into an exchange of views with you as soon as possible regarding the matter.

This raises the question of our representation at the General Commission; if Gibson<sup>7</sup> is to return it would seem useful that I should begin to cooperate with him as early as possible so that we could submit to you our views in the premises.

WILSON

500.A14/616 : Telegram

*The Secretary of State to the American Delegate (Wilson)*

WASHINGTON, January 18, 1933—2 p. m.

279. Department's 276, January 11, 5 p. m.<sup>8</sup> There seems to be no likelihood that the Arms Traffic Convention will be considered by the Senate<sup>9</sup> during the present session. You should make every effort to have provisions of the general nature of those contained in Chapters I and II of that Convention incorporated in the General Disarmament Convention, or should more far reaching provisions be proposed, we are prepared to give them sympathetic consideration.

<sup>6</sup> For text, see telegram No. 455, November 15, 1932, from the American delegate, *Foreign Relations*, 1932, vol. I, p. 380.

<sup>7</sup> Hugh S. Gibson, Acting Chairman of the American delegation to the General Disarmament Conference; Ambassador to Belgium and Luxemburg.

<sup>8</sup> *Post*, p. 358.

<sup>9</sup> For correspondence regarding efforts to secure from Congress authority for the President to impose an arms embargo under certain conditions, see pp. 356 ff.

The Foreign Relations Committee of the Senate has reported out unanimously a Joint Resolution<sup>10</sup> providing in part "that whenever the President finds that in any part of the world conditions exist such that the shipment of arms or munitions of war from countries which produce these commodities may promote or encourage the employment of force in the course of a dispute or conflict between nations, and, after securing the cooperation of such governments as the President deems necessary, he makes proclamation thereof, it shall be unlawful to export, or sell for export, except under such limitations and exceptions as the President prescribes, any arms or munitions of war from any place in the United States to such country or countries as he may designate, until otherwise ordered by the President or by Congress."

STIMSON

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500.A15A4 General Committee/145 : Telegram

*The American Delegate (Wilson) to the Secretary of State*

GENEVA, January 24, 1933—2 p. m.

[Received January 24—11 : 35 a. m.]

511. Your 281, January 21, 7 p. m.<sup>11</sup> I have collaborated with Gibson in preparing a text which we submit to you not as the final form of a speech since this will have to be governed by the character of the debate but as the means of showing a method of approach to the problem which you may feel is appropriate in dealing with the French plan at this time.

We feel that we should speak, and fairly early in the debate, in order to avoid the curiosity and newspaper speculation as to our attitude that might be aroused by silence. Further, we feel that under present circumstances the question of our attitude towards the larger political questions raised should not be prejudiced either by acceptance or by refusal. We further feel that the emphasis of the American delegation should be properly placed upon the disarmament side of any proposal rather than the political side.

The type of statement which we suggest should enable us to avoid any pronouncement with regard to the "inner concentric circle" and to adjourn any pronouncement on the "outer concentric circle" until a more propitious time.

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<sup>10</sup> Senate Joint Resolution 229, *Congressional Record*, vol. 76, pt. 2, p. 2096. This joint resolution as well as House Joint Resolution 580 failed of enactment prior to adjournment of the 72d Congress, March 4, 1933. For action upon arms embargo legislation in the 1st session, 73d Congress, see telegram No. 347, June 1, to the American delegate, p. 378.

<sup>11</sup> Not printed; according to this instruction Mr. Gibson was "being authorized to proceed to Geneva to attend meeting of the General Commission."

Text follows:

“Mr. President: The American delegation welcomes the advances made by the French plan toward the solution of the problems before us. These advances are of two kinds. In the first place, the plan opens up a perspective of concrete measures of reduction and envisages equality of treatment in the making of them. In the second place, it contemplates the regional organization of a system of security permitting further and greater reduction later on. We heartily welcome concrete steps in disarmament. We still hope to go much farther than the French plan contemplates, but nevertheless we welcome the advance made by one of the most heavily armed powers along these lines, and in particular note the effort to make these proposals harmonize with the plan which I had the honor to submit to the General Commission last June.

With respect to the organization of security, France has made the first proposal that accords with the order of ideas which my Government has long developed; namely, that of a regional treatment of the problem. The suggestion that the states of Europe should treat their particular difficulties in a special manner seems realistic and along the lines of common sense. That the more distant nations should each in their own areas achieve some measure of accord that would permit similar action, likewise goes without saying. On the American Continent we have already made much progress toward this end. Therefore it seems that in the discussion of the plan which the French Government has just laid before us, we will have a two-fold task—that of examining and, I hope, enlarging the list of concrete measures of disarmament which may be taken by all powers. Secondly, we will have to examine a set of regional negotiations in which those nations having common problems may consult together as to the best measures of lessening their common fears; the result of these labors may well form the basis for radical measures of disarmament.

I do not propose to offer any detailed comment on the French plan at this time. We have been summoned here in order that an opportunity might be afforded our French colleagues to lay before us the details of the working out of the theories which form the basis for the plan for which they have submitted the outlines. We look forward of course with interest to the elaboration of the document before us.

To sum up our primary interest is in the reduction of armaments. Therefore the place which America may take in any general scheme will be dependent upon the measure of reduction of armaments which that scheme will bring about”.

WILSON

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500.A15A4 General Commission/147 : Telegram

*The Secretary of State to the American Delegate (Wilson)*

WASHINGTON, January 25, 1933—6 p. m.

282. Your 511, January 24, 2 p. m. I quite agree that in your speech you should avoid too early a commitment as to the implications of the political side of the French plan. Nevertheless, I see several

drawbacks to your proposed statement from the American point of view.

1. It might possibly be construed as virtually an abandonment of the Hoover Plan,<sup>12</sup> and an acceptance of the French Plan as the basis for future negotiations. We have been severely criticized here for not pushing the Hoover Plan more energetically. As drafted, your speech will lend force to that criticism. I suggest that you tone up your rather weak reference to the harmonization of the French Plan with the Hoover Proposal. After all, the general principles of the Hoover plan were accepted with virtual unanimity by the Resolution of July 23<sup>13</sup> as the guide for disarmament efforts.

2. It might possibly be construed as an admission that we can expect no disarmament at all until the French conception of security has been satisfied. This might be obviated by a hint of the possibility of concluding an interim convention pending a meeting of minds as to a long term convention.

3. Instead of being politely non-committal, your proposed statement would almost certainly be construed here as an eulogy of the French Plan. It would tend to give it a standing before the Conference which might subsequently be quoted to embarrass us. There are no concrete steps that we can see in the plan that are not contingent on political concessions. In fact we should feel some difficulty in explaining here the "concrete steps in disarmament" which you "heartily welcome".

I suggest therefore that you redraft the statement in the light of these suggestions. I should appreciate another opportunity for criticism before definitely approving your statement.

STIMSON

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500.A15A4 General Committee/151 : Telegram

*The Secretary of State to the American Delegate (Wilson)*

WASHINGTON, January 28, 1933—2 p. m.

285. Your 516, January 27, 8 p. m.<sup>14</sup> Your telegram has made clear that as seen from Geneva a speech along the lines of your redraft would risk being misconstrued at the Conference and might endanger future French collaboration. On the other hand, further consideration has convinced me that a speech along the lines of your original draft would be badly received in this country.

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<sup>12</sup> For text, see telegram No. 145, June 21, 1932, to the Acting Chairman of the American delegation, *Foreign Relations, 1932*, vol. I, p. 211.

<sup>13</sup> *Ibid.*, p. 318.

<sup>14</sup> Not printed.

In the circumstances, I agree with you that the best course would be to avoid any American declaration in the general discussion of the French plan at least until the situation has further clarified. I approve your suggestion of an informal explanation to the French Delegation of the reasons for our remaining silent.

The success of this general procedure will depend in large measure on the guidance that you can give the press representatives in Geneva.

If at any time the situation alters and you feel that we must make a statement of our views, please telegraph at once and we could probably approve a text following a middle course between the two drafts you have submitted.

STIMSON

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500.A15A4 General Committee/152 : Telegram

*The Acting Chairman of the American Delegation (Gibson) to the Secretary of State*

GENEVA, February 2, 1933—1 p. m.

[Received February 2—10 a. m.]

523. Your 285 January 28, 2 p. m. We have talked to Massigli,<sup>15</sup> in the absence of Boncour<sup>16</sup> who will not reach Geneva until Saturday, and certain other people and now feel that as matters are shaping it may be wise to make a brief statement.

We have drafted an outline in which we have endeavored to follow your views. You may think that this covers the necessities of the situation so far as the American aspect goes and we are inclined to think that it covers it from this point of view.

The debate will probably continue through Friday and Saturday, we therefore hope for your comment tomorrow morning if possible.

Text follows:

“The authors of the project now before us have explained that its essential aim is to bring about on the continent of Europe a sense of security. This, in their opinion, will render possible more substantial measures of disarmament than they are willing now to contemplate. We recognize the deep importance which many states attach to this form of solution. Inasmuch, however, as the plan is designed to solve a Continental problem I do not feel that we are called upon at this stage to express an opinion as to how far it will fulfill its purpose. We hope, however, that this discussion will lead to the acceptance of definite measures of reduction, which after all is the purpose of our conference.

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<sup>15</sup> René Massigli, member of the French delegation; Assistant Director of Political Affairs, French Foreign Office.

<sup>16</sup> Joseph Paul-Boncour, French Foreign Minister; head of the French delegation to the General Commission.

Inasmuch as the European aspect of the French plan is its basis, this basis must be dealt with before we can profitably discuss its other aspects and I shall not therefore offer at this time any comment on that phase of the French plan which concerns non-Continental states and non-members of the League of Nations. To do this before the basis itself is established would be hypothetical rather than real.

For practical purposes it is sufficient to say at this time what the American Government can do is a matter perhaps for future discussion; what it will be disposed to do will be largely determined by the measure of actual reduction which the Conference may achieve."

GIBSON

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500.A15A4 General Committee/154 : Telegram

*The Secretary of State to the Acting Chairman of the American Delegation (Gibson)*

WASHINGTON, February 2, 1933—6 p. m.

289. Your 523, February 2, 1 p. m. Statement<sup>17</sup> approved.

This is in line with my hope that you can succeed, while maintaining our general position, in avoiding a controversial stand during the coming sessions of the Disarmament Conference. The general international situation with respect to debts, the Far East and Latin America is so tense at the moment that I wish if possible to avoid its further complication by unduly active participation on our part in the disarmament discussions.

STIMSON

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500.A15A4 Land Armaments/259 : Telegram

*The Acting Chairman of the American Delegation (Gibson) to the Secretary of State*

GENEVA, February 7, 1933—5 p. m.

[Received February 7—12:30 p. m.]

528. Your 234, November 8, 3 p. m.<sup>18</sup> Committee of Bureau is drafting articles to give effect to provisions of Document Bureau 41. Article 1 in tentative form reads "Contracting parties declare to be prohibited the use of chemical, et cetera, weapons as against any state whether or not a party to the present convention, and in any war whatever its character".

The tentative draft above provides for a prohibition in place of a universal renunciation of the use. It appears that a renunciation

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<sup>17</sup> Delivered February 7, *Records of the Conference, Series B, Minutes of the General Commission*, vol. II, p. 251.

<sup>18</sup> *Foreign Relations*, 1932, vol. I, p. 366.



is self-executing while a prohibition inevitably carries with it the idea of sanctions. As a matter of policy should we oppose the principle of a prohibition and fight for a universal renunciation?

GIBSON

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500.A15A4 Land Armaments/260: Telegram

*The Secretary of State to the Acting Chairman of the American Delegation (Gibson)*

WASHINGTON, February 8, 1933—5 p. m.

290. Your 528, February 7, 5 p. m. I do not attach especial importance to the wording of the resolution, whether it calls for "renunciation" or "prohibition" (why not both?) of chemical warfare. You will find that in earlier treaties, notably the Gas Treaty of 1922<sup>19</sup> and the Gas Protocol of 1925<sup>20</sup> the word "prohibition" was used without subsequent reference to sanctions. The essential purpose of the Treaty is to do away with gas warfare as a method of hostilities.

When the question of sanctions comes up for discussion, however, you must bear in mind that it is useless for us to agree to more than public opinion in this country (especially as exemplified in the Senate) would approve. We have not noted in recent months any trend toward favoring commitments before the event that might involve us in affirmative action; on the contrary, the trend has been visibly in the other direction. The solution of the problem of sanctions (whether in the case of chemical warfare or more generally) is to treat it regionally. This was indicated in your 445, November 10, 8 p. m.<sup>21</sup> and my 242, November 12, 5 p. m.<sup>22</sup> I rely on your tactical skill to assure this result.

Document Bureau 41 was received February 5 and is being studied.

STIMSON

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500.A15A4 Steering Committee/298: Telegram

*The Acting Chairman of the American Delegation (Gibson) to the Secretary of State*

GENEVA, February 10, 1933—1 p. m.

[Received February 10—10:10 a. m.]

531. The declaration made by United Kingdom, France, Germany and Italy in article 3 of the Five Power Declaration of December 11,

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<sup>19</sup> Treaty Relating to the Use of Submarines and Noxious Gases in Warfare, signed at Washington, February 6, 1922, *Foreign Relations*, 1922, vol. I, p. 267.

<sup>20</sup> Protocol for the Prohibition of the Use in War of Asphyxiating, Poisonous or Other Gases, and of Bacteriological Methods of Warfare, signed at Geneva, June 17, 1925, *ibid.*, p. 89.

<sup>21</sup> Not printed.

<sup>22</sup> *Foreign Relations*, 1932, vol. I, p. 376.

1932,<sup>23</sup> appears again as "one" under part 1 of draft proposals by United Kingdom delegation Conference Document 154.

Several delegations commented during recent discussion of French plan and at yesterday's meeting of the Bureau to the effect that any such "solemn affirmation" not to resort to force should not be limited to European states. It therefore seems to us quite likely that the question may shortly arise of the inclusion of the United States and other non-European countries in such an affirmation.

You will note that the statement in British draft proposals is an "affirmation" and not a "reaffirmation" as expressed in the Five Power Declaration. In this regard please see third, fourth and fifth paragraphs of Wilson's 483, December 10, 1932, 3 p. m.<sup>24</sup>

I should appreciate your guidance by telegraph.

GIBSON

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500.A15A4 Steering Committee/299 : Telegram

*The Acting Chairman of the American Delegation (Gibson) to the Secretary of State*

GENEVA, February 10, 1933—2 p. m.  
[Received February 10—10:30 a. m.]

532. British proposal for procedure now before Bureau provides *inter alia* that "the Bureau shall fix for the future the maximum calibers of mobile land guns".

British representative stated his Government was prepared to accept a limitation to about 105 millimeters for replacement or new construction. Similar statement was made by Simon<sup>25</sup> in his speech of November 17th.<sup>26</sup>

The question then arises as to whether the American Government is willing to extend the attitude already taken and on which our instructions (your 211, September 29, 5 [4] p. m.<sup>27</sup>) are entirely clear by accepting an undertaking not to construct for the life of the treaty mobile artillery above 105 millimeters. We are not aware of the amount of replacement that might be necessary in 155 millimeters mobile guns during the life of the treaty and as to how such an undertaking would affect us. In considering it, however, it should be borne in mind that the adoption of the 105 figure for replacement purposes may be accompanied by an endeavor to provide for the immediate scrapping of all mobile artillery above 105 millimeters.

<sup>23</sup> *Foreign Relations*, 1932, vol. I, p. 527.

<sup>24</sup> Not printed. For text of British draft proposal, see "Memorandum of the Five Power Conversations at Geneva," Annex J, *ibid.*, p. 525.

<sup>25</sup> Sir John Simon, British Secretary of State for Foreign Affairs; member of the British delegation.

<sup>26</sup> *Records of the Conference*, Series C, *Minutes of the Bureau*, vol. I, pp. 89-94.

<sup>27</sup> *Foreign Relations*, 1932, vol. I, p. 338.

I do not anticipate that we would be alone in maintaining 155 level and therefore see no political embarrassment in a position whereby we would scrap or convert mobile guns above 155 and at the same time undertake not to build guns above 105 for the life of the treaty.

The foregoing considerations are, however, entirely different from the technical problem involved.

GIBSON

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500.A15A4 General Committee/163 : Telegram

*The Secretary of State to the Acting Chairman of the American  
Delegation (Gibson)*

WASHINGTON, February 11, 1933—noon.

292. Your 531, February 10, 1 p. m.

1. I attach high importance to your being able, for the next few weeks at least, to prevent the Conference raising the issue of any extension of the projected no-force affirmation to non-European countries, and in particular to the United States.

2. The Pact of Paris <sup>28</sup> is the cornerstone on which this Administration has rested its foreign policy, and there can be no doubt in the mind of any European statesman, either from our declarations or our attitude throughout the Far Eastern crisis, of our interpretation of the obligations agreed to under the Pact. You are well aware of the slow acceptance in this country of any new departure in our foreign relations. Public opinion has now fully accepted the Pact as a prime tenet of our policy, and the response here to its invocation in recent foreign disputes has been gratifying.

3. Events during the past year have proved our willingness in practice to cooperate with other nations, coupled with a growing disinclination to commit ourselves before the event to any form of concerted action or consultation. The result is the building up of a tradition of cooperation, which while founded on the exercise of our independent judgment is in effect real. This cooperation rests on the implications of the Kellogg-Briand Pact.

4. Any attempt to persuade us to reaffirm its principles in other terms, or to involve us in new contractual undertakings under the guise of security, would not only be a cross-current which would confuse public opinion in this country, but would inevitably weaken the prestige of the Pact.

5. If the suggestion to extend the no-force affirmation to extra-European states comes from the small powers, I feel certain that an

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<sup>28</sup> Treaty for the Renunciation of War, signed at Paris, August 27, 1928, *Foreign Relations*, 1928, vol. I, p. 153.

informal review of the Far Eastern crisis<sup>29</sup> in private conversations with Beneš<sup>30</sup> or Motta<sup>31</sup> or Politis<sup>32</sup> would convince them that our policy, based on the Kellogg-Briand Pact, has been of greater value to the world's peace structure than that of certain of the great Powers based on more detailed contractual undertakings.

6. Cooperation between the United States and the League is now functioning so smoothly that I consider it of especial importance not to subject it to the slightest strain. I am apprehensive lest a discussion at this juncture at the Disarmament Conference as to the meaning of the Kellogg-Briand Pact, as to whether the no-force idea is an affirmation or a re-affirmation of its underlying principles, et cetera, might have repercussion on the discussions in the Committee of Nineteen.

7. Of course, if the European states wish to make additional regional understandings, which would result in a further European appeasement, we should certainly interpose no objection. But any extension of the idea beyond Europe would risk complicating the situation here, and particularly so during the coming period of political readjustment. Accordingly, I rely on you and Wilson to exert every effort to prevent the subject being raised.

8. If you find that by private conversations and persuasion you cannot convince the principal delegates of the wisdom of avoiding public discussion of this topic, please telegraph me and I shall reinforce your efforts with the appropriate Ambassadors or Ministers here.

STIMSON

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500.A15A4 General Committee/164 : Telegram

*The Acting Chairman of the American Delegation (Gibson) to the Secretary of State*

GENEVA, February 14, 1933—2 p. m.  
[Received February 14—11:30 a. m.]

535. Since the receipt of your telegram No. 292, February 11, noon, Wilson and I have taken every possible measure to avoid raising the issue of any extension of the projected no-force affirmation to non-European states. These interventions were apparently successful because at the first meeting of the Political Commission<sup>33</sup> this morning

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<sup>29</sup> For correspondence relating to this phase of the Far Eastern crisis, see vol. III, pp. 141 ff.

<sup>30</sup> Chairman of the Czech delegation to the General Commission; Minister for Foreign Affairs.

<sup>31</sup> Chairman of the Swiss delegation to the General Commission.

<sup>32</sup> Member of the Greek delegation to the General Commission; Minister to France.

<sup>33</sup> The proceedings of this Commission are printed in *Records of the Conference*, Series D, vol. v, *Minutes of the Political Commission*.

many speakers recognized the importance of confining the discussions on the no-force agreement and mutual assistance to European countries in the first instance. In particular this was recognized by Boncour, Bourquin,<sup>34</sup> Madariaga,<sup>35</sup> Nadolny<sup>36</sup> and Eden.<sup>37</sup>

After an able exposition by Boncour of the most practical method of approaching security from the simple to the complex, the Commission decided to begin its discussions of measures for increasing security in Europe by consideration of a limited no-force affirmation. The British delegate will submit a draft<sup>38</sup> covering this point before the meeting tomorrow.

GIBSON

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500.A15A4 General Committee/165: Telegram

*The Acting Chairman of the American Delegation (Gibson) to the Secretary of State*

GENEVA, February 15, 1933—9 p. m.  
[Received February 15—7:09 p. m.]

537. The Political Committee met this afternoon and discussed a British draft for the renunciation of force of which text follows:

“Draft declaration (to be signed by the governments of Europe simultaneously with the disarmament convention).

(List of governments) acting respectively through their undersigned representatives, duly authorized to that effect;

Anxious to further the cause of disarmament by increasing the spirit of mutual confidence between the nations of Europe;

Determined to fulfill, not only in the letter but also in the spirit, the obligations which they have accepted under the Pact of Paris, signed on August 27, 1928;

Hereby solemnly undertake that they will not in any circumstances resort to force for the purpose of resolving any present or future differences between them.”

This was followed by a formal motion by Litvinoff<sup>39</sup> to extend the scope of the undertaking to all countries of the world as well as to Europe. Various amendments were offered to the British text and at the close of the session the Chairman appointed a drafting committee of some 12 countries not including the United States, to deal with the resolution and amendments, and without taking formal action on

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<sup>34</sup> Member of the Belgian delegation to the General Commission.

<sup>35</sup> Member of the Spanish delegation to the General Commission; Ambassador to France.

<sup>36</sup> Head of the German delegation to the General Commission.

<sup>37</sup> Member of the British delegation to the General Commission; Under Secretary of State for Foreign Affairs.

<sup>38</sup> See *infra*.

<sup>39</sup> Maxim Litvinov, Soviet People's Commissar for Foreign Affairs; delegate to the General Commission.

whether the scope should be universal or European. He stated, however, in summing up that there appeared to be general agreement that this undertaking should be embodied in the disarmament treaty and not in a separate instrument.

It is our impression that the drafting committee will take the ground that since this declaration of renunciation of force is a prelude to the study of part 3 of the French plan applying specifically to European states and designed to increase the feeling of security in that portion of the world the declaration should be of European scope only to begin with and that its extension to non-European powers will be discussed subsequently when the outer concentric circle of the French plan is opened for discussion.

The point was made repeatedly that the adoption of a declaration giving precision to the Kellogg Pact by a certain number of states only would raise the presumption that other states which were bound only by the original Kellogg Pact were under no further obligation then to renounce war in its legal and diplomatic sense thus creating two categories of states, one which had renounced all acts of force and the other which had renounced "war" only.

Buero of Uruguay made a declaration which aroused interest in which he declared that the very act of presentation of the British proposal raised doubts as to the efficacy and scope of the Kellogg Pact; that on the part of his country he could not accept a situation where there were two categories of states and insisted that the other states of the world should be equally bound with Europe. If this were not the fact, Buero continued, states outside of Europe could have recourse to violence without declaration of war and claim that they had that right under the Kellogg Pact inasmuch as European states had admitted the necessity of establishing greater precision and taking a step further than the Kellogg Pact. His view was sympathetically received by a number of speakers who, however, presumably in deference to us in view of the conversations which we have had with them all agreed to examine the problem for Europe in the first instance and subsequently to take up the problem of extension of its scope. It was clear from the veiled references of nearly every speaker that they were under the conviction that every loophole must be stopped to prevent action similar to that of Japan of carrying on war in Manchuria under another name. There was repeated expressions of regret at the necessity for amending the Kellogg Pact but no indication of refusal to accept British proposal.

We are inclined to feel that the renunciation of force proposal was unfortunate even from the British point of view. In the proposition of Sir John Simon and in the text cited in this telegram it is regarded as a reciprocal European undertaking and so specifically ex-

cludes any special situations which Great Britain may have outside of Europe. The insistence, however, of a large number of delegations on the extension of the proposal to universal scope will doubtless create a situation where the British will be obliged either to accept, refuse or amend it. We have so far succeeded in keeping out of public participation in the debate and shall endeavor so to continue. However, the entire question is so intricate and so fraught with future perplexities that we venture to suggest that without further delay it be given careful study in the Department with a view to determining how its adoption as it is or in amended form would affect American interests; for instance in connection with our rights in Panama and Cuba.

We venture to urge that this be given immediate attention for, although we hope to be able for the moment to avoid being faced with direct public questions as to our intentions, the whole problem is bound to arise within a relatively short period and we should be apprised of your views in full as soon as possible.

GIBSON

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500.A15A4/1728 : Telegram

*The Acting Chairman of the American Delegation (Gibson)  
to the Secretary of State*

GENEVA, February 23, 1933— 5 p. m.  
[Received February 23—3 : 15 p. m.<sup>40</sup>]

540. From Gibson and Wilson. Subject disarmament and Far East. The Japanese Government has definitely decided to give notice of its withdrawal from the League of Nations.

No decision has yet been made as to withdrawal from the Disarmament Conference. There is an acute division of opinion inside the delegation here, the diplomatic and naval members favoring continued participation and the army people favoring withdrawal or at the most leaving junior officers as observers.

We know that even those who desire to stay are reluctant to do so unless assured that their presence in spite of the acceptance of the draft report<sup>41</sup> by the Assembly would not be unwelcome to the nations participating in the Disarmament Conference. These Japanese realize that a decision to stay calls for no affirmative action but it is clear that the peculiar Japanese sense of good manners makes them feel the need for some intimation of this sort.

We know that the naval delegate Nagano, Chief of Naval Staff and next in authority to the Minister of Marine, is able to settle the matter

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<sup>40</sup> Telegram in three sections.

<sup>41</sup> For text of the report on the Sino-Japanese situation (Lytton Report), see League of Nations, *Official Journal*, Special Supp. No. 112, p. 56.

himself here in Geneva. He is desirous of remaining chiefly in order to emphasize the desire of the Japanese to continue within the framework of the Washington and London Treaties<sup>42</sup> and keep contact with the treaty powers; further to emphasize his desire to maintain relations with the United States on the best possible footing in the circumstances and his readiness to resume naval discussions in 1935 or sooner if desired. Press despatches from Tokyo which we believe to be inspired from Geneva emphasize the fact that Japan does attach importance to remaining within the treaty framework of the great naval powers and to participating in any further discussions.

As we see it here the question at issue is whether from our point of view it is more advantageous, (1), to have continued Japanese participation in the Disarmament Conference particularly as regards naval matters or, (2), whether on the other hand it is considered more salutary to have a clear cut and complete break at the time of Japanese withdrawal from the League. Obviously you alone can decide this point.

In considering these two questions, however, we should like to submit a few considerations.

1. It appears significant that Nagano with his essential functions in Japan should be not only willing but anxious to remain in Geneva in such a crisis when the normal desires of a naval officer would be to hurry home.

2. Nagano is both influential and outspoken and might serve a useful purpose in conveying to his own Government an understanding of developments in the Occident.

3. With the rather hysterical attitude of the army element the question arises as to whether it is not desirable to encourage the restraining influence of the naval and civilian element and to hold up the hands of men like Matsudaira<sup>43</sup> and Nagano who have consistently, if unsuccessfully, argued reasonable action by their Government and who will inevitably regain influence as the pendulum swings back.

4. Further, the whole Disarmament Conference is in an extremely rickety state and tension is acute in the discussions between France, on the one hand, and Germany and Italy, on the other hand, with a general feeling that very little would suffice to bring about a complete collapse. How far Japanese withdrawal would tend to bring about collapse we cannot say but it certainly would not be helpful.

In the event you feel continued Japanese participation is desirable we are convinced we can make an effective contribution to this end without taking any official steps. A personal conversation with Matsudaira who is still chief of the disarmament delegation would

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<sup>42</sup> Treaty for the Limitation of Naval Armament, signed at Washington, February 6, 1922, *Foreign Relations*, 1922, vol. 1, p. 247; Treaty for the Limitation and Reduction of Naval Armament, signed at London, April 22, 1930, *ibid.*, 1930, vol. 1, p. 107.

<sup>43</sup> Head of the Japanese delegation to the General Commission; Ambassador to Great Britain.



suffice. It would only be necessary to assure him that we should view with regret Japanese separation from the Conference with its possible complication of future naval discussions.

So far as we can diagnose the case the only element of doubt still in the minds of the naval and civilian representatives is that before taking a decision to remain they want to be sure that they will not receive a rebuff from the Americans. If you authorize us to eliminate this doubt we feel that this would contribute materially to forming their decision. In other words, we feel that the decision as to whether the Japanese remain rests largely with us. You will be able to judge as to whether this fits in with your broader conception of policy.

At tomorrow's meeting of the Assembly for the first time in history an undefeated great power will be subjected to a humiliating condemnation by the whole civilized world. The clear-sighted Japanese are shattered by this step. In this situation you may still feel it advantageous to attach Japan to future international effort and whatever we may say under the present circumstances will have double significance and effect.

The time element is essential as the report will be acted upon tomorrow morning. In the event you wish to talk to us by telephone please send advance notice as to the hour. Immediately after you decide to give us an answer by telegraph please expedite.

GIBSON

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500.A15A4/1729 : Telegram

*The Secretary of State to the Acting Chairman of the American Delegation (Gibson)*

WASHINGTON, February 23, 1933—9 p. m.

294. Your 540, February 23, 5 p. m. I concur with your preference to see Japan remain in the Disarmament Conference provided there is no possible danger of this being due to our initiative and against the wishes of the principal League powers. We have thus far carefully avoided making moves which might imply desire on our part to lead the League in matters connected with its Far Eastern problem. You must, therefore, be careful to avoid the possibility that any move of ours on the very day when the League is rendering its decision, might be construed as either lessening the force of the League's condemnation, attempting to gain favor, or assuming a special responsibility. Subject to these limitations and to the full previous approval of at least Great Britain and France I give you a wide latitude of action.

In any event you must be particularly careful to give no ground for the impression of a possible rebuff to Japan at our hands if she decides to remain. It is important for you to avoid any expression on the part of the United States alone of either sympathy or antipathy toward Japan in the position in which she will stand after the action of the Assembly.

I assume that if Japan remains in the Conference she will remain in entire participation. To remain solely as a naval participant would be of much less importance.

STIMSON

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500.A15A4/1730 : Telegram

*The Acting Chairman of the American Delegation (Gibson) to the Secretary of State*

GENEVA, February 24, 1933—9 p. m.  
[Received February 24—3:40 p. m.]

542. Your 294, February 23, 9 p. m. Following your suggestion we called on the British and French and after explaining what was in our minds found them in hearty accord. They expressed great hopes that the Japanese would remain in the Disarmament Conference and propose to say a word in the same sense.

In the course of a visit to Matsudaira, Wilson and I said that we had not come to discuss what was taking place in the Assembly today, that on the Manchurian question he knew the views of our Government and that those views had not changed. We had heard that the Japanese Government had not come to a definite decision as yet regarding further participation in Disarmament Conference and that in view of these facts we felt that it would be regrettable in the interest of the disarmament movement if they were to withdraw from the Conference.

The press representatives questioned us regarding our visit and we replied that we had discussed disarmament matters with Matsudaira.

GIBSON

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500.A15A4 General Committee/175 : Telegram

*The Acting Chairman of the American Delegation (Gibson) to the Secretary of State*

GENEVA, February 28, 1933—noon.  
[Received February 28—8:35 a. m.]

546. The sub-committee mentioned in my 537, February 15, 9 p. m. to deal with the formula of non-recourse to force has had a series of

meetings which uncovered numerous difficulties which curiously enough the authors of the project had not foreseen.

Eden informed Wilson yesterday that as a result of laborious negotiations a text had been evolved with which the French, Germans, Belgians, Italians and British are now in accord. The text reads as follows:

“The governments of (blank)

Anxious to further the cause of disarmament by increasing the spirit of mutual confidence between the nations of Europe by means of a declaration expressly forbidding resort to force in the cases in which the Pact of Paris forbids resort to war

Hereby solemnly reaffirm that they will not in any circumstances resort, as between themselves, to force as an instrument of national policy”.

Wilson informed Eden that while this text seemed to present fewer difficulties than some which had been suggested nevertheless any phraseology was going to let us in for trouble. He asked Eden what they would do when the inevitable demand arose to extend the scope of document to something approaching universality.

Eden replied in strict confidence that the Prime Minister had stated definitely that Eden must not permit this scope to be extended and must hold the declaration to purely European limits. Eden added rather ruefully that those were his instructions but that he anticipated the greatest difficulty in getting them realized.<sup>44</sup>

GIBSON

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500.A15A4/1734 : Telegram

*The Acting Chairman of the American Delegation (Gibson) to the Secretary of State*

GENEVA, March 1, 1933—7 p. m.

[Received March 1—2 p. m.]

547. Our 542, February 24, 9 p. m. Yada, Japanese Minister at Berne, acting chief of Japanese disarmament delegation, just called to inform us that he had been to see Henderson, President of the Conference, and informed him that he had received instructions from the Japanese Government that the Japanese delegation would continue to participate in the work of the Disarmament Conference.

GIBSON

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<sup>44</sup> For final action upon report and draft declaration adopted as quoted above, see *Records of the Conference*, Series D, vol. v, *Minutes of the Political Commission*, pp. 22—30.

500.A15A4 General Committee/184: Telegram

*The Acting Chairman of the American Delegation (Gibson) to the Secretary of State*

GENEVA, March 2, 1933—6 p. m.  
[Received March 2—2: 45 p. m.]

548. My telegram 546, February 28, noon. The Political Commission adopted by an affirmative vote of 27 with no negatives the draft formula of non-recourse to force prepared by the subcommittee.

An effort had been made by the Persian, Soviet, Chinese and other delegations to insist upon its universal application but it was decided to reserve this question for the present. In an effective speech Titulesco<sup>45</sup> pointed out that the second article of the Pact of Paris prohibits recourse to force in providing for settlement of disputes by pacific means. If the new text weakened in any respect the obligations of Article No. 2 of the Pact of Paris he explained he would be obliged to oppose it as it would deprive the Pact of all meaning and weaken rather than enhance its provisions of security. Upon receiving assurances from the *rapporteur* that this interpretation could not be considered correct he voted in favor of the text.

After the entire debate had closed Sassoon<sup>46</sup> speaking for the British delegation expressly reserved the position of his Government concerning the extension of the agreement to non-European countries and recalled that the original British formula applied to Europe alone.

There was obvious reluctance on the part of many delegations to take an active part in the debate, feeling that the new agreement added nothing to the present system of security.

GIBSON

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500.A15A4 General Committee/189: Telegram

*The Acting Chairman of the American Delegation (Gibson) to the Secretary of State*

GENEVA, March 3, 1933—8 p. m.  
[Received March 3—3: 55 p. m.]

552. During the further discussion of the terms of reference for the Effectives Committee (Conference Document C G 43) the General Commission decided this afternoon by a vote of 17 to 11 to take legal effectives for the purpose of establishing the irreducible component

<sup>45</sup> Nicolas Titulesco, Rumanian Minister for Foreign Affairs; head of the Rumanian delegation to the General Commission.

<sup>46</sup> British Under Secretary of State for Air.

France, Great Britain, Germany and Japan supporting our contentions that real effectives should be taken as the basis for determining this component. After the vote had been taken Wilson remarked that as the American proposals on effectives had been based on the assumption that these real effectives would be used it would be necessary to raise the proportion of reduction from 33 $\frac{1}{3}$  percent to something considerably higher in order to get through paper effectives and reach real men.

After the decisions of the General Commission to reserve for future determination the proportion of reduction Nadolny read a prepared statement pointing out the grave preoccupations in Germany over the present trend of the Conference. He said that no single decision had yet been reached which would reduce one soldier, one gun, one tank or one airplane; that over 8 months ago it had been said that the moment had come to proceed to real decisions. Since that time he was afraid no progress had been made and his country could not help voicing its grave concern.

In reply Henderson pointed out that with reference to the delay no single delegation could throw the first stone. He was convinced however that all were resolved as speedily as possible to reach the important decisions and thought that recent work in the General Commission in spite of the innumerable discussions over what had appeared to be minor points gave more promise of a success.

Unless a method is found to change the vote adopting legal effectives as a basis for possible measures of limitation and reduction it would mean the destruction of possibility for real accomplishments under the Hoover plan. Experience has shown however that such a vote is rarely binding when the time comes for real reduction.

GIBSON

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500.A15A4/1737 : Telegram

*The Acting Chairman of the American Delegation (Gibson) to the Secretary of State*

GENEVA, March 5, 1933—1 p. m.

[Received 2:15 p. m.]

553. We have been endeavoring to formulate some ideas on the probable development of the work here in order that you might have them before you in your discussions with Davis.<sup>47</sup>

A new element of complication has been introduced through the announcement that MacDonald<sup>48</sup> and Simon are coming to Geneva in the near future in the hope of helping forward the work of the

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<sup>47</sup> Norman H. Davis, appointed Chairman of the American delegation to the General Commission.

<sup>48</sup> J. Ramsay MacDonald, British Prime Minister; head of the British delegation to the General Commission.

Conference. No date has yet been set for their arrival but Eden is returning tomorrow to resume the leadership of the British delegation.

Sassoon has told me confidentially that he considers the visit ill-timed as unless they have a definite plan which they are already certain can be adopted (he knows of no such plan) he feels their arrival will merely stimulate exaggerated hopes without any possibility of early achievement. He added that so far as his delegation could see there was no possibility of submitting a proposal which would satisfy both the French and the German Governments.

Massigli tells me that Boncour promptly telegraphed to London welcoming the forthcoming visit but adding that any attempt to resume the Five Power Conversations<sup>49</sup> was to be deplored in view of the state of mind of the delegations not belonging to this group. From another source I learn that the French have given assurances that if the Five Power Conversations are again mooted, they will flatly refuse unless they be broadened to include the Little Entente, Belgium and Poland. After sending this telegram the French evidently gave thorough guidance to their press which is unanimous in criticising the visit and in the categorical statement that France will not permit any improvised solution to cut across ample discussion of the French plan, that there will be no further Five Power Conversations, and that altogether the British visit is ill-timed and unfortunate. Boncour made it clear that he and the French Prime Minister,<sup>50</sup> with whom he talked on the telephone yesterday, are extremely irritated at the British for having made this rather sensational announcement without any previous consultation with the French and thereby creating the impression that they consider the discussion of the French plan as something that could be brushed aside.

We share the impatience which probably led to the decision of the Prime Minister and Simon, to come to Geneva but cannot help feeling that the manifestation of impatience is premature. Davis will remember the attitude of the French during the conversations in December and their insistence that nothing should be allowed to interfere with a thorough discussion of their project. This attitude is today stronger if anything on account of the developments as regards Germany and Italy which are giving the French genuine concern. Their firmness on this point has strong backing from a number of delegations ranking among those powers which will be called upon to make substantial contributions to any eventual scheme of reduction.

We are told confidentially that what has been discussed in London is a treaty of limited objectives. Whether this is what Prime Minister will eventually bring with him still remains to be seen but in

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<sup>49</sup> For memorandum on the Conversations of December 1932, see *Foreign Relations*, 1932, vol. I, pp. 489-528.

<sup>50</sup> Édouard Daladier.

any event I have just had it from Paul-Boncour that the French will insist on going through a full public discussion of the French plan consuming perhaps a fortnight or more which will lead to the acceptance or rejection of this plan, and only after a decision has been reached by the Conference on this general question will they consent to consider the possibility of a treaty of limited objectives.

In view of the tension in the Conference as a result of the present conditions in Europe it is difficult to prophesy as to developments here but it seems safe to say that if the French succeed, as they well may, in keeping the Conference focused on a discussion of the French plan for the next few weeks, leading in all probability to failure to secure agreement on this plan in its present form, there will be little disposition to make a fresh start on disarmament questions in the General or Political Commissions until after Easter recess. This would not preclude committees of the Conference such as those on effectives, material, private manufacture and traffic in arms, et cetera, continuing to work on questions which have been referred to them. However, in view of the number and intricacy of these questions they cannot be expected to make anything approaching a complete report at least until after Easter.

From our estimate of the situation we feel that the best hope lies in letting the discussion take its course for the present, getting the controversial questions out of public discussion, getting the Easter recess over, and concentrating our major effort on an attempt to bring about an agreement after Easter. We feel that this would lead to better results than to upset final reports now under way as any plan introduced now would cause keen resentment with no assurance that it could offer any satisfaction to the French or the Germans.

Ever since the idea of a limited objective treaty has been under consideration here the tabulation of subjects for such a treaty has been indulged in by all delegations outside of their regular conference work. It is significant that all attempts of this sort lead to approximately the same results—the possibility of a treaty embodying provisions for

- (1) A permanent disarmament commission
- (2) European agreement for renouncing force
- (3) Abolition of chemical warfare
- (4) Measures of protection for civilian population against bombing
- (5) Armament truce and
- (6) Some form of truce in expenditure.
- (7) It may in addition be possible to get some attenuated form of qualitative limitation.

Such a treaty could presumably be so drafted as to secure ready acceptance by France and a large number of other nations. But as it stands it would undoubtedly be rejected by the Germans who have gone on record in the most definite way at home and abroad as to

the necessity for an early treaty to embody clear recognition of Germany's equality of status in such form as to do away with part V of the Treaty of Versailles,<sup>51</sup> either from the date of signature or as a last concession at the date of reversion of the new disarmament treaty. The Germans are rigid in their insistence on this as a *sine qua non*, and the French are equally rigid in their refusal to entertain any such provision unless they have far-reaching political guarantees of security such as those outlined in the French plan.

Whether or not an answer can be found to this essentially Franco-German difficulty will be the deciding factor in the success or failure of a treaty of limited objectives, and although this is the subject of constant discussion in Geneva I have yet to hear anyone suggest a way out of the difficulty. In this connection see our telegram number 383, September 23, 11 p. m.,<sup>52</sup> especially the concluding paragraphs.

To be successful a plan must be introduced at a moment when all delegations are convinced of the futility of lengthy public discussions and are looking for a way out. Such a moment has not yet come. This leads us to consider our role in the work of the Conference. We have thus far been able to avoid being drawn into discussions in which we were not ready to express ourselves but a number of important decisions at least from the continental point of view are being held in abeyance until the United States can have an opportunity to pronounce upon them. The debates have shown more and more clearly the very real concern of the Continental states as to our attitude towards political questions.

Such a procedure as we have envisaged, namely, an early pause in the work of the General and Political Commissions until after Easter, would be desirable from our point of view in that it would afford our Government time to examine the various problems which will confront us. We would then be in a position to state our views and perhaps promote the work of the Conference upon its reconvening.

GIBSON

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500.A15A4/1744 : Telegram

*The Acting Chairman of the American Delegation (Gibson) to the Secretary of State*

GENEVA, March 8, 1933—7 p. m.  
[Received March 8—6: 50 p. m.]

558. Henderson has for some time been working on a draft convention in the belief that it might be usefully brought in at some stage of

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<sup>51</sup> *Treaties, Conventions, etc., Between the United States of America and Other Powers, 1910-1923* (Washington, Government Printing Office, 1923), vol. III, pp. 3329, 3398.

<sup>52</sup> *Foreign Relations, 1932*, vol. I, p. 444.



the proceedings. Today in conversation he outlined to Wilson and me his conception of the political undertakings which non-European states and states non-members of the League of Nations would be called upon to assume to supplement a European scheme of security. He has reduced to writing as a "suggested basis of discussion" a certain number of items giving his personal conception of our role in the general scheme. While this is his personal plan it would seem approximately to represent the general idea of the delegations here as to how we could satisfactorily supplement a European security scheme. Henderson's document is as follows:

#### "SUGGESTED BASIS OF DISCUSSION

##### I

The High Contracting Parties, anxious to further the cause of disarmament by increasing the spirit of mutual confidence between the nations of Europe by means of a declaration expressly forbidding resort to force in the circumstances in which the Pact of Paris forbids resort to war,

Hereby solemnly reaffirm that they will not in any event resort, as between themselves, to force as an instrument of national policy.

##### II

1. The High Contracting Parties further declare that any resort to force in breach of the Pact of Paris of 1928 shall be regarded as affecting the vital interests of every High Contracting Party, and every High Contracting Party shall regard such action as a violation of its international rights.

[2.] The High Contracting Parties not involved in the conflict undertake to meet without delay in order to advise the disputants as to the most effective method of terminating the dispute, or promptly to lay the matter before the public opinion of the world.

3. (a). The High Contracting Parties agree that if any of them should recognize that a breach of the Pact of Paris has occurred such party shall in no way seek to exercise the rights of neutrality or to give support to its nationals in trading with the nationals of the aggressor state.

(b). It shall not in any way impede the efforts of other High Contracting Parties to prevent economic and financial relations between the nationals of the aggressor state and the nationals of other countries.

(c). It shall not impede in any way the efforts of other High Contracting Parties to prevent the supply to the aggressor state by nationals of other countries of arms, munitions, and other war supplies.

(d). It shall itself refrain from supplying arms, munitions, or other necessary war supplies to the aggressor state. It shall likewise refrain from facilitating loans or granting financial guarantees for the purchase of arms, munitions, or other necessary war supplies by the aggressor state.

4. The High Contracting Parties agree that they will in no case recognize any treaty, agreement or *de facto* territorial demonstration or other arrangement brought about by action which constitutes a violation of international obligations”.

Henderson states that this document would be completed by a “definition of the aggressor” which he has not yet satisfactorily worked out but which would also be of general application.

At the rate the work is now proceeding it is to be anticipated that the Political Commission will reach this subject in about a week’s time and we should therefore be glad to have your guidance as soon as possible.

GIBSON

500.A15A4/1748: Telegram

*The Acting Chairman of the American Delegation (Gibson) to the Secretary of State*

GENEVA, March 9, 1933—1 p. m.  
[Received March 9—8:15 a. m.]

559. My 547, March 1, 7 p. m. Following is a communication from the Japanese delegation dated March 6 to the President of the Disarmament Conference now circulated by the League Secretariat:

“The Imperial Government of Japan as an inevitable consequence of the incompatibility existing between their own point of view and that of the majority of the League of Nations respecting the Sino-Japanese affair, regret to have been obliged to withdraw their representatives from the League Assembly. As their determination, however, remains unshaken to contribute toward the establishment of permanent universal peace, they hereby declare their intention to continue their participation in the General Disarmament Conference. They must nevertheless acquaint the Conference with the fact that, as they consider it indispensable to effect various important modifications in the national defense of the Empire, in view of the new situation entailed by the changed conditions in the Far East, all the relevant circumstances should, they are thoroughly convinced, be taken into due account in the future discussion of disarmament questions”.

GIBSON

500.A15A4/1749: Telegram

*The Acting Chairman of the American Delegation (Gibson) to the Secretary of State*

GENEVA, March 9, 1933—8 p. m.  
[Received March 9—4:30 p. m.]

561. My 559, March 9, 1 p. m. While the final sentence of the Japanese communication is extremely vague a responsible member of the

delegation explains that it is intended to convey the intention of the Japanese Government to make no commitments as to any phase of disarmament until the situation in Asia has again become normal. In the words of their acting chief delegate <sup>53</sup> "I am staying here reserving Japan's position". Therefore, it would seem that at least during the life of this Conference Japan will not be disposed to accept any measures of disarmament.

We feel that your thought should be given to the situation created for us by the Japanese attitude. We have no reason to believe that the Japanese delegation here has received other instructions than the mere text of this communication and inasmuch as their attitude towards disarmament questions has such an important influence on our attitude you may think it desirable to ask Grew <sup>54</sup> whether he can get an elucidation of their position. If the interpretation given to us here is correct we feel that in the absence of more specific instructions from you we should govern ourselves in the forthcoming conversations with extreme caution.

We shall have to face the question of whether our Government can recommend for ratification any document touching disarmament to which Japan is not a party and explore the future possibilities with the idea of governing our conduct in this conference.

The foregoing is not submitted with request for specific instructions but merely to indicate how the problem presents itself here in order that you may have it in mind.

We hope to be in a position some time next week in the light of the forthcoming conversations to submit detailed views as to how the problem presents itself. It is also to be remembered that the Japanese attitude will undoubtedly affect the attitude of Russia.

GIBSON

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500.A15A4/1755 : Telegram

*The Secretary of State to the Acting Chairman of the American Delegation (Gibson)*

WASHINGTON, March 10, 1933—5 p. m.

298. Your 559, March 9, 1 p. m. and 561, March 9, 8 p. m. I am asking Grew, if he is in a position discreetly to obtain any elucidation of the Japanese stand on the Conference, to telegraph promptly. It might be useful for you to suggest to Simon that he send similar instructions to Lindley.<sup>55</sup> I agree with you that until the Japanese position is thoroughly clarified we must exert especial caution.

HULL

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<sup>53</sup> Naotake Sato.

<sup>54</sup> Joseph C. Grew, Ambassador to Japan.

<sup>55</sup> Sir Francis Oswald Lindley, British Ambassador to Japan.

500.A15A4 Political/41 : Telegram

*The Acting Chairman of the American Delegation (Gibson) to the Secretary of State*

GENEVA, March 10, 1933—7 p. m.  
[Received March 10—3:49 p. m.]

562. Political Commission this afternoon discussed definition of an aggressor on the basis of a Soviet proposal (Conference Document C G 38). I was reluctant to say anything on this subject but as the discussion advanced there was such an overwhelming expression of sentiment in favor of some definition of this character that I considered it necessary to raise certain questions and had less hesitation in so doing after the British delegate had given a clear statement as to his Government's disinclination to accept a definition.

In substance I said <sup>56</sup> that it seemed to us that the difficulty lay in the necessarily limitative nature of any definition. Thus there will always be ways of resorting to force which do not clearly come within the scope of any definition which we could now conceive and conversely it is inconceivable that we should be able to formulate an all inclusive definition which would give assurance that it could be relied upon to meet any situation which might arise. I pointed out that one could imagine certain of the acts listed as evidence of aggression which could be committed by the innocent party. I added that for practical reasons it might be wiser to approach the problem from a different angle and "examine the criteria which each government would find helpful in any given case in reaching a decision regarding aggression. Such a method would perhaps be calculated to clear our thought on this subject and would avoid the danger of binding future actions of which we cannot now see the causes and results".

A Committee of Seventeen has been appointed on which we are represented to deal with this subject.

GIBSON

500.A15A4/1756 : Telegram

*The Secretary of State to the Acting Chairman of the American Delegation (Gibson)*

WASHINGTON, March 10, 1933—7 p. m.

299. Your 558, March 8, 7 p. m. raises many problems of great difficulty. It is clearly inadvisable for us to consider going so fast or so far until the Administration has had time to appraise the general situation, in both its domestic and international aspects, with Nor-

<sup>56</sup> *Records of the Conference, Series D, vol. v, Minutes of the Political Commission, p. 55.*

man Davis who is now in Washington. In particular I should prefer any public discussion of the political questions referred to by you to await the arrival of Davis in Geneva. This of course is for your confidential information only; I think you can handle the matter before the Conference by maintaining the position you took in your speech of February 7,<sup>57</sup> namely that an attempt to settle the political phases of the problem before the public is convinced that real measures of disarmament will be forthcoming is a case of putting the cart before the horse.

Subject to later modification I am sending you some preliminary views with regard to the Henderson suggestions.

(a) *No-force pact.* The signature of such an undertaking must be considered in relation to the Kellogg-Briand Pact. It would imply a lacuna in that instrument which we do not admit. It might be taken to imply that Japanese actions in Manchuria and Shanghai had not been in contravention of its terms. Unless the no-force undertaking means that force may not even be used in self-defense (which of course we could not accept) it is difficult for us to attribute to it any other meaning than that which we attach to the Kellogg-Briand Pact. For us to sign a separate instrument reaffirming its principles in other terms would not only weaken the moral force of the existing pact, which we regard as a cornerstone of our foreign policy, but it would complicate the world's peace structure and mislead public opinion.

(b) *Belligerent and neutral rights and consultation.* We are still studying these sections.

(c) *Nonrecognition of the fruits of aggression.* It seems to us decidedly premature to codify this doctrine in treaty form. It is still essentially in a formative stage and its ultimate implications have not yet had time to develop. A false step on our part might not only prevent us from consolidating the gains to the world's peace machinery which we have made in the last few years but might even result in a loss of ground.

HULL

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500.A15A4 Steering Committee/314: Telegram

*The Secretary of State to the Acting Chairman of the American Delegation (Gibson)*

WASHINGTON, March 11, 1933—2 p. m.

300. Your 532, February 10, 2 p. m. After consultation with War Department we find ourselves unable to agree to stop the building of 155 mm. guns either for the purpose of new construction or replace-

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<sup>57</sup> See telegram No. 523, February 2, 1 p. m., from the Acting Chairman of the American delegation, p. 8.

ment. These guns are an important element of our defensive system and we could not abandon them in favor of guns of a smaller caliber without involving extensive modifications in our present military setup and additional expense. This does not, of course, modify our willingness to consider a numerical limitation in line with paragraph 7 of our 211 of September 29.<sup>58</sup>

HULL

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500.A15A4/1757 : Telegram

*The Acting Chairman of the American Delegation (Gibson) to the Secretary of State*<sup>59</sup>

GENEVA, March 12, 1933—5 p. m.  
[Received March 12—4: 10 p. m.]

562. Your 299, March 10, 7 p. m. Wilson and I much appreciate your telegram which we find very helpful. We venture to lay before you certain further thoughts which may be of interest while you are considering the matter with Norman Davis.

Unquestionably the Conference is in a precarious state. On the one hand the Germans and Italians have voted against the mutual assistance idea for Europe, while in the debate on land material which those two states regard as of the highest importance the French have again made their attitude contingent upon a scheme of security. The debates on this question in the near future are apt to reveal irreconcilable divergence of opinion; tempers are exasperated and discouragement is general.

Mr. MacDonald and Simon are here to make up their minds as to what should be done. We think it essential that we should also place our thoughts before you on this problem.

As we see it a simple adjournment of the Conference would be equivalent in the present state of feeling to a definite breakdown. It is to be anticipated that the German Government would at once declare that the states members of the League are not carrying out their obligation to disarm and that, therefore, Germany feels itself free from the obligations contained in part V of the Treaty of Versailles. No man can foresee what the consequences of such action would be. At least it would aggravate the existing state of tension in Europe; at the worst the possibility of armed conflict in the near future cannot be ignored. Even in the former event a state of mind would be created in which it is difficult to conceive that the nations of Europe could work together for a common purpose and adopt the necessary measures in the World Economic Conference<sup>60</sup> to put an end to the crisis.

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<sup>58</sup> *Foreign Relations*, 1932, vol. 1, p. 338.

<sup>59</sup> This telegram bears the notation: "Read to Norman Davis."

<sup>60</sup> For correspondence relating to the World Economic Conference, see pp. 452 ff.

The problem at Geneva now, therefore, has a much wider significance than that of disarmament alone. It is the problem of the entire relations of the European states to one another for a considerable period of time and is of interest to us in that it has a direct bearing on steps which may be taken for general economic recovery. We are, therefore, constrained to the belief that the worst thing that could happen now is the breakdown of the Conference or the abandonment of its work.

From the foregoing conclusion we are led to consider how the breakdown may be prevented. This reduces itself to the problem of how Germany may be induced to continue its collaboration. It is conceivable that Germany may be induced to collaborate and eventually to sign a treaty provided,

- (a) That the treaty contains some real measure of disarmament and,
- (b) That at its expiration part V of the Treaty of Versailles disappears.

Both these factors are predicated primarily on action by France.

From this point it appears logical to consider in what way if any the United States can participate in bringing about a situation in which these two necessary conditions may be rendered possible.

May we state the position first on the negative side? We are convinced that no disarmament on our part, proposals of disarmament, or persuasion bearing solely on disarmament, will affect the situation. Even scrapping the American Navy, abolishing the American Army and air fleet would not, we believe, alter in any way the European attitude toward disarmament. The representatives of the Continental states have made it plain to us over a long period of contact that they are not concerned in regard to America's armament but that they are concerned in regard to America's political position vis-à-vis Europe.

We note that you are giving further study to those problems listed under (b) of your 299, namely, "belligerent and neutral rights and consultation". Therein, we feel, lies the kernel of our possible action to affect European *rapprochement*. We know that the states of the Continent are convinced that Great Britain will not even reaffirm Article XVI of the Covenant<sup>61</sup> without knowing where the United States stands on neutral rights. We know further that they are convinced that any possibility of concerted European action is dependent on British participation which in turn they believe is dependent on our attitude. We know that the Continental states still feel that concerted action along economic lines is possible against the aggressor within the continent of Europe; but it is only possible with both the

<sup>61</sup> The Covenant of the League of Nations, *Treaties, Conventions, etc.*, 1910-1923, vol. III, p. 3336.

acquiescence and the participation of Great Britain; such acquiescence and participation in their thought being dependent on our attitude. Thoughtful people on the Continent do not dream of asking from the United States an engagement to abide by the decision of the Council of the League of Nations or any other body in case of a threat to peace or in case of concerted action by the Continental powers. What they do want is that we shall agree to some machinery by which we will first advise with them and then come to an immediate independent decision ourselves through our own constitutional methods as to whether we will refrain from interfering with such measures as they may judge applicable to the circumstances. In the last analysis this involves incorporating in a treaty, provisions for our taking an independent decision which we would take in any event.

Incidentally I raise the thought here that you may think that there would be certain advantages if our part in the treaty were to be confined primarily to political expressions in view of Japan's uncertain attitude toward disarmament, rendering our contribution along disarmament lines problematical. You may further feel that such an arrangement would bring about a desirable community of endeavor on the part of the Western powers and a sharing of responsibility while the situation in the Far East remains as it is.

Nothing is farther from our conception than the idea that such a step should be taken without a *quid pro quo*. If such action is feasible then we feel it should only be taken in such a way that before we are committed to it, even informally, we have a definite statement from the French as to how much it is worth to them in terms of disarmament. Further, we should know definitely whether they feel that with such an understanding from us, presumably entailing a further contribution from Great Britain, they can go before their people and justify and achieve a reduction in armament and a real solution with Germany of the question of part V of the Treaty of Versailles. Our contribution is too important, too valuable to the Continent to be offered either haphazard or unless we know it would be worth while. The timing of the offer is most important and until it is made it should be guarded with the utmost secrecy.

It was thoughts of this nature which led us to hope that developments here would give ample time for consideration of these problems at home. We cannot see how affairs will develop in the near future but consider this aspect of our problem as so much more important than any aspects of disarmament that we venture to hope that your thoughts will be concentrated on it.

In submitting these ideas we do so without knowledge of whether such action may be politically possible in the United States but we should be remiss if we did not put before you our estimate of the situ-



ation together with this outline of what we conceive to be the only step we could take which might materially promote the success of the Conference.

GIBSON

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500.A15A4/1762 : Telegram

*The Acting Secretary of State to the Acting Chairman of the American Delegation (Gibson)*

WASHINGTON, March 13, 1933—5 p. m.

301. Your 561, March 9, 8 p. m. Grew reports from Tokyo that as the quoted formal communication of the Japanese Delegation to the Disarmament Conference was published in Tokyo, he was able to discuss the matter informally and ostensibly on his own initiative with the Minister of Foreign Affairs. The latter seemed surprisingly vague on the subject and merely said that the Delegation would continue to take part in the work of the Conference "so far as circumstances may permit" implying that the participation of the Delegation would not be merely nominal, but active. Count Uchida's apparent unfamiliarity with the subject however conveyed the impression that the matter does not lie in his hands but with the Army and Navy authorities directly.

A reliable contact in the General Staff informed our Military Attaché<sup>62</sup> that the General Staff is at present determined to permit no reduction whatever in the military machine. On the contrary, increases in personnel and equipment are expected to be made until the general situation in Manchuria and the specific situation in Jehol have become settled. The Naval Attaché<sup>63</sup> has no recent information concerning the attitude of the Navy; he is, however, convinced that the Naval authorities are determined to make no concessions at Geneva.

PHILLIPS

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500.A15A4/1760 : Telegram

*The Acting Chairman of the American Delegation (Gibson) to the Secretary of State*

GENEVA, March 13, 1933—11 p. m.

[Received March 14—4:20 a. m.]

564. My 563.<sup>64</sup> After further conversations with the Prime Minister and Simon and talks with Nadolny, Cavallero,<sup>65</sup> Massigli and the

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<sup>62</sup> Lt. Col. James G. McIlroy.

<sup>63</sup> Capt. Isaac C. Johnson, Jr.

<sup>64</sup> Not printed.

<sup>65</sup> Count Ugo Cavallero of the Italian delegation.

others we submit the following in an effort to give a clear picture of a confused situation.

1. Cavallero who had just arrived from Rome came to see us and said that in Mussolini's<sup>66</sup> opinion what was most needed for the moment was a lessening of tension during this critical stage in Europe. As he saw it the most practical way to achieve this was by having no more meetings of the General Commission and Political Commission, where the speech making is done, until after Easter, with the technical committees to go on in the meanwhile. Cavallero stated that he thought he could assure us that the Germans would not be averse to such procedure. He asked that we support this view with the Prime Minister. We said that while the suggestion seemed good we could not commit ourselves to any line of action until we had heard what possibilities suggested themselves to MacDonald and others. We get a clear impression from Cavallero's conversation that the Italians are apprehensive of present developments in Germany<sup>67</sup> and are disposed to exercise a moderating influence on the Germans. Cavallero said definitely that they were anxious to avoid any pretext for the rearmament of Germany.

2. MacDonald having told me that Nadolny had adopted a rigid attitude—which seemed to me at variance with our own impression—we called on Nadolny last night to hear what he had to say.

Nadolny is difficult to pin down and is not very clear in his expression. However, in the course of a long conversation he did express himself more reasonably than he has done at any time thus far. He was definite that Germany was in an excellent strategic position in that under the agreement of December 11th<sup>68</sup> she could demand equality of treatment in a treaty or failing to achieve that could take it for herself without a treaty. He said, however, that from the broader aspect Germany had every interest in securing equality of status by agreement with other nations and would exhaust every effort to secure it in this way. He was quite definite on this and repeated it several times. He added that in spite of the apparent lack of progress of the Conference he felt that they were driving the French slowly but surely toward discussion of real disarmament, and to this end he was willing to continue his efforts indefinitely. Without advocating any course we discussed the various solutions which were generally discussed, among them Cavallero's idea outlined above. This did not seem to shock him, provided that the technical committees continued working.

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<sup>66</sup> Head of the Italian Government.

<sup>67</sup> For correspondence relating to the situation within Germany at this date, see vol. II, pp. 183 ff.

<sup>68</sup> *Foreign Relations*, 1932, vol. I, p. 527.

3. This morning Wilson and I called on the Prime Minister to tell him of our talk with Nadolny in the belief that he might wish to verify our impressions who [*which?*] were distinctly less threatening than the impression he had got. MacDonald who was accompanied by Simon said that however reasonable Nadolny might prove to be here we could not escape the fact that responsible people in Germany were indulging in irresponsible talk of an alarming nature. He cited Goering's<sup>69</sup> recent speech deriding the Treaty of Versailles and the Disarmament Conference and stating that Germany was going to have a military air fleet. He said that even discounting the present situation in Germany such statements from a responsible minister gave real concern even to the British Government. The Prime Minister seemed greatly perplexed as to what should be done now. The only definite idea he seemed to be experimenting with is that of a treaty of limited objective and short duration. He asked Beneš this morning to give him a project containing what he felt could be realized at this time.

4. Massigli called this afternoon after having accompanied Boncour in a long talk with MacDonald. He confirmed our impression that MacDonald had no change in definite ideas as to what could be done and that he had not gone beyond asking Beneš for a suggested form of limited objective treaty. MacDonald had apparently spoken with considerable vehemence to the French about the necessity for immediate conclusion of a naval agreement with Italy completing the London Treaty thus making possible a naval chapter in any short term convention. Boncour told him that he was quite ready for further discussions but apparently gave him no encouragement on this subject. MacDonald acknowledged to the French that he was concerned about the situation in Germany but Massigli said that the information they were receiving now caused them such serious apprehension that the whole problem of disarmament for them was now placed in a clear and simple form; that in the face of what they considered a demonstrated beginning of rearmament they were obliged to reply to any British insistence on French reduction by asking categorically "what will you do to support us in the event that Germany violates this undertaking as she has others?" He said that they quite recognized that this was a question the British could not answer under present circumstances but that it was one that France was obliged to insist on. Massigli said that they had no belief in the possibility of a limited objective treaty at this time which could be accepted by both France and Germany and that to raise the question now was merely to aggravate the situation. They were irritated over the visit of the Prime Minister and his attempt to find an improvised solution.

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<sup>69</sup> Hermann Goering, President of the Reichstag.

5. Obviously the conclusion of a Franco-Italian naval agreement while desirable does not go to the root of the present difficulty. It is desired by the British for two reasons: to enable them first to resist Admiralty pressure for the exercise of the escalator clause in the London Treaty and second to insert in the naval chapter of those treaty qualitative limitations for naval units with which you are familiar. The French are not particularly desirous of completing their agreement with the Italians but on the other hand they are attracted by the idea of securing agreement on qualitative naval proposals.

GIBSON

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500.A15A4/1763 : Telegram

*The Acting Chairman of the American Delegation (Gibson) to the Secretary of State*

GENEVA, March 13, 1933—midnight.

[Received March 14—4: 53 a. m.]

565. Our 564, March 13, 11 p. m. As our conversation with MacDonald and Simon was breaking up MacDonald drew me aside and said once more how deeply he was troubled by the whole problem. He asked what I thought the problem was and how he could get at it. I said I thought the problem was (a)—to find out from the French their irreducible minimum in security demands, (b)—if they got this irreducible minimum what they would give for it in definite figures of disarmament, (c)—what concessions they would make to Germany about part V of the Treaty of Versailles to take effect now or later; if later when? That the second step was to ascertain definitely from the Germans if what the French were prepared to give would meet their needs and if not exactly what were their minimum demands. Since he raised the question as to what he could do, I said I thought that there was little use in trying to iron out problems of this character in public discussion or even in conversation with delegates here but that he might find out what the possibilities were if he could have a heart to heart talk with Hitler.<sup>70</sup> After an instant's reflection he answered "If I could do what I should like I should set out to visit Rome, Washington and Berlin in the order named".

We cannot but be concerned over the possible results of an attempt to launch a short term treaty without first settling what is to be done about the question of German equality. It is only after that is settled that the Conference can deal with disarmament figures. On the other hand having come here with the publicly announced purpose of "saving the Conference" it is difficult for MacDonald to return to London without some visible result and part at least of his present problem

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<sup>70</sup> Chancellor of the German Reich.

is how to save his face. It occurs to us that a way out may be offered by falling in with the Italian suggestion of holding no more meetings of the General and Political Commissions until after Easter in order to let tension relax (while technical committees continue) while MacDonald announces that in view of the character of the problems which must be settled before the Conference proceeds much further he proposes to utilize the interval for visits to Rome, Washington and Berlin. We believe that he is really tempted by this idea but we hesitate to offer you recommendations on the subject because we cannot see from this angle what bearing his visit might have on debt question or other political issues. However, judging the matter by itself, we should be glad for him to have the opportunity to discuss these problems with the President, you and Norman Davis. If from the Washington angle you feel that the visit would be desirable and that the Italian suggestion as to conference procedure is sound you may care to authorize us to encourage MacDonald to make this visit and follow the Italian suggestion for conference procedure.

In the event you feel that foregoing offers a solution you may wish to offer suggestions perhaps as to the time of visit and of course such suggestions would be especially effective if they came in the form of personal messages from you or Norman Davis as the character of the conversation was such that there can be no embarrassment if you decide not to follow the matter up.

GIBSON

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500.A15A4/1764: Telegram

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

TOKYO, March 14, 1933—5 p. m.

[Received March 14—11:10 a. m.]

60. Referring to the Department's No. 24, March 10, 5 p. m.; and my 58, March 11, 7 p. m.,<sup>71</sup> the Military Attaché submits the following estimate of the situation in regard to the Japanese land forces.

1. Under the provisions of the Manchukuo-Japanese Protocol of September 1932<sup>72</sup> Japan obliged herself (a) to assist Manchukuo in maintaining peace and order within her borders and (b) to assist Manchukuo in defending her territory and sovereignty against outside aggression.

2. To date fulfillment of the first part of this obligation alone has necessitated the presence in Manchuria of 4 Japanese combat divisions, 2 cavalry brigades, 9 air squadrons, and certain other troops, a force of whose total strength today is about 47,000 officers and men.

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<sup>71</sup> Neither printed.

<sup>72</sup> For text, see *Foreign Relations, 1932*, vol. iv, p. 253.

3. These units are all part of the peacetime standing army of Japan and are in consequence a component part of the force Japan considered necessary to insure the national defense of the empire prior to the Manchurian incident.

4. The War Office and the General Staff have both stated that the complete pacification of Manchukuo will require a force of 150,000 officers and men over a period of from 5 to 10 years. Manchukuo has announced its intention to raise and maintain a standing army of 100,000, and while no public announcement to that effect has yet been made, it is unquestionably the intention of Japan to add to this force some 50,000 of her own men. This latter force will probably be known as a pacification force or special constabulary but it will nevertheless be a part of Japan's standing army. The mission of this Manchukuo Japanese army will be to subjugate the various opposition forces in Manchukuo itself; to defend Manchukuo against efforts of China to recover the territory; and to meet any action of Russia growing out of the railroad situation in Manchuria.

5. Japan considers that she needs her present standing army for her own defense. Having assumed the obligations of assisting the pacification and defense of Manchukuo, she considers herself confronted with the necessity not of reducing her land forces but of materially increasing them. However, if Japan should withdraw from the Arms Limitation Conference and should then increase the size of her army, she would have started another race in armaments in which she knows she cannot successfully compete.

6. Japan therefore has not withdrawn from the Arms Conference nor will she do so until she accomplishes or definitely fails in her present purpose thereat, viz, to secure the acquiescence, express or understood, by the participating powers, in her plan to augment her land forces by the addition of the strength deemed necessary for the maintenance of peace in Manchuria.

7. The Military Attaché is of the opinion that in the Conference Japan will probably work for an army augmented above the present strength by 50,000 men but will compromise on 35,000 men.

GREW

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500.A15A4 Personnel/955 : Telegram

*The Secretary of State to the Acting Chairman of the American Delegation (Gibson)*

WASHINGTON, March 14, 1933—6 p. m.

304. Personal for Gibson. The President has appointed Mr. Norman Davis Chairman of the Delegation to the Disarmament Conference. He is planning to sail for Europe within 10 days and is being given the personal rank of Ambassador.

HULL

500.A15A4/1767 : Telegram

*The Secretary of State to the Acting Chairman of the American Delegation (Gibson)*<sup>74</sup>

WASHINGTON, March 14, 1933—7 p. m.

302. From Norman Davis. Your 564, March 13, 11 p. m. We have been appraising the various suggestions that have been advanced in Geneva for preventing the breakdown of the Disarmament Conference, which may be divided under three headings: (a) an improvised solution, (b) a limited objectives treaty, or (c) postponement in a more or less disguised form.

(a) As we see it here, nothing could have more serious consequences than the failure of any new proposal designed to save the Conference, and this would seem extremely probable if the proposal were improvised or launched without adequate advance preparation.

(b) Given the present French attitude, there seems good reason to fear that any attempt to seek a solution along the line of a short term treaty of limited objectives would result in failure.

(c) If therefore the Germans are willing to support the procedure proposed by the Italian Delegate of having no more meetings of the General Commission or the Political Commission until after Easter, but of having the technical committees continue to function, we can see several advantages to this plan. It would give us 5 or 6 weeks breathing spell; it would presumably take care of your preoccupation lest the adjournment of the Conference be considered the equivalent of a breakdown; it would obviate the danger of any surprise attempt at solution; and it would give me more time to consult the Administration here in Washington and to discuss the outlook with you and with the principal European statesmen before reaching Geneva. [Davis.]

HULL

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500.A15A4/1768 : Telegram

*The Secretary of State to the Acting Chairman of the American Delegation (Gibson)*<sup>74</sup>

WASHINGTON, March 14, 1933—8 p. m.

303. Your 565, March 13, Midnight. Please talk over with Premier MacDonald the point of view expressed by Norman Davis in the previous telegram and emphasize the importance which we all feel here of a further meeting of minds through private conversations between

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<sup>74</sup> This telegram bears the notation: "Approved by the President and Secretary."

the British, French, Germans, Italians and ourselves. While we recognize the Prime Minister's preoccupations in the present difficult situation, could he not find a way out by announcing that in view of the character of the problems which remain to be settled before the Conference proceeds, he is convinced that he should utilize the interval for further discussions, and in particular with Norman Davis, who is coming to Europe shortly as the representative of President Roosevelt?

You may assure Mr. MacDonald that Mr. Davis has no set plan or panacea for the Conference, but is anxious to explore with him in the first instance the possibilities that either of them may have envisaged for saving the situation. We feel that the best hope we can see to this end is a close collaboration between Great Britain and America with a view to working out if possible plans for a further joint effort. In the event Mr. Davis should meet the Prime Minister in London, he would want either Gibson or Wilson to come up from Geneva.

HULL

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500.A15A4/1770 : Telegram

*The Acting Chairman of the American Delegation (Gibson) to the Secretary of State*

GENEVA, March 15, 1933—7 p. m.  
[Received March 15—5:43 p. m.<sup>75</sup>]

566. In the course of a long conversation with MacDonald and Simon today I read them paraphrases of your 302 and 303. I did this although I knew that events had been moving rapidly during the past few hours and that the British had decided upon a course of action at variance with our views. MacDonald appeared discouraged at having departed from the lines we had indicated and went in for rather long explanations. It was clear that I had come too late to effect a reversal of their plan as he had this morning given to Reuters a certain amount of information for immediate publication and had thus taken an irrevocable step.

He said that he had tried his hand at a treaty of limited objectives and had satisfied himself we were right that there was not a sufficient measure of agreement to make such a document generally acceptable.

On the other hand while he had at first felt that the Conference must be kept going in some form for the present he had revised his view after having convinced himself of the fatuous character of the work now being done and the increasing tension of the debates.

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<sup>75</sup> Telegram in two sections.



The only remaining course which he could see lay in putting before the Conference a plan for real disarmament which appears to be of a very drastic character. Accordingly, without consulting any other delegation, he has prepared a draft treaty with definite figures which he will present tomorrow afternoon at a meeting of the General Commission with a speech in downright terms addressing admonitions to Germany, France and to other countries for their share of responsibility for the present state of the Conference. He proposes to say that we are getting farther and farther away from our task and that if this Conference proposes ever to agree upon disarmament it will have to agree upon something of the character of the proposals which will be laid before the Conference at the end of his speech; that they contain one or more features that are distasteful to almost every nation but that this is inevitable if there is to be any real measure of disarmament and that there are some of them which are just as repugnant to his country as they could be to anybody else. His present mood seems to be that the Conference had better be made to face up to the real problem of disarmament and either succeed or fail on that issue in the near future.

He has not consulted any other delegation in regard to his plan and although he skirted around some of the principal features he carefully refrained from giving me any details. This seemed preferable from our own point of view as I should like to be in a position if necessary to deny any foreknowledge and the charge that this is another Anglo-American effort.

MacDonald and Simon both appear to assume that this proposal will force the issue and bring about an early decision but the French, I learn confidentially, have decided that they will not oppose the plan but will welcome it in the general discussion and then seek to have it broken up and sent to the various committees where they can destroy it in detail so that it is not at all certain that the British objectives will be achieved.

MacDonald intimated yesterday to the Italians that if invited he would be disposed to pay a visit to Rome. He tells me he expects the invitation to arrive tonight, that he will leave here Friday night, reach Rome Saturday afternoon by air and will leave again for London on Monday morning. This means he and Simon will leave Geneva before completion of the preliminary general discussion of the British plan.

MacDonald makes no secret of annoyance with the French for the attacks they have stirred up against him in the French press. He has expressed himself on the subject in plain terms to Boncour and their relations are distinctly strained so that he will probably have little moderating influence on the French for the time being.

500.A15A4 General Committee/208 : Telegram

*The Acting Chairman of the American Delegation (Gibson) to the Secretary of State*

GENEVA, March 17, 1933—noon.

[Received 4 p. m.<sup>76</sup>]

569. The following quotations and references for identification will serve to place before you the text of the proposal.<sup>77</sup>

#### PART I—SECURITY

*Article 1.* The following articles (2 to 5) are concluded between those of the parties to the present convention who are parties to the Pact of Paris.

*Article 2.* It is hereby declared that any war undertaken in breach of that pact is a matter of interest to all the High Contracting Parties and shall be regarded as a breach of the obligations assumed towards each one of them.

*Article 3.* In the event of a breach or threat of breach of the Pact of Paris, a conference between the High Contracting Parties shall at once meet at the request of any five of them, provided that at least one of the governments mentioned by name in article 4 joins in that request. Such request may be addressed to the Secretary General of the League of Nations, whose duty it will then be to make arrangements for the conference and to notify the High Contracting Parties accordingly. The meeting shall take place at Geneva, unless any other meeting place is agreed upon.

*Article 4.* Any conclusions reached at such meeting shall to be valid require the concurrence of the representatives of the Governments of the United States of America, the United Kingdom of Great Britain and Northern Ireland, France, Germany, Italy, Japan and the Union of Soviet Socialist Republics, and of a majority of the representatives of the other governments participating in the conference, exclusive in each case of the parties to the dispute.

*Article 5.* It shall be the object of the said conference if called in view of a threat of breach of the pact to agree upon the steps which could be taken in respect of such threat and in the event of a breach of the Pact of Paris being found to have occurred to determine which party or parties to the dispute are to be held responsible.

*Article 6.* Special regional agreement made by certain of the High Contracting Parties for providing information intended to facilitate the decisions to be given under article 5 and for coordinating action to

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<sup>76</sup> Telegram in eight sections.

<sup>77</sup> Submitted by the British Prime Minister on March 16; for full text, including tables and annexes referred to but not printed herein, see *Conference Documents*, vol. II, pp. 476–493.

be taken by these parties as a result of such decisions are contained in annexes X and Y.

## PART II—DISARMAMENT

*Article 7.* The High Contracting Parties agree to limit their respective armaments as provided in the present convention.

### SECTION I—EFFECTIVES

#### CHAPTER I—*Provisions as to Numerical Limitation*

*Article 8.* The average daily effectives in the land, sea and air armed forces of each of the High Contracting Parties shall not exceed the figures laid down for such party in the tables annexed to this chapter.

*Article 9.* It is understood that effectives consist of:

(a) All officers, officer cadets, non-commissioned officers, soldiers, sailors, airmen, reservists and all other persons (such as military officials of the administration, sanitary or veterinary services or military agents) of equivalent status who perform a day's duty in the land, sea and air armed forces;

(b) Persons who perform a day's duty in police forces or similar formation under the conditions prescribed in article 12;

(c) All other persons of at least 18 years of age who receive military training under the control of the state.

*Article 10.* The High Contracting Parties undertake to prohibit any military training whatsoever except in organizations under the control of their respective governments.

*Article 11.* The average daily effectives are reckoned by dividing the total number of days duty performed by actual effectives in each year by the number of days in such year.

In the case of continuous service, every day shall count as a day's duty a deduction of 5 per cent may in each case be made from the total average daily effectives on account of persons sick in hospitals, persons on leave for 2 or more days and persons prematurely discharged on leave. Any party for which the above mentioned absences represent a greater percentage may make a correspondingly larger deduction after furnishing medical Permanent Disarmament Commission details as to its basis of computation.

In the case of intermittent service or instruction attendances, aggregating 6 hours may count as the equivalent of 1 day's duty.

*Article 12.* A police force or similar formation may be disregarded for the purpose of calculating effectives unless it has at least one of the following characteristics.

(a) Arms other than individual (machinations [*machine*] pistols, Lewis guns, machine guns and weapons of accompaniment, et cetera).

(b) Training of a military nature other than close order drill, physical training or technical training in the use of individual arms.

(c) Transportation, signaling or engineer equipment of a suitable nature and on a sufficient scale to enable it to be employed by units in tactical operations.

The possession by a force of one or more of the above characteristics will in principle determine its inclusion in whole or in part in the calculation of effectives of the land armed forces. Doubtful cases should be referred to the Permanent Disarmament Commission who will give a decision by reviewing the military capacity of the force in the light of all the above characteristics and taking into account in particular the following confirmatory conditions.

- (1) Quarters in barracks.
- (2) Training in groups of 100 men or more.
- (3) Organization on a military basis.
- (4) Previous military training.

*Article 13.* The following naval effectives should be included among the effectives of the land armed forces.

- (a) Effectives employed in land coast defense.
- (b) Marines who are normally in excess of those assigned to or destined for service afloat.
- (c) Effectives coming under the classification of similar formation (as defined in article 12).

Naval personnel serving ashore in the floats [*fleet*] services (training, administrative, et cetera) as well as those assigned to or destined for service afloat will be included in the effectives of the sea armed service.

Then follow tables of figures for most states of continental Europe and thus do not include any for the United States. Principal figures cited are Germany 200,000; France 200,000 for home country and 200,000 for overseas; Poland 200,000; Italy 200,000 and 50,000 overseas; U. S. S. R. 500,000; Czechoslovakia 100,000. Other Continental states conform approximately to last effectives table prepared by the War Department. Average daily effectives of sea and air armed forces not stated, but will be related to respective matériel.

## CHAPTER II

Special provisions as to the organization of the land armed forces stationed in continental Europe.

*Article 14.* The provisions of this chapter apply only to the land armed forces stationed in continental Europe.

*Article 15.* Troops whose primary function is to provide drafts or reinforcements for overseas garrisons are excluded from the provisions of this chapter.

*Article 16.* The maximum total period of service for the effectives in the land armed forces stationed in continental Europe (excluding the

troops mentioned in article 15 above and the personnel referred to in article 18) shall not exceed 8 months.

*Article 17.* For each man the total period of service is the total number of days comprised in the different periods of service to which he is liable under national law or by the terms of his contract to perform.

*Article 18.* In the land armed forces affected by this chapter the personnel whose length of service is greater than that prescribed in article 16 shall not at any time exceed the following proportions of the average strength throughout the year of the said forces. Officers, officer cadets and persons of equivalent status  $1/x$ . Noncommissioned officers, soldiers and persons of equivalent status  $1/y$ .

### CHAPTER III

Provisions as to the methods by which the reductions and reorganizations entailed by the preceding chapters shall be effected. (This chapter is blank and will require drafting.)

#### SECTION II—MATERIAL

##### CHAPTER I—*Land Armaments*

*Article 19.* The maximum limit for the caliber of mobile land guns for the future shall be 105 millimeters. Existing mobile land guns up to 155 millimeters may be retained but all replaceable or new construction of guns shall be within the maximum limit of 105 millimeters.

For the purpose of this section, a gun of 4.5 inches caliber shall be regarded equivalent to 105 millimeters in the case of countries whose standard gun is of the former caliber.

The maximum limit for the caliber of coast defense guns shall be 405 millimeters.

*Article 20.* For the purpose of the present convention a tank is defined as follows: "A tank is a fully armored, armed self-propelled vehicle designed to cross broken ground usually by means of tracks and to overcome obstacles encountered on the battlefield."

*Article 21.* The maximum limit for the weight of tanks shall be 16 tons.

*Article 22.* All mobile land guns above 155 millimeters and all tanks above 16 tons shall be destroyed so soon as they are replaced by new guns of or below 105 millimeters.

##### CHAPTER II—*Naval Armaments*

###### *Subchapter 1.*

*Article 23.* The naval armaments of the parties to the Treaty of Washington, signed on February 6, 1922, and the Treaty of London,

signed on April 22, 1930, remain subject to the limitations resulting from the said treaties.

*Article 24, Article 25 and 26* constitute the agreement between the parties to the Treaty of London, referred to in article 24, paragraph 4, of that treaty. France and Italy will ratify the said treaty not later than the date of their ratification of the present convention.

*Article 25.* Until December 31, 1936, the naval combatant vessels of France and Italy other than capital ships, aircraft carriers and all vessels exempt from limitation under article 8 of the Treaty of London, shall be limited, without prejudice to article 12 of the said treaty, by provisions of articles 26 and 27 of the present convention. The definitions adopted in annex 1 for the purpose of the present chapter will apply.

*Article 26.*

(a) The completed tonnage in the cruiser, destroyer and submarine categories which is not to be exceeded on December 31, 1936, is to be the completed tonnage arrived at in consequence of the provisions of article 27.

(b) France and Italy shall have complete freedom to transfer for the purpose of replacement between cruisers of sub-category "II" and destroyers.

*Article 27.* Until December 31, 1936, the programs of France and Italy in cruisers, destroyers and submarines will be as follows:

(a) Cruisers with guns of more than 6.1 inch "104 millimeters" caliber.

No further tonnage shall be laid down or acquired after the date of signing the present convention.

(b) Cruisers with guns of 6.1 inches (155 millimeters) caliber or less and destroyers.

The amount of further construction to be laid down or acquired by France during the period between January 1, 1933, and December 31, 1936, shall be limited to 34298 (34847 metric) standard tons as authorized in the French program, paragraph 32.

The amount of further construction to be laid down or acquired by Italy during the same period shall be limited to 27173 (27608 metric) standard tons.

They may have laid down or acquired in accordance with the French program of 1931 and the Italian program of 1931-32,<sup>78</sup> and any tonnage laid down or acquired subsequently shall be devoted to the replacement of over age cruisers of this category or of over age destroyers. Upon the completion of any replacement tonnage, a corresponding amount of over age tonnage shall be disposed of in accordance with annex 6 to the present chapter.

(c) Submarines.

Until December 31, 1936, France and Italy will not lay down or acquire any further submarines. France will arrange her present

<sup>78</sup> For correspondence relating to the French and Italian naval programs of 1931, see *Foreign Relations*, 1931, vol. I, pp. 358 ff.

submarine building and scrapping program so that on the said date her completed tonnage will not be greater than (blank) standard tons.

Any submarine tonnage under construction on that date shall be in anticipation of replacement requirements.

### *Chapter 3 [Subchapter 2]*

*Article 28.* No High Contracting Party shall lay down or acquire any capital ship during the period up to December 31, 1936, except that Italy may lay down 1 ship not exceeding 26,500 (26,924 metric) standard tons and carrying guns not exceeding 13 inch (330 millimeter) calibre.

Except as provided in article 7, paragraph 2, of the Treaty of London no High Contracting Party shall until December 31, 1936, lay down or acquire any submarine the standard displacement of which exceeds two thousand (2032 metric) standard tons or carrying a gun above 5.1 inch (130 millimeter) calibre.

### *Subchapter 3*

*Article 29.* In order to bring about a stabilization of naval armaments until December 31, 1936, the armaments of those High Contracting Parties to whom the Treaties of Washington and London do not apply shall until the said date be limited as follows:

(a) No cruisers carrying guns of a calibre above 6.1 inch (155 millimeter) shall be constructed or acquired.

(b) On December 31, 1936, the completed tonnage in cruisers of subcategory II, destroyers and submarines possessed by each of the said High Contracting Parties shall not exceed the amounts specified for such party in annex 4. This provision does not, however, apply to vessels exempt from limitation under annex 2 to this chapter nor to the special vessels shown in annex 3. These special vessels may not be replaced.

(c) Ships may only be laid down or acquired in accordance with the replacement rules contained in annex 5 and only in replacement of tonnage in the same category or subcategory which is or becomes overage in accordance with those rules.

Nevertheless, there shall be complete freedom of transfer for purposes of replacement between the cruisers of subcategory II and destroyers.

Vessels which have to be disposed of as being surplus to the tonnage figures set out in annex 4 shall be disposed of in accordance with the rules set out in annex 6.

(d) Existing ships of various types which prior to April 1st, 1933, have been used as stationary training establishments or hulks may be retained in a non-seagoing condition.

*Article 30.* The High Contracting Parties assent to the rules laid down in part IV of the Treaty of London and accept them as established rules of international law.

The present article constitutes, as regards those High Contracting Parties to whom the Treaty of London does not apply, the accession contemplated by article 25 of the said treaty.

#### *Subchapter 4*

*Article 31.* It is understood that none of the provisions of the present chapter shall prejudice the attitude of any of the High Contracting Parties at the conferences referred to in article 32. The present convention establishes no permanent ratio in any category of ship and creates no precedent as to whether, and if so in what manner, tonnage remaining overage on December 31st, 1936, for which replacement tonnage has not been laid down may ultimately be replaced.

*Article 32.* Concurrently with the conference in 1935 provided for under article 23 of the Treaty of London or at least in the same year there shall be a conference of all the High Contracting Parties possessing naval armaments with a view to the establishment of limitations to be observed after December 31st, 1936.

*Article 33.* The Permanent Disarmament Commission set up under article 64 of the present convention will take immediate steps to prepare for the conferences of 1935 referred to in article 32 by ascertaining the opinions of the High Contracting Parties concerned. It will also examine, with a view to reporting to the said conferences, technical questions of qualitative reduction in the sizes of vessels of war in the various categories, as well as any other questions relating to the limitation of naval armaments which the Commission may consider could appropriately come before the said conferences.

Annexes omitted but cover

- (1) definitions
- (2) exempt vessels
- (3) list of special vessels
- (4) tonnage figures for powers other than those signatories of the Treaty of Washington (these figures will be the figures from the returns to the Secretary General of the League of Nations reproduced in the *Armaments Year Book 1932*,<sup>79</sup> "exempt" and "special" vessels being omitted)
- (5) replacement rules;
- (6) rules for disposal;

### CHAPTER III—*Air Armaments*

*Article 34.* The High Contracting Parties accept the complete abolition of bombing from the air (except for police purposes in certain outlying regions).

<sup>79</sup> *Armaments Year-Book; general and statistical information in regard to land, naval and air armaments* (Special Edition: Geneva, 1932), *Supplement to the Special Edition*, pp. 48-88.



*Article 35.* The Permanent Disarmament Commission set up under article 64 of the present convention shall immediately devote itself to the working out of the best possible schemes providing for:

(a) The complete abolition of military and naval aircraft, which must be dependent on the effective supervision of civil aviation to prevent its misuse for military purposes;

(b) Alternatively, should it prove impossible to ensure such effective supervisions, the determinations of the minimum number of machines required by each High Contracting Party consistent with his national safety and obligations, and having regard to the particular circumstances of each country, the schemes prepared by the Permanent Disarmament Commission shall be reported to the Second Disarmament Conference. In any case the measures relating to civil aviation set out in annex 2 will apply during the period of the present convention.

*Article 36.* With a view to effecting the reductions necessary to facilitate the attainment of the objects referred to in article 35, the number of airplanes capable of use in war, in commission in the land, sea and air armed forces of each of the High Contracting Parties who at present possess such airplanes shall, by the end of the present convention, not exceed the figures laid down for such party in the table annexed to this chapter; as regards the other High Contracting Parties, the *status quo* existing on January 1, 1933, shall be maintained during the said period. Each of the High Contracting Parties mentioned in the table annexed to this chapter may keep a number of airplanes in immediate reserve, not exceeding in each case 25 per cent of the number of airplanes in commission in the land, sea and air forces of such party.

*Article 37.* The High Contracting Parties agree their air armaments will not include airplanes exceeding 3 tons unladen weight. Exception however may be made in the case of troop carriers and flying boats. Complete particulars of any such machines exceeding the maximum unladen weight of 3 tons must be returned annually to the Permanent Disarmament Commission.

*Article 38.* No dirigibles shall be constructed or acquired during the period of the present convention by any of the High Contracting Parties for commission in their land, sea or air forces. The High Contracting Parties who at present possess such dirigibles may however retain but not replace them during the said period.

*Article 39.* The definition of unladen weight is given in article [annex] 1.

*Article 40.* Airplanes capable of use in war, in commission in the land, sea and air armed forces of any of the High Contracting Parties in excess of the number indicated for such party in the table annexed to this chapter must have been put out of commission or other-

wise disposed of by the end of the period of the present convention. At least one-half of such excess must, in the case of each such High Contracting Party, have been so dealt with by June 30, 1936.

*Article 41.* Airplanes exceeding the maximum unladen weight indicated in article 37 and now existing in the armed forces of the High Contracting Parties must all, except insofar as exceptions may be made in accordance with that article, have been destroyed by the end of the period of this convention. At least half of their number must, in the case of each High Contracting Party, have been destroyed by June 13, 1936.

A table follows in which figures are given for a number of countries, but obvious purpose is to indicate equality at the number of 500 army and navy planes in active commission for the United States, France, Italy, Japan, and Soviet Russia, lesser figures being prescribed for other countries. Annex 1 defines unladen weight; annex 2 contains provisions of Document C A/50 June 30, 1932, which is embodied *in toto* relating to civil aircraft.

#### PART III—EXCHANGE OF INFORMATION

Articles numbers 42 to 46 not yet drafted. It is noted that articles 34 and 35 of the draft convention of the Preparatory Commission<sup>80</sup> will have to be reproduced.

#### PART IV—CHEMICAL WARFARE

##### SECTION I—PROHIBITION OF CHEMICAL, INCENDIARY AND BACTERIAL WARFARE

*Article 47.* The following provision is accepted as an established rule of international law.

The use of chemical, incendiary and bacterial weapons as against any state whether or not a party to the present convention and in any war whatever its character is prohibited.

This provision does not, however, deprive any party which has been the victim of the illegal use of chemical or incendiary weapons of the right to retaliate subject to such conditions as may hereafter be agreed.

With a view to the application of this rule the High Contracting Parties agree upon the following provisions.

*Article 48.* It shall be prohibited to use by any method whatsoever for the purpose of injuring an adversary any natural or synthetic

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<sup>80</sup> For text of the draft convention, see League of Nations, *Documents of the Preparatory Commission for the Disarmament Conference Entrusted With the Preparation for the Conference for the Reduction and Limitation of Armaments*, Series X, Annex 20 [C.P.D. 292(2)], pp. 597-620; Department of State Conference Series No. 7: *Report of the Preparatory Commission for the Disarmament Conference and Draft Convention* (Washington, Government Printing Office, 1931), pp. 71 ff.

substance harmful to the human or animal organism whether solid, liquid or gaseous, such as toxic, asphyxiating, lachrymatory, irritant or vesicant substances.

This prohibition shall not apply

(a) To explosives

(b) To the noxious substances arising from the combustion or detonation of explosives provided that such explosives have not been designed or used with the object of producing noxious substances.

(c) To smoke or fog used to screen objectives or for other military purposes provided that such smoke or fog is not liable to produce harmful effects under normal conditions of use.

*Article 49.* The use of projectiles specifically intended to cause fires shall be prohibited.

This prohibition shall not apply to incendiary projectiles designed specifically for defense against aircraft provided that they are used exclusively for that purpose.

*Article 50.* The use of appliances designed to attack persons by fire such as flame projectors shall be prohibited.

*Article 51.* It shall be prohibited to use for the purpose of injuring an adversary all methods for the dissemination of pathogenic microbes, or of filter passing viruses, or of infected substances, whether for the purpose of bringing them into immediate contact with human beings, animals or plants or for the purpose of affecting any of the latter in any manner—for example by polluting the atmosphere, water, food-stuffs, or any other objects.

## SECTION II—PROHIBITION OF PREPARATIONS FOR CHEMICAL, INCENDIARY AND BACTERIAL WARFARE

*Articles 52 to 55 inclusive,* see articles 5 to 8 inclusive of Conference Document Bureau 45, March 7, 1933.<sup>81</sup>

## SECTION III—SUPERVISION OF THE OBSERVANCE OF THE PROHIBITION OF PREPARATIONS FOR CHEMICAL, INCENDIARY AND BACTERIAL WARFARE

*Article 56,* see article 9 of above document.

## SECTION IV—ESTABLISHMENT OF THE FACT OF THE USE OF CHEMICAL, INCENDIARY OR BACTERIAL WEAPONS

*Articles 57 to 63 inclusive,* see articles 10 to 16 inclusive of above document.

<sup>81</sup> *Conference Documents*, vol. II, pp. 733–736.

## PART V—MISCELLANEOUS PROVISIONS

## SECTION I—PERMANENT DISARMAMENT COMMISSION

CHAPTER I—*Composition*

*Articles 64 to 68*, inclusive, reproduce articles 1 to 5 inclusive of the annex to Conference Document Bureau 39, December 7, 1932.<sup>82</sup>

CHAPTER II—*Functions*

*Articles 69 to 83*, inclusive, correct errors articles 6 to 21 inclusive of the above document.

CHAPTER III—*Operation*

*Articles 84 to 87*, inclusive, reproduce articles 22 to 25, inclusive, of the above document.

## SECTION II—DEROGATIONS

*Article 88.* Should any of the High Contracting Parties become engaged in war or should a change of circumstances constitute, in the opinion of any High Contracting Party, a menace to his national security such party may suspend temporarily, in so far as he is concerned, any provision or provisions of the present convention other than those contained in articles 30, 34 and 47 to 63.

*Subparagraph a.* Such High Contracting Party shall immediately notify the other High Contracting Parties and at the same time the Permanent Disarmament Commission of such temporary suspension and of the extent thereof.

*Subparagraph b.* In the event of the suspensions being based upon a change of circumstances the High Contracting Party concerned shall simultaneously with the said notification communicate to the other High Contracting Parties and to the Permanent Disarmament Commission a full explanation of such change of circumstances.

Thereupon the other High Contracting Parties shall promptly advise as to the situation thus presented.

When the reasons for such temporary suspension have ceased to exist the said High Contracting Parties [*Party*] shall reduce his armaments to the level agreed upon in the convention and shall make immediate notification to the other High Contracting Parties.

## SECTION III—FINAL PROVISIONS OF ARTICLE 89

It is hereby declared that the loyal execution of the present convention is a matter of common interest to the High Contracting Parties.

*Article 90.* The present convention is not to be interpreted as restricting the provisions of the Covenant of the League of Nations—

<sup>82</sup> *Conference Documents*, vol. II, pp. 723-728.

in particular those which fix the powers of the Council and the Assembly.

(*Article 91* reproduces article 54 of the draft convention of the Preparatory Commission; *Article 92* reproduces first two paragraphs of article 55 of the draft convention of the Preparatory Commission; *Article 93* reproduces article 56 of the draft convention).

*Article 94.* Except as provided in the following paragraphs of this article the present convention shall remain in force for 5 years from the date on which it comes into force in accordance with the second paragraph of article 92.

Chapter II of section II of part II (naval armaments) and table 2 annexed to section I of part II (naval effectives) shall remain in force until December 31, 1936.

The rules referred to in article 30 remain in force as provided in article 23 of the Treaty of London, without limit of time.

*Article 95.* Not later than (blank) years from the date on which the present convention comes into force a conference of the High Contracting Parties shall meet at Geneva. It will be the duty of the said conference to prepare and conclude a new convention which will replace the present convention and will carry on the work of the limitation and reduction of armaments begun by the present convention.

*Article 96.* The present convention together with the further conventions to be concluded in accordance with article 95 and article 32 will replace, as between the respective parties to the treaties of Versailles,<sup>83</sup> St. Germain,<sup>84</sup> Trianon<sup>85</sup> and Neuilly,<sup>86</sup> those provisions of part 5 (military, naval and air clauses) of each of the treaties of Versailles, St. Germain and Trianon, and of part IV (military, naval and air clauses) of the Treaty of Neuilly, which at present limit the arms and armed forces of Germany, Austria, Hungary and Bulgaria, respectively.

GIBSON

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500.A15A4 General Committee/207 : Telegram

*The Acting Chairman of the American Delegation (Gibson) to the Secretary of State*

GENEVA, March 17, 1933—1 p. m.  
[Received March 17—10:45 a. m.]

570. My 569, March 17, noon. This document will come up for general discussion on March 23 and it is important that we be in pos-

<sup>83</sup> *Treaties, Conventions, etc.*, 1910-1923, vol. III, pp. 3329, 3398.

<sup>84</sup> *Ibid.*, pp. 3149, 3188.

<sup>85</sup> *Ibid.*, pp. 3539, 3574.

<sup>86</sup> *British and Foreign State Papers*, vol. CXII, p. 781.

session of a general outline of your views as soon as possible in order that we may prepare such comment as we may be called on to make. It may well prove that the project will not go beyond a general discussion for the British tell me that they propose to make an effort to get it adopted article by article in the General Commission. On the other hand there will be a determined and probably successful effort on the part of other delegations to break the project up and send it to various committees for study with other plans before the Conference.

The present British attitude is that sooner than consent to this they would be disposed to take the stand that such action was equivalent to destroying the plan and that if there was no hope of reaching general agreement along the lines of the British proposal the Conference had better be wound up.

We are submitting in separate telegrams our detailed comments on the various sections of the British project in order that you may have them before you in formulating your views for our guidance.

GIBSON

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500.A15A4 General Committee/210: Telegram

*The Acting Chairman of the American Delegation (Gibson) to the Secretary of State*

GENEVA, March 17, 1933—2 p. m.

[Received 4:14 p. m.]

571. My 569 and 570. Comment on part II, section I, of effectives:

Article 9. Subparagraph *a* reproduces provision of the Preparatory Commission draft convention which was accepted by the Department.<sup>87</sup> Believed that application of this clause on the average daily effective basis, referred to in article 11, will not prejudicially affect us. Clauses *b* and *c* are nuisance provisions which have crept in primarily as a matter of concern among the powers of continental Europe. It is believed that these two clauses should be transferred to chapter II of part II which contains special provisions for the organization of the land armed forces stationed in continental Europe.

Article 10 appears to us incapable of application in the United States without undue interference with private and state educational institutions. Such a provision if to appear in the convention might well be limited in its application to the forces of continental Europe.

Article 11. Provision for deductions on account of sickness, leave, et cetera, would appear to invoke an undue amount of clerical labor and if a matter of concern to European powers should apply only to them and be transferred to chapter II.

Article 12 does not appear to be acceptable. With us policemen cannot become effectives in the military sense by any other means

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<sup>87</sup> *Foreign Relations*, 1930, vol. 1, p. 200.

than that applied to the population at large. The idea of counting police as effectives because they happen to have available weapons which are frowned upon in Europe is an absurdity which we have consistently opposed as applied to ourselves. In our opinion the whole of article 12 should be transferred to chapter II and made applicable only to the forces of continental Europe.

Article 13. Clauses *a* and *b* have tentatively been accepted by the Department for the computation of land effectives. Although the inclusion of marines covered in clause *b* as part of land effectives may be of concern to both War and Navy Departments, nevertheless this has been tentatively accepted and in the determination of totals will probably cause no inconvenience to either Department. Clause *c* dealing with effectives of similar formations is another nuisance provision which in our opinion should be transferred to section II.

If you approve in principle of the changes suggested above the application of these will necessarily involve a change in the tentative figures appearing in table 1 and cause certain elements computed therein to be transferred to a table which necessarily must be drafted for chapter II.

GIBSON

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500.A15A4 General Committee/211 : Telegram

*The Acting Chairman of the American Delegation (Gibson) to the Secretary of State*

GENEVA, March 17, 1933—6 p. m.

[Received March 17—4:25 p. m.]

573. My 569, March 17, noon. Comment on part IV—Chemical Warfare.

Unless you instruct to the contrary, we shall endeavor to obtain the deletion of article 53 on the grounds that the provisions of article 52 can rest on good faith alone, that article 53 is a nuisance article, and that legislation to enforce it would be almost impossible to draft or enforce.

Article 55: We shall insist upon its deletion for obvious reasons.

GIBSON

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500.A15A4 General Committee/212 : Telegram

*The Acting Chairman of the American Delegation (Gibson) to the Secretary of State*

GENEVA, March 17, 1933—7 p. m.

[Received March 17—3:20 p. m.]

574. My 569, March 17, noon. Part II, section II, chapter II, Naval Armaments.

We feel that this whole chapter can best be considered in Washington, and that there is no light we can throw on it by comment from Geneva.

Part V—Miscellaneous Provisions.

The provisions of this entire section (with the exception of article 96) in their present or similar form have been accepted either by the Preparatory Commission, the Conference or the Bureau, and would therefore seem to call for no comment. We invite special attention to the effect of article 96.

GIBSON

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500.A15A4 General Committee/213 : Telegram

*The Acting Chairman of the American Delegation (Gibson) to the Secretary of State*

GENEVA, March 17, 1933—8 p. m.  
[Received March 17—5:13 p. m.]

575. My 569, March 17, noon. Comment on part II, section II—Material.

With reference to article 22 the instructions contained in your telegrams 211, September 29, 5 [4] p. m.,<sup>88</sup> and 300, March 11, 2 p. m., are sufficient for our guidance. It should be noted that the acceptance of 105 millimeters in place of 155 millimeters will involve us in a very expensive rearmament program. Before accepting it we must satisfy ourselves that the indirect advantage flowing from a possible lessening of European tension makes it worth while.

The proposal by the British is an obvious attempt to give some measure of satisfaction to Germany's claim to equality of treatment in fixing the limit of 105 millimeters imposed on Germany. You will be in a position to judge as to whether the political advantages of such action are sufficient to counterbalance such technical difficulties as the proposal may offer.

With reference to your 211 the limitation of coast defense guns to 406 millimeters (16 inches) is an attempt to hook up coast defense with present naval armament limitations. We are in entire agreement as to the soundness of the theory that purely defensive guns on fixed mounts should not be subjected to limitation of any kind and further that there is not necessarily any relation between them and the caliber of naval guns which may be brought to bear against either. However, whatever the pure logic of the situation may be this problem presents itself in a practical aspect for countries of the European Conti-

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<sup>88</sup> *Foreign Relations, 1932, vol. 1, p. 338.*



ment. Their distances from each other are so short that the difference in gun caliber can be made the difference between defense and offense. They are frankly afraid of each other's intentions and under guise of a relation between land and naval guns wish to limit the former. None of the powers of Europe have any real concern with the caliber of our guns but they are pressing for universal application of a rule in order to preclude other countries in Europe from claiming exceptional treatment under a precedent created for the United States. If therefore there appears to be a possibility of general agreement we feel that careful thought should be given at home to whether we should risk jeopardizing such agreement on theoretical grounds however sound—unless of course our own Government proposes to build guns of larger caliber in the near future. It should also be remembered that we have accepted article 2 section II of the July 23d resolution on this subject.

Article 20. No comment.

Article 21. We are clearly on record as advocating the total abolition of tanks and we feel that we should continue to express preference for abolition but if this prove unfeasible we should scrutinize the maximum tonnage limit set in the British proposal and you may wish to consider whether or not our development of the Christy tank demands that this limit be raised to 18½ tons.

We shall probably not have to take the initiative in this matter as other powers will probably accept the burden of raising the limit.

Article 22. Attention is invited to the fact that no provision is made for conversion of mobile guns to fixed and that the destruction envisaged demands an expensive replacement program. Unless you see reason for us to act otherwise we propose to press for the right of conversion into fixed mountings, coupled with destruction of mobile mountings, of all guns above 155 millimeter along the lines already put forward by us in the Hoover proposal. The last sentence of this article is so loosely worded that it might well be interpreted to call for the destruction of one gun above 105 millimeter for every new gun of, or below, 105 millimeters.

Attention is invited to the fact that no measures of quantitative limitation in land material are found in the British proposal. In the absence of numerical limitation of guns and tanks and other material there is always the danger that the chief result of the provisions adopted would be to start a new race in armaments within qualitative limits and thereby defeat the very purpose of the treaty, not only as regards reduction of armaments but also reduction of financial burdens.

GIBSON

500.A15A4 General Committee/214 : Telegram

*The Acting Chairman of the American Delegation (Gibson) to the Secretary of State*

GENEVA, March 17, 1933—9 p. m.  
[Received March 17—5:28 p. m.]

576. My 569, March 17, noon. Comment on part I, Security.

This entire section seems to be designed to build up an obligation of consultation among signatory powers in the event of a breach of peace or a threat thereto. We venture to suggest that it be studied rather on this general conception than on details which will doubtless undergo many modifications in debate.

We learn from the British that part I is conceived in respect to states members of the League as additional to their obligations under the Covenant. They envisage that when a state member desires to bring a matter up it will do so in the first instance under the machinery of the League of Nations before the Council. Presumably the Council will then decide whether the threat to peace has world wide consequences and justifies the invoking of the wider circle; in other words the utilization of part I of this draft. If the Council so decides naturally there would be at least five states as foreseen in article 3, and one of the states foreseen in article 4, which would make possible the initiation of this machinery.

In this connection we invite attention to our 562, March 12, 5 p. m.

The practical importance of this whole text will be measured by the amount of satisfaction it gives to the French and their allies which in turn will probably measure the amount of disarmament which can probably be expected in the rest of the convention. We shall endeavor to elicit from the French an understanding of what value they attach to text as it stands and shall report when we have done so.

GIBSON

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500.A15A4 General Committee/215 : Telegram

*The Acting Chairman of the American Delegation (Gibson) to the Secretary of State*

GENEVA, March 18, 1933—11 a. m.  
[Received March 18—10:30 a. m.]

577. My 569, March 17, noon. Comment on chapter III—Air Armaments.

Article 34. Under the provisions of the resolution of July 23<sup>89</sup> we are on record as accepting the abolition of all bombardment from the

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<sup>89</sup> For text, see *Foreign Relations*, 1932, vol. I, p. 318.

air but this article excepts bombardment from the air "for police purposes in certain outlying regions". The character of the police purposes and the location of the outlying regions are not specified. It is believed that unless bombardment from the air is entirely and completely abolished for all time without any exceptions or conditions the thing is a humbug and we question whether we should accept it for the following reasons: if exception is made numerous countries will present cases which allow them to retain bombardment aviation and an organization for the exercise of this right. The disadvantageous position of the United States in such an event is obvious. It is questionable whether we should accept total abolition of bombing without compensating advantages.

Article 35 places upon the Permanent Disarmament Commission the work of making studies providing for the ultimate and complete abolition of military and naval aircraft but lays down the condition precedent of "supervision of civil aviation to prevent its misuse for military purposes". We have maintained here that from the point of view of the United States this condition precedent does not exist. Canada and so far as we know all other non-European countries share our views. The alternative given in clause *b* for a numerical limitation in the event of the failure of the abolition of military and naval aircraft appears to offer the only reasonable and acceptable solution for the limitation of military and naval aviation.

Inasmuch as the provisions of these articles can be effective only as the result of a second disarmament conference you might consider that we could accept it in its present form after a statement of our views. The provision appearing in the last sentence for measures relating to civil aviation which appear under annex 2 are unsatisfactory but will be discussed in detail in a later paragraph.

Article 36. The first paragraph words "capable of use in war" is unsatisfactory because it is vague, incapable of accurate definition and useless for practical application even as supplementary to a numerical limitation. We believe that the only reasonable way of applying numerical limitation to airplanes is to lay down the total numbers which are assigned to the army and navy, respectively, or the independent air forces of the signatories. In regard to the second clause of article 36 the 25 per cent allowance appears to be inadequate.

Article 37. We believe that qualitative limitation by means of unladen weight is technically unsound and impracticable. The exception made for the case of troop carriers and flying boats is not sufficient to meet our requirements in view of conditions which we face.

Article 38. It would appear that with adequate provision being made for the abolition of bombing from the air the potential offensive use of dirigibles would disappear. In these circumstances we believe

thought should be given to whether there is any more reason to suppress dirigibles used solely for observation and scouting than to suppress airplanes used for the same purposes.

Article 39. A definition of unladen weight appears in annex 1, for contents of which see Conference Document 123, July [June] 8, 1932, report of Air Commission.<sup>90</sup> In our opinion unladen weight is an unacceptable criterion for limitation either with or without a numerical limitation. Our requirements as to radius of operation, ceiling and useful load are so different from those of European countries that there appears to be no system of limitation other than that of numbers which can be universally and fairly applied.

Article 40. The expression "capable of use in war" appears to be too vague for inclusion in a convention of this kind. With this exception there appears to be no objection to the remaining provisions of the article with the exception of the table which will be discussed in a subsequent paragraph.

Article 41. This article in so far as it concerns unladen weight referred to in article 37 and discussed under article 39 is objectionable although there appears to be no objection to the destruction of surplus planes in accordance with the time schedule indicated.

TABLE.

The lumping together of planes for the Army and Navy and establishing a limit of 500 for the total must be considered carefully. The British proposal seeks parity by bringing France and the United States down to her level and places us on a parity with Japan. It might be better to consider numerical limitation initially on the basis of the numbers of actually existing planes and then consider what numerical reductions can be made in view of national defense requirements. In this connection it should be noted that the reduction of both Army and Navy planes below a given level may involve the creation and maintenance of additional reconnaissance and scouting facilities both afloat and ashore. We should also consider the advisability of allowing the British to work the same system for gaining parity in regard to air armaments that we worked on the British in regard to naval armaments.

Annex 2. This concerns civil aircraft and corresponds textually to Conference Document C A 50. The provisions appearing under section 1 C I I and 1 E and F are objectionable. While sections 2 and 3 may be accepted, section 4 could be accepted on the understanding that our air mail contracts and the activities of the Department of Commerce in establishing airlines, landing fields, radio beacons, information service, et cetera, are not to be considered as direct subsidies.

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<sup>90</sup> *Records of the Conference*, Series D, vol. III, *Minutes of the Air Commission*, pp. 299, 311.

It is believed that proposals relating to the control, supervision or internationalization of civil aviation will be made in connection with measures for the abolition or limitation of military and naval aviation. We think that non-European powers will go no farther than agreeing to national control upon a regional basis which will involve only prohibition of incorporation of military features in civil aircraft with full publicity as to the characteristics of all civil planes registered or constructed within jurisdiction. In the event this question arises in connection with this chapter on air armaments we will cable draft text covering this point.

GIBSON

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500.A15A4 General Committee/217 : Telegram

*The Acting Chairman of the American Delegation (Gibson) to the Secretary of State*

GENEVA, March 18, 1933—6 p. m.  
[Received March 18—2:40 p. m.]

578. My 569, March 17, noon. There are in the MacDonald draft certain outstanding omissions in regard to which an effort will undoubtedly be made to insert provisions during the course of the general debate or in the committees. We have drawn up a preliminary list of these as follows:

As regards security the omission of any provision to meet the French Government claim for a system of mutual assistance is, of course, intentional and need receive no further comment. In spite of the reference in MacDonald's speech to "neutral rights" the draft makes no mention at all of this problem nor of the no-force pact.

We have already commented on the lack of any measures of quantitative limitation or reduction, particularly with reference to heavy guns and tanks. Even outside these categories no reference whatever is contained to any limitation to be imposed upon other land material.

Five articles in blank have been left for exchange of information. Whether it is proposed under this heading to draw up a publicity list for all categories of material is as yet unsettled. The references in the draft are to articles 33 and 34 of the Preparatory Commission draft concerning naval vessels but it seems likely that either a provision along the lines of article 33 of the draft convention may be envisaged for this section or an effort may be made to include definite lists of material in service and stocks.

With reference to budgetary limitation or publicity on expenditure the Technical Committee has been working upon its report for approx-

imately 12 months. We understand the report <sup>91</sup> is now in its second reading and in the opinion of its authors provides a satisfactory solution for the difficulties involved in any method of applying limitation on expenditure. A determined effort to insert some of the conclusions of the experts' work is to be expected.

Likewise, the British draft makes no provision for any form of regulations either of manufacture of or trade in arms in spite of the decision of the Bureau of the Conference to include stipulations of this nature in the treaty. It is anticipated, however, that the Convention of 1925 <sup>92</sup> as it will be amended will form an annex. The Committee on Manufacture of Arms hopes to be able to prepare a similar convention also as an annex to the treaty. It is difficult, however, to see how this may be done without decisions by the Conference upon publicity of material.

This list is a preliminary one drawn up after a first study of the draft and contains only the most apparent omissions. Undoubtedly others will be found by different delegations who will attempt to insert additional provisions.

GIBSON

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500.A15A4 General Committee/219 : Telegram

*The Acting Chairman of the American Delegation (Gibson) to the Secretary of State*

GENEVA, March 18, 1933—9 p. m.  
[Received March 18—8: 10 p. m.]

580. Unless there is postponement of general discussion of the British plan this will begin on Thursday March 23. The real interest of the Conference will be concentrated on the statements to be made by France, Germany, Italy and the United States.

Inasmuch as this project, however imperfect, is a tangible effort towards early realization we assume you will feel it should be launched with as fair a wind as possible; that the United States, which in broad lines can fit into such a plan, is in a position to take a generally friendly stand and so counteract the possibly critical attitude of other states. Interest in part II of the plan is primarily concerned with disarmament in Europe and it should be possible to find means of adapting ourselves or adapting the system of the treaty in such a manner that our requirements need not constitute an obstacle to the primary purpose of the Conference. The chief interest which the

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<sup>91</sup> For text of the report, see Conference for the Reduction and Limitation of Armaments, National Defence Expenditure Commission, *Report of the Technical Committee*, vol. I (Official No. : Conf. D. 158).

<sup>92</sup> *Foreign Relations*, 1925, vol. I, p. 61.

European states have in our attitude is what we are disposed to do in the political field (part I). In this connection we trust you will scrutinize article 88 with a view to determining where [*whether?*] the obligation it contains is not as far reaching as the measures prescribed in part I. You will remember that the text of article 88 was in fact introduced by us in the Preparatory Commission under instructions<sup>93</sup> and was inspired by article 21 of the London Naval Treaty.

Our position in the discussion will be determined by the line you desire us to take in regard to this phase of the treaty and we trust therefore that you will give us your views on the subject as soon as possible.

GIBSON

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500.A15A4 General Committee/228: Telegram

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

PARIS, March 20, 1933—5 p. m.

[Received 6:22 p. m.<sup>94</sup>]

101. My 98, March 18th.<sup>95</sup> When Daladier received me this afternoon he said that he wanted to talk over a little the situation in Geneva since the presentation of the MacDonal plan and the efforts of Mussolini as indicated in the project presented by the British Prime Minister at Rome.

He said that affairs in Geneva had reached an impasse in which Italy and Germany were together opposing all progress and that the MacDonal plan was an effort to save the situation; that it was based on elements from all the plans hitherto presented and thus contained certain ideas acceptable to each nation but that as it was presented without any previous consultation there was no possibility for France or any other nation to say without profound study exactly what it would mean in detail in the working out. He did not think even that the 3 days debate, schedule on the plan beginning Thursday at Geneva, would suffice for a proper appreciation of it but he felt definitely that it could not be accepted in any way it was.

I gathered that on the side of security he felt that progress at Geneva might have permitted a broader treatment on the subject. With respect to the disarmament provisions themselves it seemed to be his opinion that the rearmament of Germany thus permitted was not compensated for by sufficient guarantees or assurances to France. He likewise pointed out that in allowing Russia 500,000 men and Rumania and Poland respectively 150,000 and 200,000, acceptance by the two latter powers was made impossible.

<sup>93</sup> See *Foreign Relations*, 1930, vol. I, p. 189, last paragraph.

<sup>94</sup> Telegram in five sections.

<sup>95</sup> Not printed.

He said that frankly he had preferred the method of reduction suggested in the American plan presented last year, namely, percentage reductions on present bases.

He then turned to the conversations in Rome, and said that the proposal of Mussolini for a kind of pact of the four principal European powers<sup>96</sup> while it negatived the principles at the base of the League of Nations, namely, equality of nations and contained nothing new, nevertheless, at the present moment had a valuable psychological effect since it indicated clearly that Mussolini had no intention of tying himself up too closely with Germany alone and he added that he felt that the fear of any possible *Anschluss* with Austria played a considerable part in this attitude. He felt that the four great powers, however, would have to reckon with a new element in Europe, namely, the association of groups of small powers such for example as the recent agreement among the Little Entente<sup>97</sup> which seemed to be working very well at Geneva where their solidarity had been remarked at the recent meetings and such groups as the Scandinavian powers.

Although he did not tell me himself I learned from an intimate friend of his that it was possible that France might make the suggestion that instead of a four power agreement along the lines Mussolini suggested the agreement should provide for the four powers plus a representative of each of the associated groups and powers such as Scandinavia and the Little Entente and possibly two other powers to be chosen along the basis of the non-permanent seats of the League of Nations. This idea has as yet not been clarified or put into any definite form.

The Prime Minister realizes that France at the present moment is in a difficult situation with the evident hostility in Germany, an unfriendly attitude in Italy, no strong backing in England and the difficulties with American public opinion engendered by the debt question. He felt that this last question could be regulated and that some progress had been made recently toward changing the opinions of the Chamber but it was his opinion that France could not possibly risk another failure on this subject and it was necessary at present to persuade the Socialists to change their votes in order to make possible a success. He said that the question had unfortunately become a political issue and that the Right parties which would certainly, if in power, vote immediately for payment were opposed to it when a Left Government was in power. He said that he had welcomed very much the kind initiative of President Roosevelt in talking with the

<sup>96</sup> For correspondence relating to the Four Power Pact, see pp. 396 ff.

<sup>97</sup> A Pact of Organization providing for a standing council, permanent secretariat, coordination of policies, economic collaboration; concluded at Geneva, February 16, 1933; for French text, see *British and Foreign State Papers*, vol. cxxxvi, p. 630.



French Ambassador<sup>98</sup> and felt that patience was the only means to bring about the change which he most ardently desired.

He inquired when Norman Davis would reach Paris and I told him probably in the early days of April.

MARRINER

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500.A15A4 General Committee/233 : Telegram

*The Secretary of State to the Acting Chairman of the American Delegation (Gibson)*<sup>99</sup>

WASHINGTON, March 20, 1933—6 p. m.

308. Your 569, March 17 and subsequent telegrams including 580, March 18, 9 p. m. As we see the problem here, our strategy should be to avoid insofar as possible any definite expression of views on the British plan as a whole during the general discussion. It is already clear from your talk with Massigli that the French will not accept the plan in its present form, and no affirmative position on our part would alter their attitude for the moment. A deadlock between the French and British will almost inevitably develop which would offer us our best chance to exercise a mediatory influence, and this influence in turn will be effective in direct proportion to our having previously maintained a neutral position on the side-lines.

For these reasons I hope that if it becomes necessary for you to take part in the general discussion, you will confine yourself to friendly but very general terms, paying tribute to MacDonald's purpose in offering this proposal, stressing the primarily European character of many of its essential features, and expressing an intent on our part to continue studying the plan as a whole in the light of the debate as it develops.

In particular I am anxious for you to avoid any expression of our attitude toward the security clauses of the plan until the arrival of Norman Davis. A preliminary analysis of the British draft leads us to believe that Part I, despite its apparent purpose, goes further than mere consultation. After providing for a machinery of consultation, the draft goes on to lay down what shall be the object and duties of the conferees. For us to agree in advance that we should, even under specified circumstances, determine which party or parties to a dispute should be held responsible, would tend to tie us up not as an associate but as an actual member of a peace-enforcing machinery. Before committing ourselves one way or the other we wish to await the recommendations of Norman Davis after he has had an opportunity to talk

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<sup>98</sup> Paul Claudel.

<sup>99</sup> This telegram bears the notation: "Approved by Mr. Norman Davis with the addition of the insert [paragraph 5]."

matters over with you and to make a further diagnosis of the international situation in Europe.

I want to make certain, however, that the British do not feel that we are unsympathetic or working against them. We realize that no effective disarmament can be brought about unless the two countries are in close accord. You may therefore tell them in the strictest confidence of the reasons governing our tactics as set forth in this telegram and explain that an endorsement at this stage might not only commit us as to certain of the technical features of the plan, notably that on aviation, but also as to the security section, certain implications of which are far reaching and require further study.

The War and Navy Departments are examining the technical features of the plan and I hope to send you a telegram embodying their views tomorrow or Wednesday.

HULL

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500.A15A4 General Committee/234 : Telegram

*The Acting Chairman of the American Delegation (Gibson) to the Secretary of State*

GENEVA, March 21, 1933—7 p. m.

[Received March 21—3:52 p. m.]

583. Department's 308, March 20, 6 p. m. We shall be guided by your instructions which are very helpful. They are in fact along the line we have taken in private conversation in answer to inquiries as to our attitude on the British proposal and particularly its security phase.

Our course will necessarily be dictated by the temper that develops in the debate but judging from past experience we fear that after the discussion has continued for a certain time, complete silence on the part of the American delegation may be given an ominous significance and that our problem will therefore be to make a brief statement of an innocuous nature avoiding the difficulties you have foreseen.

GIBSON

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500.A15A4 General Committee/239 : Telegram

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

WASHINGTON, March 21, 1933—6 p. m.

53. Your 101, March 20, 5 p. m. You may tell the Prime Minister or the Foreign Office that Mr. Norman Davis is sailing tomorrow night on the SS *Manhattan*. He is planning to go first to London in response to a request from Mr. MacDonald, who wished to talk with him not only on disarmament but also on preparations for the Eco-

conomic Conference. He then plans to go to Paris early in April and is looking forward to talking matters over with the French Government. You may add confidentially that he is taking with him no set plan or rigid solution for disarmament but will study the situation in the light of all recent developments, with a view to our exercising as helpful an influence as possible.

HULL

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500.A15A4 General Committee/237 : Telegram

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

ТOKYO, March 22, 1933—6 p. m.

[Received March 22—9:10 a. m.]

64. Referring to the so-called MacDonald disarmament plan, the newspapers here have published what purports to be the attitude of the Japanese Navy Department toward the plan as follows:

1. The suggestions for world peace in articles 1 to 6 are inconsistent with the League Covenant and are considered unreasonable as Japan will not submit the Sino-Japanese controversy to such a conference as is suggested.

2. The figures proposed for limitation of naval personnel are given for European countries only and not for Japan, which will give her opinion when her armaments are under discussion.

3. Since Japan agreed to the London Naval Treaty only on condition that it expire in 1936, Japan is opposed to prolongation of the period of the treaty and will instead claim revision of the tonnage ratios fixed by the treaty.

4. Japan will reserve decision on the prohibition of aerial bombardment pending the solution of the problems of abolition of aircraft carriers and the relative strengths of armies and navies.

5. The proposal to limit the size of military and naval airplanes to 3 tons will be opposed as Japan needs large type airplanes.

6. The proposal to limit the number of military airplanes to 500 will be opposed pending solution of the problems of aircraft carriers, aerial bombardment and relative strengths of armies and navies.

7. The Japanese delegation is to urge the consideration of the Japanese disarmament plan.

Officers of the Navy Department this morning informally stated to the Naval Attaché that the foregoing published statement of the Japanese position is a fair exposition of the attitude of the naval authorities, but that this attitude has not yet received the approval of the Foreign Office or other organs of the Government and is therefore subject to modification.

GREW

500.A15A4 Air Armaments/229: Telegram

*The Acting Chairman of the American Delegation (Gibson) to the  
Secretary of State*

GENEVA, March 22, 1933—6 p. m.

[Received 8:10 p. m.]

584. During the last few meetings of the Air Commission (the Commission has now adjourned temporarily in order to have an opportunity to study the British plan) it became increasingly evident that the European states for one reason or another wished to press non-European states especially the United States and Japan into a definite statement regarding their position in respect of regulation control and/or internationalization of civil aviation as a condition precedent to the total abolition of military and naval aircraft. This despite the regional reference in the resolution of July 23 and our repeated comment both public and private on this subject. Finally, on March 15th the Committee put the following two tortuous questions to the non-European states:

“First, were there any countries which did not desire any kind of interference with their civil aviation with a view to the abolition of military and naval aviation and, second, if those countries were nevertheless prepared to agree to the abolition of their military and naval aviation.”

Response to these questions was deferred by the submission of the new British plan and the consequent adjournment *pro tem* of the Commission. However, it seems certain that upon resumption of the Commission the non-European states will be pressed for an answer.

After discussion of the matter with us the Canadian delegation suggested a joint statement giving the view of the United States, Japan, India and Canada, the four non-European Governments represented on the Air Commission.

The following draft joint statement has been approved by the Canadian delegation:

“Statement of the delegations:

The delegations of (blank) desirous of clarifying the situation in regard to civil aviation and of facilitating progress of the Commission toward agreement on questions pertaining thereto submit to the Air Commission the following statement of their views and proposals:

The above delegations note that most of the delegations supporting the view that the internationalization of civil aviation, coupled with measures of supervision and control, is a condition precedent to effective and adequate steps for the abolition, reduction or limitation of air armaments, represents countries on the European Continent, where

generally speaking, a certain uniformity of conditions obtain. The situation existing and influencing civil aviation in non-European countries differs materially from these European conditions. In view of the radically different conditions prevailing in other parts of the world, it is deemed that in non-European regions the internationalization of civil aviation or international control and supervision of civil aviation has little or no bearing upon the question of limitation and reduction of air armaments.

While for the above reasons the said delegations are unable to subscribe to the idea of internationalization of civil aviation and of international supervision and control of civil aviation as applicable to themselves, they are nevertheless, sincerely desirous of contributing to the work of the Conference and of allaying whatever apprehensions may exist in the minds of other nations in regard to their civil aviation.

In consequence, they are willing, in the event of the acceptance of measures of internationalization of civil aviation or of comprehensive supervision and control of civil aviation by the European nations as among the said nations, to apply to themselves the following measures of national control, in the hope and confident belief that these measures will allay any misgiving which might arise among the European states as to possibilities inherent in the future development of civil aviation in countries outside the European Continent.

1. The prohibition of the incorporation of military features in any civil or commercial airplane which is either registered or constructed in, or under, their jurisdiction. This refers specifically to the installation of bomb racks or provisions therefor; the installation of means of mounting machine guns, or provisions therefor; the installation of bomb sights, or provisions therefor; et cetera.

2. Full publicity as to the characteristics of all civilian or commercial airplanes which are registered or constructed in, or under, their jurisdiction.

3. A system of licenses for the export of all military, civilian or commercial airplanes constructed in or under, their jurisdiction with full publicity as to character and destination of such planes.

4. Reports from time to time, as may be agreed upon with respect to action under points 2 and 3, to the Permanent Disarmament Commission."

Matsudaira is in general agreement and is telegraphing the draft to his Government. The Indian representative<sup>1</sup> approves of the idea and is being furnished a copy for reference to his Government.

We hope that this draft meets with your approval as well as this method of handling the matter.

GIBSON

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<sup>1</sup> Sir Henry Wheeler.

500.A15A4 General Committee/238 : Telegram

*The Acting Chairman of the American Delegation (Gibson) to the  
Secretary of State*

GENEVA, March 22, 1933—7 p. m.

[Received 8:51 p. m.]

585. Henderson issued the following communiqué last night:

“In view of the discussions now going on between certain powers as the result of Mr. MacDonald’s visit to Rome which have as their object better cooperation in Europe, and in view of certain suggestions concerning a possible adjournment of the meeting of the General Commission, originally fixed for Thursday next, for a general discussion on the United Kingdom draft convention, the President of the Conference has decided to convoke the Commission for a meeting on Thursday morning, March 23rd, at 10:30, in order to consult the Commission on the desirability of an adjournment until after the Easter holidays.”

We learn confidentially that Simon yesterday telephoned Henderson and told him that in view of the Mussolini four power proposals it was considered desirable to adjourn the Conference until after Easter; he dictated approximately the present text of a communiqué over the telephone conveying at the same time the assurance that this was in harmony with French views. The French, on the other hand, say that they were not in agreement with this method of approach and that while they were not adverse to adjournment for other and technical reasons they had not given their assent to discussions among the four powers being utilized as a reason for adjournment of the Conference.

A number of the smaller powers are incensed at the attempt to adjourn the Conference for discussions in which they are not expected to participate and it appears probable that tomorrow’s debates may give rise to some protests. We propose to take no part in the debate unless something unforeseen should arise, such as an attempt to justify adjournment on grounds of consideration for the United States.

Massigli called this afternoon and described to us the meeting of MacDonald and Simon with the French Ministers in Paris. He said that they had brought with them two texts, one submitted in Rome by Mussolini and the other a text embodying alterations made by the British. Only the first of these was given to the French. Massigli was struck by the slap-dash method of dealing with a matter of such far reaching consequence. MacDonald laid great emphasis on the fact that he had entirely reserved the British position and was in no way committed, but he appears to have done this with such emphasis as to raise suspicions in the minds of the French Ministers. They feel that the reference to treaty revision is bound to fill the smaller

powers with such caution that they will be unwilling to approach the British plan of disarmament until they know what is likely to come out of the Italian proposal and that we can not expect much from any discussion of the British plan at this time. Massigli said that, as reported in our 579, March 18, 8 p. m.,<sup>2</sup> the French Cabinet met on Monday to discuss the British plan but that the time was given entirely to discussion of the Italian proposal and that consequently the French Government had reached no definite decision on the British plan. Therefore they will acquiesce in adjournment but only on the ground of insufficient time to prepare their position on the British plan. Drummond<sup>3</sup> informs us confidentially that both the Italians and the Germans are desirous of adjournment until approximately April 26th.

GIBSON

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500.A15A4 General Committee/243 : Telegram

*The Secretary of State to the Acting Chairman of the American Delegation (Gibson)*

WASHINGTON, March 23, 1933—6 p. m.

311. Your 569, March 17, and subsequent telegrams commenting on the British proposal. The following paragraphs represent the views of the War and Navy Departments regarding the British proposal other than Part I, which has already been covered in our 308 of March 20.

As the two Departments find themselves in general accord with your comments, a detailed statement of their views seems unnecessary except in so far as they take a somewhat different approach from yours.

*Effectives.* Inasmuch as the table appearing at the end of Chapter 1 relates only to continental Europe, the War Department considers it unnecessary to submit any views regarding the figures other than to state that it considers the numerical limitations arrived at by the Hoover formula to be far superior to the arbitrary figures used in the British proposal. The former, moreover, more adequately safeguards the interests of the United States (exclusion of the National Guard, et cetera). As regards the application of Chapter 1 to the United States, the views expressed in your 571<sup>4</sup> have the approval of the War and Navy Departments.

The Navy Department, moreover, believes that the primary method of limitation of naval forces (including air forces assigned to the Navy) should be the limitation of material which affords the only

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<sup>2</sup> Not printed.

<sup>3</sup> Secretary General of the League of Nations.

<sup>4</sup> March 17, 2 p. m., p. 55.

reasonable basis for the limitation of personnel. It also desires it to be understood, as regards Clause (b) of Article 13, that all personnel of the Marine Corps except the Marine Corps Expeditionary Forces, are assigned to or destined for service afloat (see your 418 of October 25, 1932<sup>5</sup>).

*Land Material.* With respect to the general question of abolition of aggressive weapons, it is the War Department's position that there should be no obligation to destroy material. In its opinion this applies for example (a) to mobile guns exceeding 155 mms. which the War Department is willing to emplace on fixed mounts, (b) to tanks which should be brought within adopted limit by attrition, (c) to airplanes scheduled for abolition, which the War Department desires to be able to convert to non-prohibited military purposes or civil uses. The War Department further considers that there should be no time limit for the conversion of heavy mobile artillery in view of the fact that to place them on fixed mounts will require large appropriations which may not be forthcoming within the required period. The purpose of any provisions for abolition of material might, in the War Department's view, be strengthened by the additional agreement that, pending a final disposal, such material shall not be used in war for any prohibited purpose.

The War Department cannot agree to fixing the maximum caliber of mobile land guns for the future at 105 mms. Aside from the arguments against the British proposal cited in paragraph 1 of your 575,<sup>6</sup> the War Department points out that the 155 mm. gun is practically the only type we have in medium artillery for the field forces and is, moreover, best suited to our purposes. On the other hand, it is prepared to accept a maximum limit of 16 inches (406.4 mms.) for Coast defense guns, with the proviso that should any nation project naval guns of greater caliber, the limitation should terminate. It holds, however, that no agreement to reduce calibers of naval guns should affect the calibers of our Coast defense guns.

Articles 20 and 21 regarding tanks, are satisfactory.

If any reservations be made by another Power to the principle of abolition of mobile artillery above 155 mms. in caliber, the War Department considers that the American Delegation should make a reservation at least in favor of the continuance of the use of heavy mobile guns in the Canal Zone and Oahu, where this artillery can be used only for the purposes of defense.

The War Department considers your remarks regarding the absence of a quantitative limitation on artillery in the British proposal as well taken since it has always held that the real solution of the problem of limiting artillery lies in this field.

<sup>5</sup> Not printed.

<sup>6</sup> March 17, 8 p. m., p. 57.



*Naval Armaments.* The Navy Department considers Sub-Chapters 1 to 3 as acceptable, provided annexes 1, 2, 3, 5 and 6 agree in substance with the corresponding provisions of the London Naval Treaty. Articles 31 and 32 of Sub-Chapter 4 are also acceptable. As regards Article 33, the Navy Department recognizes that among the many questions that must be settled and which should be examined by the Permanent Disarmament Commission, that of qualitative reduction is important. It considers, however, that the prominence given to it by making it the only specific question to be examined is not warranted; it therefore is of the opinion that the second sentence of Article 33 should read:

“It will also examine and report on all questions relating to the limitation of naval armaments which the Commission may consider could appropriately come before the said Conference.”

*Air Armaments.* War and Navy Departments agree that abolition of bombardment from the air is acceptable provided it is universal and complete. They oppose the British reservation in Article 34 relating to “outlying regions” and concur in the remarks contained in paragraph 1 of your 577.<sup>7</sup> If it should prove impossible to delete the British exception, however, the War Department believes that the United States should insist on the following proviso: “except in defense of outlying possessions”.

Both Departments are in accord with the comments contained in your 577 regarding Article 35. While the Navy regards the complete abolition of military and naval aviation as impracticable, it shares the Army’s view that it is unnecessary to present the position of the United States on the subject at this time. Both Departments support your comments on Articles 36, 37 and 39–41 inclusive. As to Article 38, they are prepared to accept the *status quo* in dirigibles, with right of replacement in case of loss or accidental destruction during convention.

While both Departments favor numerical limitation of aircraft, they cannot accept the figures contained in the table<sup>8</sup> which follows Article 41. They regard as essential the sub-division of aircraft into military and naval aviation; the total of 500 suggested for the United States is inadequate, under present circumstances, for the Navy alone. It is impossible to accept parity among the principal Powers as suggested by the British. The actual number to be allotted the several Powers must be the subject of further discussion. The Navy, moreover, considers that it is impossible to fix the number of planes necessary for naval defense until a final naval limitation has

<sup>7</sup> March 18, 11 a. m., p. 59.

<sup>8</sup> See *Conference Documents*, vol. II, p. 486.

been settled and that naval aircraft ratios average principal maritime powers should correspond to tonnage ratios.

*Exchange of Information.* The inclusion of Article 34 of the Preparatory Commission Draft Convention is acceptable. The Navy, however, recommends the omission of Article 35 of the Draft Convention inasmuch as the data required in connection with notification of the modification of merchant vessels for mounting guns would be difficult to collect and are not of great importance.

*Chemical Warfare.* The two Departments interpose no objection to Article 47, provided it be understood that no set of impractical conditions on retaliation in kind be agreed to. This could best be insured by omitting the last clause of the third paragraph beginning "subject to such conditions as may hereafter be agreed". Articles 48 to 51, inclusive are acceptable provided it is understood that Article 48 does not prohibit the use of lachrymatory gases for domestic police purposes. Both Departments believe every effort should be made to eliminate Articles 52 and 54 but if necessary to a general agreement will not oppose them. They consider that Articles 53 and 55 should be rejected unconditionally.

No comment as to the remaining Articles of the Plan.

Full texts of letters containing more detailed comments of the two Departments<sup>9</sup> are being forwarded by the next pouch.

HULL

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500.A15A4 Air Armaments/231 : Telegram

*The Acting Chairman of the American Delegation (Gibson) to the Secretary of State*

GENEVA, March 27, 1933—3 p. m.  
[Received March 27—10:25 a. m.]

594. Your 311, March 23, 6 p. m., reference paragraph on table following article 41 under air armaments. General comment indicates that we will not be alone in holding that numbers indicated are inadequate. In our opinion table should be redrafted in form to provide for four columns covering respectively, 1 army, 2 navy, 3 air force, 4 total. For nations, in which air components are integral parts of army and navy, columns 1, 2 and 4 would be filled in. For nations having separate air force, columns 3 and 4 would be filled in. This system will meet your suggestion as to subdivision of aircraft into military and naval aviation.

In regard to the last sentence of paragraph in question does this mean that it is impossible to discuss numbers of naval aircraft until

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<sup>9</sup> Not printed.

naval provisions of disarmament treaty are agreed upon? Or does it mean that it is impossible for us to fix numbers of naval aircraft until result of 1935 naval conference is known?

In view of the various difficulties arising out of tonnage ratios as laid down in the Washington and London Naval Treaties we believe that the establishment of ratios on aircraft will complicate enormously the negotiation of the revision of the Washington and London Treaties. Furthermore, unless our figures are erroneous we believe that our present superiority over Great Britain and Japan is considerably greater than the 5:3 ratio. The fact is that neither Great Britain nor Japan has an exclusively naval section of air and therefore a ratio arrangement will be almost impossible to negotiate with them. We think that you may see obvious advantages in taking existing numbers as our basis of discussion rather than arbitrary ratios. We venture also respectfully to raise the thought that "requirements" of any one power while computable within the boundaries of that power are not tenable as a basis for presentation of figures to other powers. We have contested for years this theory of "requirement" as applied to naval needs.

GIBSON

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500.A15A4 General Committee/256: Telegram

*The Acting Chairman of the American Delegation (Gibson) to the Secretary of State*

GENEVA, March 27, 1933—9 p. m.

[Received March 27—7:30 p. m.]

595. My 593, March 25, 3 p. m.<sup>10</sup> The morning and afternoon sessions of the General Commission completed the discussion of the British plan by practically every delegation including, today, the French, German, Spanish and Japanese. The tenor of the comments continued to be of a general nature for the most part, expressing willingness to take the British draft as a basis for future discussions. Sir John Simon closed the debate with remarks of a general character which did not attempt to reply to certain specific suggested amendments and omissions such as trade in and manufacture of arms, budgetary limitation, et cetera. I took no part in the debate.

A resolution submitted by the United Kingdom delegation (Conference Document C. G. 52) was voted this afternoon to the effect that the British draft would be the basis for subsequent discussion and that the General Commission would proceed at its next meeting after the Easter vacation to examine this draft chapter by chapter and article by article.

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<sup>10</sup> Not printed.

The President set Tuesday April 25 as the date for re-convening the General Commission.

The General Commission was then adjourned with this understanding that the various technical committees would function meanwhile according to the decisions of the various chairmen.

GIBSON

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500.A15A4 Air Armaments/234 : Telegram

*The Secretary of State to the Acting Chairman of the American Delegation (Gibson)*

WASHINGTON, March 28, 1933—7 p. m.

313. Your 584, March 22, 6 p. m., and 589, March 23, 8 p. m.<sup>11</sup> We see no objection to the draft joint statement and approve of your proposed method of handling the matter.

HULL

## II. AMERICAN PLANNING DURING THE RECESS, MARCH 28-APRIL 25

500.A15A4 General Committee/268 : Telegram

*The American Delegate to the Bureau of the Conference (Wilson) to the Secretary of State*

GENEVA, April 1, 1933—3 p. m.  
[Received April 1—12:40 p. m.]

598. Your 311, March 23, 6 p. m. As a result of preliminary consideration here based on necessarily inadequate information we are startled at the expenditure which apparently would be involved in any measures to carry out the proposed treatment of mobile land artillery together with its conversion and installation into fixed fortifications coupled with the auxiliary expenses thereto.

We are predicating this discussion upon the following:

1. That our thesis of the limit of 155 millimeter for mobile land guns will be accepted.
2. That there will be no limitation on numbers of guns converted and installed on fixed mounts for coast artillery.
3. That separate consideration must be given by us to the material for coast defense and to prohibited material for mobile land armies.
4. That most destruction of material will apply to that now used for mobile land warfare.
5. That there shall be no contractual obligations to destroy material but disposition of prohibited material shall be taken solely in accordance with technical considerations.

Under the foregoing consideration we believe we may be compelled to face the following.

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<sup>11</sup> Latter not printed.

(a) There appear to be some 800 pieces of mobile artillery above 155 millimeter (technically field pieces) which for technical reasons might be considered unsuitable for installation on fixed mounts and in addition approximately 200 pieces of mobile heavy artillery, railway and seacoast, which is suitable for conversion to fixed mounts.

(b) The cost of conversion with necessary auxiliary installations cannot be calculated here. An estimate of the amount involved based on the acceptance of the portion of the British plan which meets with the assumptions in the second paragraph would be greatly appreciated.

(c) The acceptance of any proposal you made for the abolition of heavy mobile artillery will certainly involve the conversion from mobile to fixed mounts of approximately 200 railway guns of this character which we now have. However, careful study is required to determine the number of guns which must be installed in addition to those converted to fixed mounts in order to counteract the reduction in the power of defense due to the loss of mobility.

(d) The construction of an undetermined number of field pieces of the calibre of 155 millimeter or below to replace the 800 guns mentioned in above.

(e) Our information is not sufficient to estimate a figure but we see a far reaching expense both at home and overseas for a coordinated defense due to the necessary installations including emplacements, magazines, ammunition, fire control, trackage, storage, personnel with provisions therefor, mine fields, harbor boatage, wharfage, breakwaters, et cetera, which will be inevitable in a program to maintain the present defensive power of our harbor defenses and to compensate for the laying down heavy mobile guns.

(f) We feel that a time limit will be insisted on for conversion, destruction or immobilization and this will necessitate the concurrent appropriation of funds to carry out accepted treaty provisions. While we can agree to immobilization prior to conversion we feel that such action might prove unacceptable to other powers and at the same time might temporarily jeopardize national defense.

(g) The question of land material may be considered by the General Commission shortly after May 1st. We realize detailed study of this problem is not possible in so short a time but we would greatly appreciate an approximate estimate of costs involved and if these estimates are deemed prohibitive then some guidance in order that we may consider alternative measures which may not be unsatisfactory.

(h) We fear for the fate in the Senate of any treaty which carries with it the unfavorable immediate result of a vastly increased expenditure in connection with armaments.

WILSON

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500.A15A4 General Committee/273 : Telegram

*The Secretary of State to the American Delegate (Wilson)*

WASHINGTON, April 3, 1933—6 p. m.

315. Your 598, April 1, 3 p. m. Your telegram raises questions of such importance and appears to imply (especially in paragraphs c and d) a viewpoint so at variance with the spirit of our publicly expressed

position in favor of the abolition of heavy mobile land artillery that, before formulating any conclusions, we should like to have the views of Norman Davis who went over the problem thoroughly with the Chief of Staff<sup>12</sup> before sailing. Please therefore repeat your 598 and this telegram to Davis in Paris. Upon receipt of his comments, we shall ask the War Department to undertake the necessary technical studies in time for the consideration of the question by the General Commission.

HULL

550.S1/596 : Telegram

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

LONDON, April 4, 1933—3 a. m.  
[Received April 4—2:30 a. m.]

72. From Davis. Leaving Tuesday morning the 4th for Paris and am considering going to Berlin from Paris Friday evening for brief visit. As I explained to you recently I had planned to visit Berlin on my last trip at the German Government's rather urgent invitation and Neurath<sup>13</sup> had made all arrangements but I was prevented at the last moment from going. Consequently I received a letter in New York from Neurath expressing the hope that I would go to Berlin upon my return to Europe. In view of this I sent word to Neurath informally, that if he still wished to have me go to Berlin I would endeavor to do so at a time that was mutually agreeable. A reply came from Neurath today through the German Ambassador<sup>14</sup> here that he would like very much to have me come to Berlin, that he was planning to leave there next Saturday to be gone until the 24th and that he would like to have me come either this week or after the 24th. Feeling that I could not leave before Friday evening and realizing that I could not well go after the 24th since the Disarmament Conference convenes on the 25th I informed the German Ambassador that if Neurath found it convenient to delay his departure for 1 day I would leave Friday night if possible and spend Saturday and perhaps Sunday in Berlin. I feel that a trip to Berlin is important since it would be difficult to size up the situation as regards disarmament without learning at first hand the attitude of the present government and also feel that it is desirable to get their attitude about the Economic Conference.<sup>15</sup> If for any reason you do not think advisable for me to

<sup>12</sup> Gen. Douglas MacArthur.

<sup>13</sup> Konstantin von Neurath, German Minister for Foreign Affairs.

<sup>14</sup> Leopold von Hoesch.

<sup>15</sup> For correspondence relating to the Monetary and Economic Conference, held in London, June 12–July 27, see pp. 452 ff.

make the proposed visit now please cable me Tuesday at Paris as I must give a definite answer to Neurath by Wednesday. [Davis.]

ATHERTON

550.S1/613

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

WASHINGTON, April 4, 1933.

MY DEAR MR. PRESIDENT: The accompanying telegram<sup>16</sup> from Mr. Norman Davis presents a somewhat puzzling situation. In brief, he proposes to leave Friday night for Berlin, spending Saturday and Sunday there. He finds that it is difficult to size up the situation as regards disarmament without learning the attitude of the present Government in this connection, as well as their attitude about the Economic Conference. He asks that we cable an expression of our views today.

I attach a brief memorandum containing the reasons in favor of Mr. Davis' trip to Berlin and the reasons against it. My personal inclination would be for him to delay his visit to Berlin, inasmuch as it would be very difficult to overcome the presumption that he was going to discuss the Jewish situation.<sup>17</sup> In fact, the Jewish organizations have been pressing the Department from the beginning to send Mr. Davis to Berlin.

May I ask you to be so kind as to let me know your wishes today?  
Faithfully yours,

WILLIAM PHILLIPS

[Enclosure]

*Reasons in Favor of Mr. Davis'  
Trip to Berlin*

*Reasons Against*

1. Germany holds the key to Disarmament, and to the political problems involved in treaty revision.

2. Her position has been one of aggravation and threat.

1. His visit would be generally construed as bearing upon the Jewish situation.

2. It would be difficult for him to avoid discussing the problem, with possible embarrassment either in this country, in Germany, or both.

<sup>16</sup> *Supra.*

<sup>17</sup> For correspondence relating to the persecution of Jews in Germany, see vol II, pp. 320 ff.

3. Mr. Davis, as a disinterested outsider, might well be able to exert a quieting influence, and discourage any action which might precipitate a crisis.

4. As Mr. Davis has never yet visited Berlin, there have been signs of resentment, which may be accentuated if he now declines von Neurath's invitation, and thus diminish his eventual influence.

3. It might not be advisable for a special representative of President Roosevelt to be entertained by the present German Government.

4. It seems doubtful whether von Neurath will remain long as Foreign Minister.

550.S1/612

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*Memorandum by President Roosevelt*

WASHINGTON, April 4, 1933.

For the Secretary of State and the Under Secretary. I think it is important enough for Davis to go to Berlin at once, to outweigh the Jewish problem.

He should (& we should) make it entirely clear to the public that he goes there (1) because von Neurath will be away after Saturday & (2) that he will discuss only disarmament & the economic conference dates.

FRANKLIN D. ROOSEVELT

550.S1/608 : Telegram

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

WASHINGTON, April 4, 1933—6 p. m.

64. For Norman Davis. Your 72, April 4, 3 a. m. from London. I think it highly important for you to visit Berlin at the end of this week as you planned. There will however undoubtedly be a good deal of speculation in the press concerning your visit owing to the tension in this country over the attitude of the German Government toward the Jews. I hope therefore that you will make it very clear to the press that you are going to Berlin at the present time because von Neurath will be away after Saturday and that you will discuss only disarmament and the economic conference dates. As soon as you have completed your arrangements to leave Paris Friday night please telegraph at once in order that we may inform the press here<sup>18</sup> of your visit stressing the same two points.

HULL

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<sup>18</sup> See Department of State, *Press Releases*, April 8, 1933, p. 219.



550.S1 Washington/359

*Memorandum by the Chairman of the American Delegation (Davis) of a Conversation With the President of the French Council of Ministers (Daladier)*<sup>19</sup>

Mr. Davis began by telling M. Daladier that he had spent a few days in England at the invitation of Mr. MacDonald, principally to discuss the arrangements for the forthcoming Economic Conference of which Mr. MacDonald was the chairman; that nothing had as yet been decided on that score and that they had touched rather lightly on the questions of Disarmament and the Four Power Pact,<sup>20</sup> as these two latter things were at the present inextricably involved one with the other.

The Prime Minister intervened to say that he thought that the Mussolini Pact had made Disarmament infinitely more difficult due to the fact that it distinctly provided for the rearmament of Germany which was a thing he could not possibly permit or subscribe to in any form. He said that he had always been in favor of strong measures of disarmament and that the sooner these were obtained from all the Powers the better. However, he felt that the level should be obtained by the downward grading of other Powers and not by an upward grading by Germany. He said that, had he been in power when Brüning<sup>21</sup> had been in power in Germany, he might have obtained something along these lines, but faced with Hitler and hitlerism, the whole problem was difficult.

Mr. Davis said that this was of course understandable; that there was no question as to the mistake that had been made in not taking advantage of the Brüning regime in Germany for a greater *rapprochement*, particularly on the question of armaments, but that at present it was not a matter of contemplating the mistakes of the past, but of looking forward to what could be done in the future, and in particular of deciding on an immediate and drastic first stage that would encourage the belief that further and realistic stages of disarmament would follow.

M. Daladier said that of course it must not be forgotten that France had made some progress on disarmament on its own volition as compared to some years ago, but he agreed that some drastic step as part of a program of immediate revision was essential.

The Prime Minister said that he had recent news from Germany indicating that one of the greatest difficulties was that Hitler did not have much idea of either what he was doing or what he wanted

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<sup>19</sup> Paris, April 5, 12:45 p. m., at the Ministry of War; James Theodore Mariner and Allen W. Dulles were also present. The memorandum was transmitted to the Department under covering letter of April 13, 1933; received April 22.

<sup>20</sup> For correspondence relating to the Four Power Pact, see pp. 396 ff.

<sup>21</sup> German Chancellor, 1930-32; leader of the German Center Party.

to do and seemed to be considerably lost as head of the government instead of head of an opposition. As recently as two days ago, M. Daladier had been informed that Hitler even contemplated offering Brüning the portfolio of Foreign Affairs in view of the disturbances in Germany and the foreign reaction to the Jewish persecution, and Mr. Davis said that this tallied to some extent with the information which he had with regard to the protests of Von Neurath on this subject. Mr. Davis and the Prime Minister agreed as to the reasonable character of Von Neurath and his efforts to bring about a reasonable frame of mind in the government, and Mr. Davis said confidentially that he had decided to visit Berlin at the end of the week partly because after he had tentatively arranged last December to go at Neurath's invitation he was at the last moment unable to do so. He had told Von Neurath that on his return he would go to Berlin and had just received word from Neurath that he would be welcome now. The Prime Minister responded that he thought it an excellent idea and a good moment to do so, especially as under the circumstances it could not be interpreted in any way as an endorsement of Hitler but rather as an endorsement of disarmament.

With reference to the Italian project, Mr. Davis said that France should be grateful that the Mussolini Four Power idea was distinctly an indication that he did not wish to tie himself up alone with Hitler. M. Daladier said that this idea would bear considerable reflection since he felt that the diplomacy of Machiavelli was still the rule in Italy, but on the whole he agreed with Mr. Davis' deduction and that assuredly the *Anschluss*, for example, offered a far greater menace to Italy than it did to France and that no doubt that was understood. Mr. Davis said that for these very reasons this seemed the moment when Italian friendship should be sought and obtained by France, since it would be done at no great sacrifice at the present moment in view of the menace Hitlerism might be thought to constitute for Italy.

Pursuing this question of French relations with other countries at the moment, Mr. Davis said that if Germany should ever calm down and be intelligent for six months at a time, France would find itself in a difficult position to justify its great armaments; that thus far German stupidity had always been counted upon to obtain France friends in moments of necessity.

The Prime Minister agreed laughingly to this and said that it had become a habit of France to count on Germany's clumsy aberrations to win back her friends when she had become isolated.

Mr. Davis said that he did not think that this should be counted on forever and that the thing to study was what real step could be taken that could do some good to the whole world in the line of disarmament.

He said that he wanted to go into these matters in some detail and more profoundly with the Prime Minister at his convenience. The Prime Minister then asked Mr. Davis' plans and on learning that he would probably pass through Paris next week, said that he was most anxious for an opportunity for such discussion and this would give good chance as Parliament would rise shortly for its Easter vacation which would leave him more free.

Mr. Davis said that it was of the greatest importance that the three great democracies,—France, England and the United States, should in the first place establish some harmony among themselves before April 25th when the Disarmament Conference was due to reconvene and that any common ground that could be found among these three should likewise be made to include Italy and Germany.

In closing Mr. Davis said that he had been most happy to make the acquaintance of M. Daladier of whom he had heard so many favorable things from Mr. MacDonald and Mr. Gibson.

N[ORMAN] H. D[AVIS]

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500.A15A4 General Committee/274 : Telegram

*The Chargé in France (Marriner) to the Secretary of State*<sup>22</sup>

PARIS, April 5, 1933—8 p. m.

[Received April 5—6 p. m.]

135. From Norman Davis. Your 315, April 3, 6 p. m. to Wilson. Circulation of the British plan<sup>23</sup> will bring up shortly, possibly by May 1st, question of abolition of heavy mobile artillery which has been the subject of many public declarations on our part and which we have consistently advocated as part of a comprehensive plan.

Heretofore we have talked in general terms; now we must get down to specific details and consider specially what we can do, the conditions under which we can do it and the cost involved. In addition, we must consider the treaty as a whole and weigh the advantages to be gained by the total amount of disarmament for which it provides against these costs. Wilson's 598<sup>23a</sup> was, I understand, drafted with these considerations in mind.

It must be borne in mind that whatever reductions are made will be by stages and that in similar fields we can probably accept anything that is acceptable to the French Government but in fields in which the French have no interest we may have difficulties.

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<sup>22</sup> Copy sent to the White House.

<sup>23</sup> See telegram No. 569, March 17, noon, from the Acting Chairman of the American delegation, p. 43.

<sup>23a</sup> April 1, 3 p. m., p. 77.

I am mindful of my talk with the Chief of Staff and his memorandum of March 21<sup>24</sup> and the questions raised in Wilson's 598 seem to be natural consequences of his views.

In view of the importance of questions raised in Wilson's 598 I think it would be wise to cause as complete a study as possible to be made prior to May 1st. We should have all pertinent facts before us in order to permit us to determine our position at the proper time. [Davis.]

MARRINER

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550.S1 Washington/359

*Memorandum by the Chairman of the American Delegation (Davis) of a Conversation With the German Chancellor (Hitler)*<sup>25</sup>

Mr. Davis said he welcomed this opportunity to meet the Chancellor and to discuss ways and means of bringing about a successful result of the Disarmament Conference and also to consider matters relating to the World Economic Conference. The Chancellor replied that he likewise welcomed this opportunity to meet Mr. Davis and said that he could tell him at the outset that Germany believed in disarmament but that that did not mean solely the disarmament of Germany but that other Powers must also disarm. Germany had no intention of leaving herself as defenseless as she now is with France and her Allies having a crushing superiority over her. Mr. Davis replied that he felt Germany would be on more solid ground if their spokesman emphasized their desire for protection against invasion and made clear that they did not want the means to invade any other country. The best solution he could see would be for all countries to be deprived of the power of successfully attacking any other countries, that is, to strengthen the means of defence and and to weaken the powers of aggression so as to keep armies where they belonged, i. e., at home.

The Chancellor then stated that the root of all the difficulties was the Versailles Treaty<sup>26</sup> with its provisions designed to keep Germany forever in a state of inferiority and to discredit them in the eyes of the world. He asked what would have happened in the United States if, after the Civil War, the Northern states had tried to make the Southern states sign a treaty which would have held them in subjection for an

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<sup>24</sup> Not printed.

<sup>25</sup> Berlin, April 8, 4 p. m.; also present were Baron Konstantin von Neurath, German Foreign Minister; George Anderson Gordon, Counselor of the American Embassy in Germany; Allen W. Dulles of the American delegation; and Herr Hanfstaengl, who acted as interpreter. The memorandum was transmitted to the Department under covering letter of April 13, 1933; received April 22.

<sup>26</sup> *Treaties, Conventions, etc., Between the United States of America and Other Powers, 1910-1923* (Washington, Government Printing Office, 1923), vol. III, p. 3329.

indefinite period of years. Mr. Davis replied that he happened to be a Southerner himself and that he could say without fear of exaggeration that the way the North treated the South after the Civil War was far worse than anything France had done to Germany. The North even went so far as to put in ex-negro slaves as judges and it was not until 1872 that representatives of any Confederate States were able to sit in Congress.

The Chancellor replied that he had probably chosen a bad example in citing the instance of a civil war. For civil wars are almost always very bitter. But, take the War of 1871, for example. They had formal proof that France deliberately started that war, yet in three years the war was entirely liquidated and France was free to pursue her military, naval and colonial policies as she saw fit. Take also the case of the war with Spain at the conclusion of which the United States imposed no terms upon the vanquished which were in any way similar to those of the Versailles Treaty.

Mr. Davis replied that in the case of the Spanish War one of the reasons why the terms of the peace were made easy for Spain was because the United States had no fear whatever of Spain. Such was not the case as regards the relations between France and Germany, for France stood in real fear of what a strengthened Germany might do.

The Chancellor interrupted Mr. Davis to exclaim that he did not see how there could be any real ground for France to fear Germany. Germany was defenceless and France, in addition to its large well trained army had over four thousand military airplanes, thousands of tanks, heavy guns and all kinds of materials of war. It was ridiculous for France to have any fear of Germany. The only reason why France could have any apprehension of Germany was because she knew she was doing an unjust thing in trying to force Germany forever to live under treaty conditions which no self respecting nation could tolerate. These conditions were not compatible with the promises which had been made to Germany in the fourteen points of President Wilson<sup>27</sup> on the basis of which Germany had agreed to lay down her arms.

Mr. Davis said that he was not attempting to argue in favor of or defend all that had been done since the World War. He would state in passing that the United States at the time of formulating the Treaty of Versailles had tried, without complete success, to eliminate some of the terms which it considered too harsh. Since the signing of the Treaty it had used its good offices to mitigate some of the articles of the Treaty. Mr. Davis also pointed out that notwithstanding certain

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<sup>27</sup> *Foreign Relations*, 1918, supp. 1, vol. 1, pp. 15-16.

bad points the Treaty nevertheless had a feature which was unique in that it contained provision for a peaceful revision of its terms.

The Chancellor asked what Mr. Davis meant by this and Mr. Davis replied that he referred specifically to Article 19<sup>28</sup> and to the various Commissions set up under the Treaty. The fact that these facilities may not have been used to the extent which might have been desirable did not exclude the possibility of making future use of them. Mr. Davis added that he wished to emphasize that he had been working with the French off and on for fifteen years. He had never found them in a frame of mind more favorable to a reduction in armaments and to considering revision at least of the military clauses of the Treaty of Versailles. Herriot<sup>29</sup> and Daladier, who had never been defenders of all of the Versailles Treaty are now the men in power. What would have been impossible under preceding Governments of the Right might well be accomplished if the recent occurrences in Germany do not make the French too hesitant or too fearful to pursue this more liberal policy. At present Messrs. Herriot and Daladier for political reasons were forced into the position of defending the Treaty of Versailles, more or less as it stood, but this did not mean that peaceful revision in certain particulars, especially disarmament, was impossible. When you come right down to it, French policy is based upon her fear of a more populous and a potentially powerful and resentful Germany.

The Chancellor replied that France well knew that this resentment in Germany was the natural consequence of the peace which she has imposed. It was no wonder that Germany should be resentful of her present position, entirely exposed on its eastern frontier to Poland with its vastly superior armaments. France on the west was protected by the Pact of Locarno<sup>30</sup> but Germany has no such protection and is under constant fear of invasion by Poland.

Mr. Davis inquired whether it was really a fact that they feared Poland would invade them. The Chancellor replied that this fear was very real, that they must have means of defending themselves against it, and that whatever opposition may arise from any source, they intended to have it. He added that at any time there might be an incident on the Polish frontier which would result in the invasion of Germany. We knew from our history how incidents could provoke wars. Take for example the blowing up of the *Maine*. Any incident whether accidental or intentional, could at any time start trouble and Germany must always keep this in mind.

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<sup>28</sup> *Foreign Relations*, The Paris Peace Conference, 1919, vol. XIII, p. 92.

<sup>29</sup> Leader of French Radical Socialist Party; Chairman, Committee on Foreign Affairs, Chamber of Deputies.

<sup>30</sup> For texts of the agreements signed at Locarno, October 16, 1925, see League of Nations Treaty Series, vol. LIX, pp. 289-363.

The Chancellor then added that he wanted Mr. Davis to realize that he did not want war, that he had fought right through the World War and that he knew the horrors of it and that if war came it would never be of his seeking.

The Chancellor then alluded again to the oppressive character of the Versailles Treaty and the necessity for revision. Mr. Davis replied that in his opinion the best way to obtain a revision was not to keep on talking about it publicly but to proceed quietly through conferences and commissions to get modifications here and there of various provisions of the treaty so as to reduce political tension, particularly as between France and Germany and give greater assurance for world peace. Too much talk about revision destroyed international confidence, especially if the idea is created abroad that anything in the nature of an attempted forcible revision was intended. Recent occurrences in Germany and reports of the excesses which had attended and followed the Governmental changes, had been very disturbing to public opinion abroad and had prejudiced the attitude towards Germany of public opinion in many countries and shaken international confidence in Germany to some extent. Further, it was unfortunate to create any impression that any agreements within the political or economic field which have been solemnly entered into should be modified by force.

The Chancellor then reiterated that they did not intend to use force (*Gewalt Akt*) to bring about any revision of agreements and that they intended to fulfill their obligations to the extent that they were allowed the means to do so. If, on the economic side, the markets of the world are closed against Germany they might be unable to find the wherewithal to pay their debts and the world should not be indifferent as to Germany's ability adequately to protect the millions of foreign capital that are invested in Germany.

Mr. Davis remarked that unfortunately various occurrences and pronouncements had led some of Germany's neighbors to believe that there might be an intention to find an occasion to seize the Polish Corridor by force. The Chancellor denied that there was any such intention but stated that they could not forever live under the terms of a Treaty which was iniquitous and based entirely upon false premises as to Germany's war guilt.

Mr. Davis stated that if Germany was not too unreasonable in her demands and inspired confidence in her peaceful intentions she could thus gain for herself the support of public opinion for such reasonable modifications as may be justified and in this way would promote her own best interests and world peace. Sentiment was certainly growing for the reduction of the armaments of the armed Powers and the pressure of this sentiment would certainly bring results but if Ger-

many emphasized any desire to rearm popular sentiment would undoubtedly change and Germany would defeat her own objective and find it all the more difficult to bring about the general reduction of armaments which was necessary to world peace.

In concluding the interview the Chancellor expressed his satisfaction in meeting Mr. Davis and reiterated that there was no change in the fundamental policies of Germany on the arms question which had been set forth by Baron von Neurath.

N[ORMAN] H. D[AVIS]

500.A15A4/1817 : Telegram

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

PARIS, April 16, 1933—8 p. m.

[Received April 18—8:40 a. m.<sup>31</sup>]

163. From Norman Davis. With reference to our conversations in Washington relative to the so-called question of security, I have, after considerable thought and extensive discussions with my associates here, reached definite conclusions as to the position we should take but obviously I have not been able to consult with the delegates in the United States.

As you are aware the primary obstacle to real progress in disarmament has been the inability to agree upon measures of security. For years France has insisted that she cannot afford to effect any substantial reduction in her armaments and thus diminish the security which her armaments now furnish without commitments from other powers, and particularly England and the United States, to assist her in case of attack. This we have definitely refused to consider and they now accept the fact that we will make no such commitment. Accordingly thought in Europe has now evolved to the extent of formulating a plan whereby,

(a), the European states would agree upon measures for mutual assistance to a state in Europe which may be the victim of an aggressor and,

(b), non-European states would undertake,

1, to confer in the case of a violation or threat of violation of the Briand-Kellogg Pact,<sup>32</sup>

2, to determine if possible in such consultation what state is the aggressor and,

3, in the event that an aggressor is found not to interfere with the collective action which the European states may elect to apply against the aggressor.

<sup>31</sup> Telegram in seven sections.

<sup>32</sup> Treaty for the Renunciation of War, signed at Paris, August 27, 1928, *Foreign Relations*, 1928, vol. 1, p. 153.



In other words such an agreement for us would mean that we would merely codify the implications of the Briand-Kellogg Peace Pact and the precedents established under it. Aside from any contractual obligation it is our moral duty and in our interests to confer with a view of preserving peace and if, as a result of an investigation of a breach of peace, we should concur in the judgment that a particular power has been the aggressor we could not without stultifying ourselves invoke the rights of neutrality so as to interfere with collective action which might be taken against such power by other nations.

In dealing with this question of security it is becoming increasingly evident that it is especially European or regional since the nations in Europe are primarily concerned and the nations outside deeply but less directly concerned. With regard to a violation of the Briand-Kellogg Pact in any part of the world outside Europe it is evident that no collective punitive action will be taken without the concurrence of the United States and in fact the others will wait for our lead. This as has been demonstrated is true whether or not we instigate or follow a decision of the Council of the League of Nations.

Part I of the MacDonalld disarmament plan was intended to cover the security phase of the problem; it is so worded as to contain a specific obligation to confer but a rather indefinite commitment as to the purposes of such consultation and the action which might be determined upon as a result thereof. It is, however, loosely drafted and so indefinite in its implications as to lead to misunderstanding and greater risks than if we carefully restrict and define our obligations. Furthermore we do not believe the French will accept it. The French have always maintained that as far as they are concerned the measure of disarmament will be in direct ratio to the measure of security. It is theoretically possible, therefore, to write additional article of very restricted objectives embodying only an agreement to consult in the part dealing with security but the very limited scope of the treaty would make it totally unacceptable to Germany. Thus it would appear to be in our own interest to assist in bringing about a condition in which a treaty is possible for continental Europe and which can bring a real measure of appeasement. Especially is this true if as I believe the maximum obligation we would assume would be merely that of non-interference in given circumstances.

In my opinion the machinery which might be set up for collective punitive action or for mutual assistance in the event of the outbreak of war in Europe would probably break down if such punitive action should be directed against any major power and the courageous course would be to lay more emphasis on measures to prevent war and particularly to increase the power of defence and weaken that of offense rather than to rely so much on punitive measures to be taken against

a nation that starts a war. One of the principles on which we are constantly insisting and which is daily gaining ground is that the best security would be to diminish the power of attack and augment the power of defense. While the soundness of this principle is recognized those states which are potentially weaker than their neighbors in industrial resources and population claim that the adoption of the principle must be accompanied with strict supervision of the neighbors' activities and above all by a threat of collective action which would deter the neighbor from a violation of his obligations. We should, however, recognize that if the European powers can get any comfort through setting up the machinery for collective action limited to the Continent there is no sound reason why we should stand in the way so long as we can cooperate without becoming involved ourselves and furthermore diminish the probability of a European war or of our being drawn into it.

French policy is, of course, dictated primarily by fear of Germany. For years they were persuaded that they could keep Germany down and dominate Europe by their own force and that of their alliances. For the past year, however, especially since their last elections, their leaders have come to a realization that the French people are becoming restive under the burden of armaments and that neither their armaments nor their alliances give them adequate permanent security and that indeed they are becoming in themselves a source of resentment, uneasiness and political instability. Although still under the fear of Germany, a fear the more acute because of the war state of mind and the recent developments in that country, French leaders are casting about for a way to reduce their armaments, lessen the liabilities of their alliances by giving some appeasement to Germany and, at the same time, build up machinery for the organization of peace and for collective action if Germany runs amuck. Not the least of the difficulties of the French Government in this situation is the problem of allaying the apprehensions of the French people. If they can tell them that effective steps have been taken for the organization of peace in Europe the French people may be satisfied that they can safely accept substantial measures of disarmament by progressive stages. To this end the policy which I am suggesting will be a valuable contribution.

I recognize that article 16 of the League Covenant<sup>33</sup> purports to provide for collective punitive action where member states are involved in an act of aggression and that it might be urged that we should adopt the same policy of non-insistence upon neutral rights if any collective action is taken under article 16 in parts of the world other than con-

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<sup>33</sup> *Treaties, Conventions, etc., 1910-1923*, vol. III, p. 3336.

tinental Europe. This, however, is a theoretical rather than a practical objection to the policy I have outlined. As I have suggested no collective action will be taken outside of continental Europe unless we are in agreement. The crux of the question we have before us is the maintenance of European peace and it is only here that a really sincere effort is being made to provide for the organization of peace and collective action. As a practical matter I see no reason why we should not limit our undertaking to non-interference with collective action resulting from a continental European agreement assuming, of course, that we concur as to the party responsible for the breach of the peace and at the same time retain complete freedom of action in any situations arising elsewhere.

I have not attempted to put our views in the form of a draft for a treaty but have set forth our ideas extensively in a separate cable, 164, April 16, 9 p. m.,<sup>34</sup> the questions really boil down to this.

1. Assuming a general disarmament treaty which represents a substantial achievement are we prepared in connection therewith to agree to consult in case of a threat to the peace.

2. Assuming that in connection with such a disarmament treaty the continental European powers agree among themselves upon special measures for maintaining or guaranteeing peace in continental Europe and for determining and taking collective action against a Continental state responsible for a breach of peace (or of the Briand-Kellogg Pact) are we prepared to agree to refrain from any action, and to withhold protection from our citizens if engaged in action, which would tend to defeat the collective action which the European states may have decided upon; such action on our part to be predicated upon our independent decision that the state in question has in fact been responsible for the breach of the peace?

Since part I of the British plan regarding security will be the first question brought up in Geneva on the reconvening of the Conference it is necessary for my guidance to know if the President and you concur in principle to the adoption of such a policy as that outlined and I shall appreciate as early a reply as possible. If you concur in such a general policy I feel that we should consider most carefully when and how it is best to make our position known, determining whether it should be announced at the appropriate time by the President or be held back and disclosed only in the course of our proceedings in such a way as to be used to the best advantage in our negotiations or whether to adopt a combination of both. In any case until definite procedure is decided upon it is important that the effect should not be weakened by premature disclosure. [Davis.]

MARRINER

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<sup>34</sup> *Infra.*

500.A15A4/1815: Telegram

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

PARIS, April 16, 1933—9 p. m.

[Received April 18—6:05 a. m.<sup>35</sup>]

164. From Davis. [1.] We have prepared the following general analysis of the basic fundamental elements in the disarmament situation as they appear to us on the basis of the analysis and discussion of the past 7 years. Two factors stand out so definitely as to warrant serious consideration in determining our policy, (1) the impracticability of the universal treatment of certain phases of the problem particularly that of land armaments and consequently the need for applying regional treatment and, (2) the importance of determining the effect upon neutral rights and obligations of the postwar development of international law. These questions are closely related especially in so far as concerns American participation in disarmament and the latter has been particularly treated in my telegram 163, April 16, 8 a. m. [*p. m.*], paragraph 1. The continent of Europe presents a special problem in contrast to the rest of the world as regards disarmament.

The states of Europe are highly developed, have few and ineffective natural frontiers and have particular racial and historical bitternesses. They are animated by mutual distrust so deep that in the opinion of most of the European states only the most far reaching organization of control and supervision of treaty provisions together with the setting up of machinery for collective action will satisfy them. Consequently the continental European states are concentrating on the idea of organizing themselves in such a way as to make war too costly and dangerous for any aggressor. From this there arises a willingness on the part of most, if not all of these powers, to commit themselves to collective punitive action against an aggressor to a much greater extent than the rest of the world is disposed to do. Continental European thought is predicated upon the disastrous experiences of the past and the fear psychology produced thereby. In fact continental Europe looks upon peace as an interval between wars while the rest of the world considers peace as the normal and continuing condition.

2. Great Britain presents a factor quite separate from the rest of the states of continental Europe. Geographically speaking Great Britain through the Empire has as great if not greater interests in the rest of the world than it has in continental Europe. Politically speaking Great Britain has serious commitments in the continent of Europe resulting from the Covenant of the League and the Locarno

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<sup>35</sup> Telegram in twelve sections.

treaties and some of the Continental states will certainly insist upon some association by England with a continental organization of peace. Nevertheless from the initiation of the Covenant of the League Great Britain has tended to interpret the Covenant as an indefinite obligation and has sought to avoid, if not evade, the strict construction which most states of the Continent prefer and which they are constantly struggling to reenforce vis-à-vis England.

Russia, like England, has very definite continental European problems and obligations and at the same time great interests outside of Europe.

Therefore, from the point of view of disarmament and the attendant political considerations the states of the world roughly speaking divide themselves into three categories:

- (a) the continent of Europe,
- (b) the British Empire and Russia,
- (c) and the rest of the world.

3. The United States of America has such a special relation towards the states of the American Continents and towards the Far East,<sup>86</sup> a situation which is special not only geographically but also historically and traditionally, that any endeavor towards collective punitive action outside the continent of Europe must almost inevitably depend upon the attitude of the United States. The reverse would seem to be true if the case arises on the Continent. Collective punitive action there would be determined, initiated and undertaken, by the states of that continent and the action of the United States in this connection while important would be supplementary thereto rather than the determining factor. This phase of the problem and suggestions as to our policy have been developed in my 163, April 16, 8 a. m. [*p. m.*].

4. Even before the initiation of the General Disarmament Treaty Japan's action in Manchuria had brought about a state of affairs in the Far East where it was inconceivable that Japan would accept for itself any such measure of disarmament as would be essential to write into a treaty relating to the continent of Europe if any satisfaction is to be given to Germany. This attitude of Japan's has had a vital bearing on our action as regards armaments. When we have discussed a treaty of universal application there has always been certain unreality as far as the United States is concerned because we know that we cannot accept a treaty limiting American armament unless the same type of limitation applies to Japan and that the measures of limitation which are now envisaged for a universal treaty will be essentially unacceptable to Japan. As a result it appears that a treaty which will be of any use in Europe in reducing the apprehensions, allaying the fears and to some extent conceding equality

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<sup>86</sup> For correspondence relating to the Far Eastern question, see vol. III, pp. 1 ff.

to Germany, will be a treaty which Japan will not now accept and which by the same token we cannot accept.

5. A brief examination of sections of the British plan shows that it can not have universal application.

(a) *Effectives*. It will suffice for the entire world with the exception of continental Europe to limit the numbers of men called to the national colors and to drop all reference to pre-military, extra-military training and to formations organized on a military basis.

(b) *Artillery*. Outside of the continent of Europe the heavy mobile artillery constitutes an essentially defensive factor and could be handled much more simply between the extra-Continental states than it could be between the Continental states on the one hand, and the extra-Continental states on the other hand.

(c) *Air Forces*. There is a complete divergence of thought on the Continent and in the rest of the world concerning civil aviation. There is the very natural desire on the Continent to limit the size of the individual military airplane in opposition to the equally natural desire outside of the Continent to have big airplanes for purposes of long haul, et cetera, which have a geographical basis in fact. This fundamental difference of opinion could be composed, it is believed, if the treaty were to be dealt with on a regional basis.

(d) *Security*. We have already stressed the regional character of the measures for security contemplated for Europe.

6. The reasonable, if not the only practical method of handling the many difficulties which have been analyzed above, would be to have a disarmament treaty of universal application only insofar as it calls for,

- (a) The renunciation of certain weapons in warfare
- (b) the limitation of navies
- (c) the establishment and activities of a permanent disarmament commission
- (d) a general obligation to consult when danger threatens
- (e) effectives and other analogous rules of general application.

Incorporated within the general framework sketched above should be separate documents covering: the special obligations assumed by,

- (a) the continent of Europe
- (b) England and perhaps Russia
- (c) the rest of the world.

Under the special treaty which would apply to the continent of Europe there would be not only the special measures of disarmament that they may agree upon as applicable to themselves but also any particular undertakings regarding security, collective punitive action, et cetera, they may wish. It is in connection with this document that we might consider a declaration to the effect that if, and when, the states of Europe (i. e. the Council of the League of Nations) have decided upon measures of collective punitive action against a Continental aggressor and if the Government of the United States is also

of the opinion that the state in question has violated the Kellogg Pact then the Government of the United States undertakes to refrain from action, and will withhold protection from its citizens if engaged in any action, which would tend to defeat the collective punitive action which the European states have decided upon.

7. Such action on security as sketched in the preceding paragraph would be the one most efficacious thing which we could do to contribute towards a solution of this most acute Continental problem which blocks disarmament in Europe. No measure of disarmament that we can undertake would have any appreciable effect in inducing Europe to disarm. It would constitute our supreme effort to help in bringing about conditions in which the states of Europe might perhaps find themselves able to solve the disarmament problem, at least for a period of years.

Such action would seem to cut two ways. First, it might, and we believe would, contribute substantially toward an agreement on disarmament and so constitute a definite step toward the relief of tension in Europe which is essential if we are not to have another clash there on a big scale. Second, this relief from tension would stimulate economic recovery. Third, we believe that an understanding by us of the character described above would not only strengthen our influence but would tend definitely to limit or at least diminish the necessity of our becoming embroiled in a European war.

The contractual obligation into which we would enter by such a procedure respecting neutral rights vis-à-vis the countries of Europe is a new form of undertaking as far as the United States is concerned. Nevertheless, I feel that the assumption of this undertaking might tend in the future to keep us out of serious complications in the event of the outbreak of war on the Continent. I submit that the objection which would probably be leveled at it, namely, that it is an entangling international agreement is unreal. While we may under certain conditions forego our rights we are also freed from corresponding obligations. These former rights or neutrality which are becoming somewhat obsolete are now merely rights to get into trouble as the world has evolved today. I should not think that there could be any strong argument brought forward in favor of attempting to maintain rights which might involve us in war when they can be got rid of without detriment to our interests or loss of national honor and indeed in such a way as to contribute to a solution of Europe's pressing and dangerous problems which after all affect us considerably.

It should be noted that the contemplated undertaking applies only to continental Europe and would not apply to Great Britain since in our scheme Great Britain would belong to the second category or circle and not to the first or Continental circle. I assume that any undertaking which would run the risk of aligning us even passively with

Continental powers in action against Great Britain would be unacceptable not only on sentimental grounds but on the more real grounds of the risk involved of a clash with the British fleet. We have therefore conceived this project with the distinct purpose among others of eliminating any possibility of being drawn into difficulties with Great Britain.

To summarize the relations of states both politically and economically are so close today that in the event of an outbreak in Europe it would be very difficult as things now are to resist the pressure of events and of public opinion towards our casting in our lot with one side or another. If, however, we have contractual relationships which clearly point out our duty, and if with the approbation and sanction of the states concerned this duty is restricted and limited to certain passive action, then it would seem that we stand a better chance of keeping our country from being dragged into the melee. Therefore, what appears to be an additional obligation and a new departure for us in the field of neutral rights actually is only a reasonable precaution or safeguard for our country in the light of the new relationships which are inevitably being thrust upon us.

To present the matter tersely we, together with all other states, would assume a contractual obligation in the event of war on the European Continent to forego our right to trade with an aggressor in that region. The price we all would pay would be infinitesimal in comparison with the advantages of keeping out of war and of sharing in the improvement of world conditions.

Such a contractual obligation should be considered in the light of its effects both in peace and eventual war;

(a) In peace we would lose nothing but would have a decided economic gain by contributing to international political stability to lessening fears and political tension in the European Continent.

(b) In war we, together with other states, might perhaps lose some foreign trade but at the same time we might gain by removing the causes which might and probably would drag us into the war.

In conclusion we recommend that we base our policy first on a regional treatment of disarmament along the lines suggested above combined with, second, a determination of our attitude on consultation and neutral rights. I would appreciate instructions on the former. As to the latter we have submitted our views together with a precise formulation of the questions involved in our 163, April 16, 8 p. m. Upon receipt of your instructions I will submit details as to methods recommended for giving practical application to such a policy in the forthcoming negotiations.

Cipher texts have been mailed Geneva and Brussels. [Davis.]

MARRINER



500.A15A4 General Committee/297: Telegram

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

PARIS, April 16, 1933—10 p. m.  
[Received April 18—9:30 a. m.]

165. From Norman Davis. In separate cables, numbers 163 and 164, I have made substantive recommendations regarding our policy in disarmament matters. There remains the question of procedure.

The General Commission will reconvene on April 15. At present no one sees exactly how the Conference can do constructive work immediately upon reconvening and there is very general apprehension that there may be a clash on matters of detail of the MacDonald plan which might lead to a rupture. The French have urged upon us the desirability of a postponement but are reluctant to make a move in this direction because of the reaction this would have in Germany. As I reported, Neurath<sup>37</sup> and Bülow<sup>38</sup> both felt that the Hitler Government would be unprepared on April 25 to commit itself on fundamentals and stated that a few weeks' delay was desirable but in the uncertain situation in Germany it is impossible to predict what the German attitude might be a few weeks hence and it is important to keep in mind that they would undoubtedly oppose any long delay and would probably withdraw from the Conference in the event of a postponement unless a definite date for reconvening in the relatively near future were fixed. MacDonald and Herriot's absence is an added reason for some delay particularly in the case of MacDonald as his sponsorship of the plan makes his presence here to help push the work along most important.

In the present delicate political situation it is particularly dangerous to attempt to do too many things at the same time. On April 25 and for a week or two thereafter the attention of the world and the activities of the principal foreign offices will be directed mainly toward the discussions in Washington.<sup>39</sup> A set-back in the disarmament work during this period would gravely prejudice the success of the economic work you will have in hand.

To create a basis for successful work at Geneva and to use every effort toward the ultimate success of the Economic Conference I am convinced that it is essential to bring about a political appeasement between the European Powers. The recent French memorandum<sup>40</sup> does not seem to me necessarily to close the door to agreement on some such basis as that proposed by Mussolini and MacDonald. If conversations on this subject should be held following the return of Mac-

<sup>37</sup> German Minister for Foreign Affairs.

<sup>38</sup> Secretary of State in the German Foreign Office.

<sup>39</sup> For correspondence concerning these discussions, see section on "Multilateral and Bilateral Preparations" for the London Economic Conference, pp. 452 ff.

<sup>40</sup> *Post*, p. 398.

Donald and Herriot from Washington and are successful in finding any basis for agreement among the four powers it might then be desirable to broaden these conversations to include consideration of the disarmament problem with the United States and later perhaps to include Poland, Czechoslovakia, Japan and Russia in so far as this question alone is concerned. Such conversations should pave the way for the Disarmament Conference to resume its work with some hope of success and the Economic Conference could then meet in an atmosphere which would tend to get the best results.

To carry out this program it would mean that when the General Commission reconvenes on April 25 it should after a few sessions adjourn its work for a definite period, say 3 or 4 weeks. (Before adjournment is proposed it would, of course, be necessary to secure the acquiescence of Germany and Italy as well as England and France.)

Certain of the technical commissions could continue their work and thus avoid an adjournment of the Conference. The interval should then be employed for the conversations suggested above.

If the President and you agree with the foregoing I would throw in my weight for an adjournment or if necessary even propose it if upon reconvening on the 25th there is any indication that the debates are likely to precipitate a clash between the French and Germans. In the present state of political tension such a clash might terminate the disarmament work, create a situation which would prevent any political agreement between the western European powers and imperil the success of the Economic Conference. [Davis.]

MARRINER

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500.A15A4 Air Armaments/242: Telegram

*The Secretary of State to the Chairman of the American Delegation  
(Davis)*

WASHINGTON, April 17, 1933—6 p. m.

318. Your 594 of March 27, 3 p. m. The following is a summary of the Navy Department's comments on your telegram, paragraph by paragraph:

*First Paragraph.* It is the Navy Department's view that even though any resultant agreement may take the form of a lump-sum allowance of planes to each nation, there should be within such allowance a definite limitation upon the number of planes which a nation may assign for naval use, as otherwise, with each nation free to allocate to its Navy any or all of its allowed air strength, the air limitation may become completely unbalanced on the naval side.

*Second Paragraph.* The Navy Department's views referred to related only to the naval limitation which may be made in the disarma-

ment treaty now under consideration by the present Conference. Further adjustment of the number of naval planes may subsequently be effected at the 1935 naval conference, to accompany the naval provisions adopted thereat.

*Third Paragraph.* Confidential sources indicate that the present air strength of Great Britain is 1,700 planes (naval and military), and of Japan 2,900 planes (1,100 naval and 1,800 military) as against 2,200 planes (1,000 naval and 1,200 military) for the United States. It is, moreover, understood that the current Japanese program calls for an expansion to a total of 3,700 by the end of 1933, of which 1,500 will be naval planes. The figures for Great Britain and Japan, while believed to be essentially correct, have not been absolutely confirmed and should not be quoted to any one outside the Delegation. They indicate, however, that the existing number of planes would not, so far as the United States is concerned, be a satisfactory basis of discussion.

The Navy Department recognizes the weight of your objections to the employment of "requirements" as a basis for the present negotiations. The number of planes necessary for naval defense is not a matter of absolute requirements, but is dependent primarily upon the relative naval strength between signatory Powers in surface vessels, particularly in those categories in which air planes are embarked: i. e., aircraft carriers, capital ships, and cruisers.

The Navy Department appreciates the complexities attendant upon fixing a ratio agreement as to naval air planes with Great Britain and Japan in view of their air organizations. It offers the suggestion, however, that the problem may be attacked by separating the total airplane strength of each country into two arbitrary components, military and naval. The naval components may then be discussed on the basis stated in the preceding paragraph, and the military components on such other basis as may be determined. In this connection, see comment on first paragraph.

HULL

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500.A15A4/1819 : Telegram

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

PARIS, April 19, 1933—6 p. m.

[Received 7:30 p. m.]

171. Personal for the Secretary from Norman Davis. I realize that in my 163 and 164, April 16th, I have raised a rather serious, contentious question, and at a time when the President and you are occupied with so many important pressing matters as to make it difficult to give at once to that presented by me the full consideration necessary to a final decision. However, the Disarmament Conference

has now reached a critical stage which made it necessary to present to you this particular problem in all of its aspects in order that you might at least begin to formulate your views as to the position we shall ultimately take. The adoption of the policy suggested by me would unquestionably mean taking a more advanced, and also, I think, a more constructive position than that heretofore taken in disarmament, but the limited progress so far made towards general disarmament indicates clearly that it is only by attacking the problem in a new and bolder spirit that we are to get satisfactory results.

In case you agree as to the soundness and feasibility of my suggestions it would be necessary, of course, to prepare the ground before definitely committing ourselves. You would also, I assume, want to talk the matter over with Senator Pittman<sup>41</sup> beforehand with a view of insuring his active support later on. I would, however, appreciate an early indication of your reaction. [Davis.]

MARRINER

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500.A15A4/1824 : Telegram

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

WASHINGTON, April 20, 1933—6 p. m.

97. Personal for Norman Davis. I fully appreciate the importance of sending you an answer to your telegrams Nos. 163 and 164 of April 16, and will do so as soon as possible. They have been before the President for the last 3 days and we have given them independent study here. The President's time, however, has been so full in connection with monetary and other economic problems that it has been impossible for him to give the careful study which a decision or policy of this importance requires. We therefore ask your patience and believe that you will recognize the importance of our reaching a decision only after mature reflection, even if at the cost of some delay.

HULL

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500.A15A4 General Commission/299 : Telegram

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

PARIS, April 22, 1933—3 p. m.

[Received 3:20 p. m.]

181. From Norman Davis. I find that neither Sir John Simon,<sup>42</sup> Daladier nor Paul-Boncour<sup>43</sup> will be in Geneva next week for the disarmament work as Simon cannot leave London until MacDonald's return and Boncour cannot, as he informs me, leave here until Herriot

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<sup>41</sup> Key Pittman of Nevada, Chairman of the Senate Committee on Foreign Relations.

<sup>42</sup> British Secretary of State for Foreign Affairs.

<sup>43</sup> French Minister for Foreign Affairs.

leaves Washington. Further, both Germany and Italy will be represented by subordinate officials. It is therefore clear that the stage will not be set at Geneva for important decision on mature consideration of policy for a week or two.

I think it advisable for me to carry out my original plan of being in Geneva on the 25th and shall leave here tomorrow, Sunday, afternoon but consider it would be unwise for me to prolong my stay there in the absence of the chief delegates of the other principal powers. Probably all that can be done at the present time is to work out procedure. At the moment all attention here and in England is directed to Washington because of the conversations there and the monetary situation. It would therefore be futile and unwise to attempt very serious disarmament discussions in the delicate international situation now existing until the responsible representatives of the various powers are in a position to give serious attention to the matter. [Davis.]

MARRINER

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500.A15A4 General Committee/302: Telegram

*The Secretary of State to the American Delegate (Wilson)*

WASHINGTON, April 24, 1933—3 p. m.

320. For Norman Davis. Your 163, 164, and 165, April 16. The President had a long talk yesterday with MacDonald on disarmament<sup>44</sup> and is planning to discuss this subject with Herriot tonight. We are, however, strongly of the opinion that it would be a great mistake at the present time to favor an adjournment. There is very real ground to fear that public opinion would regard this as equal to a breakdown. We count on you, therefore, to exert every effort to keep the Conference in session, with a view to a real effort being made to break the deadlock in the near future. We hope to send you a fuller despatch late tonight or early tomorrow.

HULL

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500.A15A4 General Committee/311

*Memorandum of a Conversation Between President Roosevelt and the British Prime Minister (MacDonald)*<sup>45</sup>

Following from Sir Robert Vansittart.

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<sup>44</sup> See *infra*.

<sup>45</sup> Prime Minister MacDonald was in Washington primarily for discussions preliminary to the London Economic Conference (see pp. 452 ff.); he was accompanied by Sir Robert Vansittart, British Permanent Under Secretary of State for Foreign Affairs. This document, transmitted to the Department by the British Embassy, April 25, 1933, is apparently a copy of a telegram sent by Sir Robert Vansittart to the British Foreign Office.

Following is summary of the discussion of disarmament on April 23rd with the President:

On Parts II to V he is in general accord with the draft Convention,<sup>47</sup> and is instructing Mr. Davis<sup>48</sup> accordingly. He is, moreover, adding that Mr. Davis' general attitude should be to do his utmost to minimize amendments on the part of other powers, and in particular to oppose all amendments tending to weaken the Convention. President thinks however that the chapter on supervision should be strengthened and is inclined to think that inspection should be continuous and automatic.

The general American line will be—like ours—that no country can expect to put in everything it likes and take out anything it dislikes. Parts must necessarily be unpalatable to all; for example, the chapter on supervision which, while likely to be unwelcome in many quarters as going too far, will probably be unwelcome to the French as not going far enough. Indeed M. Herriot<sup>49</sup> has already made this plain in his first conversation with the President.

As regards Part I, the President is again in full general sympathy with and support of the proposal. He has, however, his own difficulties to contend with, and would propose to accomplish the same thing—indeed with a marked addition—but in a different way, in order to ease the passage of the principle here.

Beginning with the minor amendments to Part I: In Article 3 the President wishes "Kellogg-Briand Pact" to be put in brackets after "Pact of Paris", otherwise he fears some misunderstanding as the former expression is not familiar here. In the same paragraph he would like to substitute the Secretary of the Permanent Disarmament Commission for the Secretary General of the League. The meeting place should be not specifically at Geneva, but at such place as the Contracting Parties may decide. This would probably come to the same thing, but would ruffle no susceptibilities here.

The President's more serious difficulties begin with Articles 4 and 5. Briefly put they are that he could accomplish in the form of a declaration or unilaterally signed note what he would have difficulty, for obvious reasons of internal politics, in doing by a multilateral treaty, which would have to go to the Senate. Both the President and the Prime Minister feel that this should be equally satisfactory to the French for, as the President put it, such a declaration would have the validity of a Monroe Doctrine. The difficulty, however, may be to persuade the French that this form of procedure would be just as good

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<sup>47</sup> League of Nations, Conference for the Reduction and Limitation of Armaments, *Conference Documents*, vol. II, pp. 476-493.

<sup>48</sup> See telegram No. 322, April 25, to the Chairman of the American delegation, p. 107.

<sup>49</sup> M. Herriot was in Washington for conversations preliminary to the London Economic Conference.

from their point of view as a multilateral treaty. We hope, however, that you and Mr. Davis may be able to convince them of this, particularly as the President, judging from his first conversation with M. Herriot, thinks that the latter would be of this opinion. This procedure would only apply to Part I. The United States Government would, of course, sign the rest of the Convention on the same basis as other powers. It goes without saying, however, that the United States would not be willing, to adopt Part I to the foregoing extent unless other governments were prepared to accept Parts II-V. in something reasonably near to their present form.

The declaration which the President envisages would take the following form:—

“Following a decision by the conference of the Powers in consultation in determining the aggressor—a decision with which on the basis of our independent judgment we agreed—, we would undertake to refrain from any action and to withhold protection from our citizens if engaged in activities which would tend to defeat the collective effort which the States in consultation might have decided upon against the aggressor.”

The Prime Minister suggests that you should communicate foregoing at once to our representative at Geneva, and request him to put himself in immediate and confidential contact first with Mr. Davis, to whom this telegram should be shown, (it has already been shown to the President and Mr. Phillips) then Mr. Davis and M. Paul-Boncour. The French Government will, we hope, realise that the above constitutes a real and considerable step forward from their point of view.

Finally the fact that the President and the Prime Minister are at one, broadly speaking, on the rest of the Convention is a fact of real significance and hope and the Prime Minister trusts that it will be possible to turn it to good effect at this critical, and probably final, stage of the Disarmament Conference.

I should add that the President has already spoken on this subject to M. Herriot. He will also take occasion to press France again to come into the proposals of the Naval Chapter. The position of Germany under the draft Convention is now so clarified and restricted that the French Government should no longer plead uncertainty on this score as a reason for holding back.

As to Article 96 the President hopes that means can be found to avoid leaving the situation uncovered. I have said that the only suggestion that had so far occurred to us as a possibility was that of prolonging the present convention if so desired by a majority of the signatories, but that there is an obvious difficulty in this.

500.A15A4 General Committee/303: Telegram

*The Chairman of the American Delegation (Davis) to the  
Secretary of State*

GENEVA, April 25, 1933—2 p. m.  
[Received April 25—11:45 a. m.]

607. Before receipt of your 320<sup>49a</sup> I had likewise reached the conclusion that an adjournment should be avoided. But if the Conference is to be kept going with success we must deal with the realities of the situation and face the vital issues which are now before it. My 165, from Paris,<sup>49b</sup> was partly prompted with a view of giving the President and you ample time to consider the questions raised in my 163 and 164<sup>49c</sup> and for consultations by and between the key men of other governments. Your 320 and press reports received here indicate that discussions vitally affecting disarmament works are taking place in Washington and this may help to furnish us a real basis for achievement in disarmament and the appeasement in Europe that would result therefrom is a prerequisite to economic recovery and the success of the Economic Conference.

This afternoon the General Commission will have before it for discussion part I (security) of the British plan. The discussion will apparently be initiated by debate on various amendments which have been proposed and it may therefore be possible for me to avoid taking any position for a day or two. However, part I has as its fundamental object the bringing into world discussion and cooperation those states which are not members of the League of Nations, primarily the United States and Russia, hence I cannot long postpone indicating what our attitude is to be. Since we are now in effect committed by declaration and by actual practice to the principle of consultation in the event of a breach or a threat of a breach of the Kellogg Pact the only question at issue in that respect is whether or not we shall incorporate this principle in a treaty. If, therefore, you are now prepared to authorize me to go this far it will be sufficient to prevent us from becoming an obstacle in the present debate and will go a long way towards starting the discussion of the British plan under favorable conditions and help towards an early realization of some measure of disarmament.

The wider conception of security presented in my 163 and 164, from Paris, are just as essential and important but do not form a part of the immediate debate and therefore it will be possible to give further time for consideration to these points even though a decision on general consultation under treaty provisions is necessary.

DAVIS

<sup>49a</sup> April 24, 3 p. m., p. 102.

<sup>49b</sup> April 16, 10 p. m., p. 98.

<sup>49c</sup> April 16, 8 p. m. and 9 p. m., pp. 89 and 93.



500.A15A4 General Committee/305 : Telegram

*The Secretary of State to the Chairman of the American Delegation  
(Davis)*<sup>50</sup>

WASHINGTON, April 25, 1933—6 p. m.

321. Your 163, 164, and 165, April 16. The President and I have given careful consideration to your three telegrams from both the international and domestic political viewpoints. We value highly the analysis you sent us of the disarmament situation and the recommendations you formulated.

You have urged with great lucidity that we base our policy on a regional treatment, in other words, confine the disarmament effort (at least for land armaments) to Europe. For us, however, at this juncture to admit the impossibility of a universal agreement would, I fear, be construed as a backward step. If it later becomes evident as a result of the attitude of any Power that even a short term treaty of consolidation cannot successfully be negotiated, then we may be forced back as a last measure on the regional approach. It seems clear that in good faith such a suggestion should come from Europe and not from ourselves. But as things now stand, I feel that we should still press for a universal disarmament treaty, and in this connection you should impress upon Paul-Boncour that inasmuch as the conference has accepted the MacDonal plan as the basis for further progress, we are prepared to work heartily for a treaty along these general lines even though the present effort does not go as far as our proposal of last June.<sup>51</sup> Furthermore, we believe that the Chapters on supervision should be strengthened and the inspections made continuous and automatic.

In addition we are prepared to make a contribution towards security and we cannot but believe that under these new conditions France will have every interest to make its contribution along the lines of real disarmament.

Obviously we cannot sign Part I of the MacDonal plan because under it an American would sit in judgment in conference action

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<sup>50</sup> Note by Under Secretary Phillips attached to the file: "This telegram was read by me to Mr. Howard Smith of the British Embassy this afternoon. He took down in pencil the wording on page three beginning 'following a decision by conference,' etc. etc. as far as 'against the aggressor'. I also made it clear that this declaration would be dependent upon a definitely substantial disarmament result.

I then asked to be allowed to see Sir Robert Vansittart's telegram of today to Geneva, via London. Mr. Smith promised to have it prepared and send to me tomorrow." (See footnote 45, p. 102.)

The telegram bears the notation: "Approved by the President."

<sup>51</sup> For text of President Hoover's proposal of June 22, 1932, see telegram No. 145, June 21, 1932, to the Acting Chairman of the American delegation, *Foreign Relations*, 1932, vol. I, p. 211.

to determine an aggressor and the remedy to be applied against such an aggressor. In place of this we would be willing to make a declaratory statement to the following effect: Following a decision by conference of the powers in consultation in determining the aggressor,—a decision with which on the basis of our independent judgment we agreed, we would undertake to refrain from any action and to withhold protection from our citizens if engaged in activities which would tend to defeat the collective effort which the States in consultation might have decided upon against the aggressor.

It should, of course, be clearly understood that our willingness to make such a declaratory statement would be dependent upon a definitely substantial disarmament result.

HULL

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500.A15A4 General Committee/306 : Telegram

*The Secretary of State to the Chairman of the American  
Delegation (Davis)*<sup>53</sup>

WASHINGTON, April 25, 1933—7 p. m.

322. President directs me to send you following confidential message:

Please be guided by the broad policy of United States in consistently pressing for immediate and practical actual disarmament. Our ultimate goal is two-fold: First, reduction of present annual costs of armament maintenance in all national budgets and, Second, arrival at a goal of domestic policing armaments in as few years as possible.

To arrive at these by cutting the power of offense and thereby increasing the power of defense, thus also diminishing danger of surprise attacks, should do more than any other thing to lessen war dangers.

You can make it clear that we regard the MacDonald Plan as a definite and excellent step towards the ultimate objective, but that it is a step only and must be followed by succeeding steps. We do not ask that the MacDonald Plan be amended to make it stronger at this time because we do not want to jeopardize it as a whole by offering amendments, except the amendment to make the inspection machinery continuous and automatic. But at the same time we shall press at a later Conference for additional limitations on the weapons of offense or of surprise attack. This position is an answer to any German effort to increase armaments now, for in effect we ask them to stay as they are and that other nations will reduce to their level by steps.

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<sup>53</sup> Note by Under Secretary Phillips attached to file: "At the President's request, I read this telegram to Mr. Howard Smith of the British Embassy, after allowing him to read telegram No. 321 of today's date."

The telegram bears the marginal notation: "Approved by the President."

Please let me have your opinion as to the advisability of a public statement by me covering the ultimate objective and laying stress on the necessity of concrete action at this time.

HULL

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500.A15A4 General Committee/307 : Telegram

*The Chairman of the American Delegation (Davis) to the  
Secretary of State*

GENEVA, April 26, 1933—6 p. m.

[Received 6:15 p. m.]

609. The continuous flow of press advices from the United States concerning discussions on security between the President, MacDonal and Herriot created a situation here in which every hour of delay made my silence more portentous. Furthermore, the discussions in the General Commission were reaching a stage in which I could not remain silent. It therefore seemed advisable to speak and try to put aside the discussion on part I and put an end for the moment to the expectation. I accordingly spoke as follows:

“Part I of the British plan which is under discussion is designed to coordinate the efforts of member and non-member states of the League to promote and establish peace through consultation and methodical cooperation when the peace may be threatened or broken. It is, I may now say, both the policy and the practice of the United States to confer where questions affecting the peace are concerned.

Part I of the British plan introduces, however, a new element for us in the codification of the principle of consultation and its incorporation in a disarmament treaty.

My Government now has this whole question under careful advisement. It appreciates the importance of harmonizing the particular situation of the United States with any constructive efforts to meet the special needs, particularly on the continent of Europe, for the adequate organization of the machinery for preserving peace. I therefore anticipate taking occasion at a later stage of our discussions to indicate how we consider that the United States may best associate itself in such efforts, consistently with its established policy.

Our ability to make our collaboration effective will depend in large part on the measure of disarmament which we may be able now to achieve. It must be definite, it must be substantial. We are prepared to make very great efforts to assist in the maintenance of peace when the determination to preserve the peace is evidenced by the achievement of real measures for mutual and progressive disarmament.

We believe that for the first time the states of the world, and particularly in Europe where the problem of armaments is most acute, are seriously desirous of taking effective steps to lower the level of armaments. We have reached this conclusion because of the growing conviction, particularly manifest in Europe, that armaments have become a source of political tension and instability and that there would be more security in measures of disarmament which would

diminish the ability of any state to make a successful surprise attack on another. There is a realization that this can be brought about especially by two means: the abandonment of weapons which facilitate aggression and the establishment of effective and continuous supervision of armaments. To that end it may well be found necessary to reenforce those measures of supervision and control already envisaged.

We are in agreement that the efforts of states members of the League and of non-member states should be coordinated not only in determining the measures of disarmament but in their effective supervision. We are in agreement that we should work together for the maintenance of peace. Before reaching a final decision with regard to chapter I, I suggest that we might well pass on to other sections of the draft convention before us and in particular article 94, dealing with the duration of the treaty, which affects each and every decision we might take.

At the appropriate time we shall be quite willing to revert to the general question dealt with in chapter I with a view to giving a more precise indication of the manner in which we consider that the United States can most effectively cooperate."

At the close of the session Henderson<sup>54</sup> decided to call a meeting of the Bureau for tomorrow morning at which he will propose that the Commission defer consideration of part I and proceed to the discussion of part II.

DAVIS

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500.A15A4 General Committee/306½

*Memorandum by the Under Secretary of State (Phillips)*

[WASHINGTON,] April 26, 1933.

The President held a conference with M. Herriot this afternoon at 2:30 in the executive offices of the White House. M. de Laboulaye, the French Ambassador, and I were the only others present. The conversation was a rambling one touching on the political aspects of Europe and disarmament. The conversation was opened by the President, who showed M. Herriot the instructions which had been sent to Mr. Norman Davis on the 25th which contained the contribution which we were willing to make to the cause of security, in the event of a real disarmament treaty being concluded. M. Herriot read the two telegrams very carefully and expressed his pleasure at their clearness and was undoubtedly pleased at the step which the President had agreed to take. The President reread the last paragraph of the instructions to Davis emphasizing that our agreement to abandon our rights of neutrality, etc., etc., would only be given in the event of a substantial agreement on disarmament having been

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<sup>54</sup> President of the Conference.

reached by the principal military and naval powers. M. Herriot criticized Part I of the MacDonald Plan on Disarmament and then touched upon certain features of Part II with which he was not in sympathy, but in particular he referred to the fact that, under the MacDonald Plan, Germany could build samples of large guns, samples of large tanks, samples of all sorts of weapons which were prohibited, and samples once having been constructed could be the means of manufacturing large numbers of these forbidden instruments of war in a very short period of time. The President pointed out that the British had expressed the viewpoint that the MacDonald Plan had given no authority to the Germans to construct such samples. M. Herriot replied that that was precisely the point which he had in mind and that it was necessary to deny Germany categorically the right to construct samples; otherwise she would most certainly do so. The President agreed at once that the French viewpoint was sound in this respect and said that he would support it in Geneva. M. Herriot talked at some length about the necessity of maintaining a large French army. In his opinion the French army was essential to support the British navy since the British had no large army of their own. The President was amused at this remark and said that it was a new conception to him of the need for a large French army.

M. Herriot then brought up the question of reduction of armament by the budgetary system and expressed the view that, while this was not by any means a satisfactory method of control, it did in fact give a degree of control. He admitted that the United States, owing to the difference in costs, could not conform to budgetary agreements of other powers, but nevertheless he felt that, with the special position of the United States thoroughly recognized, we might be able to approve of some such system. The President did not express any views in respect of this point.

The President said that he regarded autonomous and continuous inspection as of the essence of the whole problem of keeping down armament. M. Herriot agreed thoroughly and seemed very much pleased at the attitude which the President had taken in our instructions to Geneva.

There followed a brief discussion between the President and M. Herriot on the subject of French-Italian naval parity.<sup>55</sup> The President said that he hoped very much that some arrangement could be arrived at between the French and Italians in regard to their respective navies. M. Herriot talked at considerable length about the responsibilities of France not only towards her African colonies but in

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<sup>55</sup> For correspondence relating to negotiations looking toward a solution of the problem of French and Italian naval construction, see *Foreign Relations*, 1931, vol. I, pp. 358 ff.

Indo-China, and gave the impression that, on account of these responsibilities, the French navy must be retained superior to that of the Italian. M. Herriot was not definite, however, in this matter and merely pointed out the French difficulties.

He then moved into the political situation in Europe. He discussed in general terms the dangers between Italy and Yugoslavia, the ambitions of Italy in this respect, which he said France would never consent to. He thought that this was a really dangerous spot in Europe but that the Polish Corridor <sup>56</sup> was an even more dangerous one. The President said that he could not understand why some mechanical arrangement could not be made by which Germany and East Prussia could not be more closely united either by air communication, by elevated train service or, if necessary, by underground tunnels. Both M. Herriot and the Ambassador responded to this suggestion by a description of the excellent train service and motor roads between the two frontiers. M. de Laboulaye said that there were five daily trains crossing the Corridor each way and that there were no difficulties at the frontiers beyond the requirement of a certificate of identification. M. Herriot described the artistic qualities of the Poles, how difficult they were to negotiate with and how even the French, who were perhaps closest to them, found them exceedingly difficult to restrain and to quiet whenever they became excited. M. Herriot did not offer any suggestion for overcoming the Polish Corridor danger spot nor did he seem to feel that there was any solution to the problem. He pointed out that the Corridor was inhabited by Poles and agreed with the President that Danzig and its adjoining port were the only Germanized centers in the Corridor.

After the conference the President asked me to draw up a telegram <sup>57</sup> to Norman Davis at Geneva indicating that he agreed with the French in their feeling that Germany should not be allowed to construct sample types of weapons which were already prohibited under the present treaties.

WILLIAM PHILLIPS

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500.A15A4 General Committee/312½ : Telegram

*The Secretary of State to the Chairman of the American Delegation  
(Davis)*

WASHINGTON, April 27, 1933—7 p. m.

324. My 322, April 25, 7 p. m., next to the last sentence. During the conversations the President had with Herriot this week, the latter expressed the fear that the MacDonald proposal as it now stands

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<sup>56</sup> For correspondence concerning the Polish Corridor, see pp. 448 ff.

<sup>57</sup> *Infra.*

would not definitely forbid the construction by Germany of samples of types of artillery and of tanks now prohibited by the peace treaties. MacDonald expressed the view that as his plan did not specifically give Germany this right, Herriot's fear was groundless. If the question arises in the course of debate, you may associate yourself with the French in opposing the right of Germany to build such sample types. I suggest that you so inform the British representative.

HULL

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500.A15A4 General Committee/310 : Telegram

*The Chairman of the American Delegation (Davis) to the Secretary of State*

GENEVA, April 27, 1933—midnight.  
[Received April 27—11:40 p. m.<sup>58</sup>]

614. Your 322, April 25, 7 p. m. Please deliver following message to the President:

"I appreciate your message outlining the broad policy to be followed in respect of disarmament. It is indeed encouraging to have our Government adopt such a wise, courageous policy and it will be extremely helpful. I thoroughly concur with the main objectives which you have in view. I infer from your message and also one from the Secretary of State that you are inclined to favor integral acceptance of the British plan with the exception of part I dealing with security which will be dealt with in part in another way and the section on control which should be strengthened. Although this plan does not go far enough and is in certain respects defective I agree that it furnishes an excellent basis for our work and that we should not miss the opportunity this gives for real achievement nor should we discourage the project by the introduction of amendments which would weaken it.

Certain of the technical details of the plan however somewhat disturb me.

The proposal on aviation is in effect an effort to solve one aspect of the problem which chiefly concerns the British, namely, to reduce the French air force which is now considerably superior to the British to a parity with them rather than to deal comprehensively and constructively with the whole problem of military aviation. This proposal has certain real disadvantages for us. For example the maximum unladen weight of airplanes fixed at 3 tons is too high to be really effective in doing away with bombers but is too low for us if we are to maintain any substantial military aviation because of the different topographical conditions prevailing in the United States as contrasted with those of Europe. Further the proposal provides for

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<sup>58</sup> Telegram in two sections.

parity between the United States and Japan which under existing conditions might prove to be a serious political difficulty to acceptance of the treaty in the United States. There are other provisions in the British plan which are intended to meet the special situation in Europe such as that of army formations and which do not properly apply to us and were not intended primarily for us. I should therefore like to know if you think it inadvisable for me even to offer such amendments as may seem desirable from our standpoint—provided this can be done without arousing serious opposition or weakening our general support of the British plan.

I assume of course that you are aware of the fact that the Army seriously objects to a good many features of the British plan and their detailed views have been sent to me.<sup>59</sup> I fully agree, however, that we must cut through many of these technical objections as it is essential that we take the lead in a broad gauge view of the subject.

With regard to a statement by you I think this would be most helpful and if you feel it would be of any assistance I would be glad to submit suggestions as to certain points which might be usefully covered. I feel that the most appropriate time for a statement would be a little later on after MacDonald and Herriot have arrived home and the four western European powers are ready really to come to grips with the question and help put it over. Now that we are ready to join in effective negotiations for disarmament measures and to give a substantial measure of satisfaction in the so-called question of security we can add a real impetus to the work. But if we are to get disarmament it will be necessary for England, France, Italy and Germany to get together with us joining them in an impartial search and reconcile enough of their differences to pave the way for final agreement; that is to say, some political understanding between them is vital as the basis for agreement for the more technical phases of disarmament.”

DAVIS

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500.A15A4 General Committee/312 : Telegram

*The Chairman of the American Delegation (Davis) to the Secretary of State*

GENEVA, April 27, 1933—midnight.

[Received April 28—2:50 a. m.<sup>60</sup>]

615. Your 321, April 25, 6 p. m. I am glad you have decided upon the policy to be adopted in respect of neutral rights. The announcement at the appropriate time of our willingness to adopt such a policy

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<sup>59</sup> See telegram No. 311, March 23, 6 p. m., to the Acting Chairman of the American delegation, p. 72.

<sup>60</sup> Telegram in four sections.



will be a welcome stimulus to the work here. The immediate problem which confronts us is as to the form which this declaration of policy shall take in connection with our present negotiations. It was in order to gain time for the exact formulation of our policy, both with respect to consultation and neutral rights, that I confined my declaration of yesterday afternoon (my 609, April 26, 6 p. m.) to a general statement and asked temporary adjournment of further consideration of part I.

This afternoon Eden, British representative here, showed me a long cable from Vansittart which stated it had been shown to the President before its despatch and was also to be shown to me and to Boncour. It gave further details as to the British understanding of our policy, namely, that we were prepared to accept article 1 to 3 of the British plan with the following slight changes:

Inserting "Kellogg-Briand Pact" in bracket only after "Pact of Paris" in article 1 and providing in article 3 that meeting of the powers should be called by the Secretary of the Disarmament Commission instead of the Secretary General of the League and should take place not necessarily in Geneva but where the parties might agree.

While British cable was not entirely clear it gave the impression that we are prepared with the above modifications to accept articles 1 to 3 as a part of the convention, while articles 4 and 5 were to be deleted and instead thereof we will make the unilateral declaratory statement quoted in your 321, April 25, 6 p. m.

Please advise whether foregoing correctly sets forth our position.

Before I saw British cable I had prepared detailed comments and suggestions and while this cable somewhat changes situation I deem best to submit my views fully as they represent results of my mature consideration and consultation with my associates here.

Article 3 in part I of the British plan provides a cumbersome method of consultation which might duplicate that already provided for under the Covenant. This was designed in order to avoid the possible objection we might have to mentioning the League. It is difficult to see how, as a practical matter, a conference to be attended by all the parties to a disarmament treaty could be summoned in sufficient time and could act with sufficient despatch to be of any real use in a time of crisis. By experience we have found it advisable to consult with the members of the Council as the most effective existing body to deal with any threat to the peace. The Senate of the United States has already ratified treaties set up under League auspices containing reference to the League and providing for the use of League organs. I have, therefore, assumed that the time is past when the idea of cooperation with the League of Nations is tabooed in the United States provided that we retain our full freedom of judgment and make no engagements as to future action.

Since we are adopting the advanced position which the cables from the President and you envisage I suggest for your consideration the advisability of agreeing to consult in the way that would be the most direct and effective. Consultation outside the League might offer more unknown risks than consultation where precedent and procedure are established and where as a non-member we would have no direct or implied obligations. Hence I submit for your consideration the possibility of replacing articles 1, 2 and 3 of part I of the British plan by the following two articles:

"Article 1. It is hereby declared that any breach or threat of breach of the Pact of Paris (Kellogg-Briand Pact) is a matter of concern to all the High Contracting Parties.

Article 2. In the event of a breach or threat of a breach of the Pact of Paris the High Contracting Powers which are non-members of League of Nations declare their willingness to confer, with a view to the maintenance of peace, with the states members of the Council of the League in the event that a meeting is called to consider the situation thereby created. The representatives of such non-member states shall not have the right to vote on any matters arising under the Covenant of the League of Nations and shall have no obligations to participate in any decision or action taken pursuant to the Covenant".

Article 2 above is drafted with the purpose of limiting the participation of non-member states to common consultation for the maintenance of peace but implies no obligation whatever to pass judgment or to join in the collective action of member states in punishing an aggressor. This we conceive is in the line of our established policy and your recent instructions.

You will note that we have referred rather to states members of the Council than to the Council itself in order to follow the established precedent of consulting with Council's committees rather than with that body directly.

I appreciate fully the political difficulties which may exist in adopting the above suggestion and wish you to realize that the acceptance of articles 1 to 3 substantially as they now exist in the British plan would be an effective step and would greatly aid in achieving real disarmament. I submit the alternative because I feel that it is a more effective way of dealing with the problem if you consider it politically practicable. The proposed unilateral declaration respecting neutral rights will be most helpful in our efforts here. I fully understand your reasons for desiring to handle the matter through a declaration but I venture to point out that there are real advantages to ourselves both in putting this engagement into contractual form if it is politically possible to do so, and in limiting the scope of this engagement to a situation arising on the continent of Europe. If we commit ourselves by unilateral declaration we alone of non-member states would be bound and Russia, for example, would not be bound. Further a

unilateral declaration however it may be hedged about, would tend to constitute an immediate moral commitment to the policy indicated. A treaty obligation of this character for any effectiveness would be contingent upon general ratification of the treaty as a whole and we would have no moral commitment in the event of failure to secure a satisfactory disarmament treaty.

If we included the neutral rights policy in a treaty I should be disposed to limit its effectiveness only to the case of an aggressor determined among the continental states of Europe with which decision we independently concurred. If we contemplate the possibility of collective punitive action being directed against a state in the American Hemisphere we can well conceive of situations in which we would prefer to be free of contractual or moral obligations which would allow us to take such action as the Monroe Doctrine or our American continental policy might dictate. In the Far East as well situations might arise in which we would find it disadvantageous to be bound by any such obligation. Complete independence of action and of judgment would thus seem desirable as regards the American Continents, the Far East or our relations with England. In order to make my ideas on the subject concrete I submit herewith a draft article 3 embodying the neutral rights idea in treaty form.

“Article 3. In the event that, pursuant to a decision by conference of the Powers in consultation a state of continental Europe shall have been found guilty of aggression against another state of continental Europe, the High Contracting Parties non-members of the League of Nations if they concur in the said decision on the basis of their own independent judgment undertake to refrain from any action and to withhold protection from their citizens if engaged in activities which would tend to defeat the collective effort which the states in consultation have decided upon against the aggressor.”

In conclusion I wish the President and yourself to realize that I appreciate the political problems involved in the decision of this question. The declaration proposed in any form would be an invaluable contribution to the cause of peace. If, however, it is made entirely apart from, and independent of a treaty, it will not be so effective as a lever to bring about disarmament. If, on the other hand, it is made contingent on securing a satisfactory disarmament treaty it will thus be tied to that treaty and it is likely to be subjected to scrutiny by our Senate in connection with the ratification of the treaty, a scrutiny that may tend to be the less friendly because of a possible feeling that an effort was made to commit the United States to a major decision in foreign policy without the consent of the Senate.

DAVIS

600.A15A4 General Committee/313: Telegram

*The Chairman of the American Delegation (Davis) to the Secretary of State*

GENEVA, April 28, 1933—4 p. m.  
[Received April 28—1:16 p. m.]

616. Your 324, April 27, 7 p. m. Herriot's statement is more accurate than MacDonald's. Without entering into a technical analysis which Moffat<sup>61</sup> can give you MacDonald's plan under article 96 replaces the military clauses of Versailles and therefore puts Germany on the same legal footing as other states. Thus Germany's freedom would be unlimited except (a) where all states are bound by the same limitation and (b) where the amount of armaments each state may have in a given category is specifically set forth in a table. As a matter of fact the British plan through ingenious arrangement results in keeping Germany close to her present qualitative level but there are one or two notable exceptions particularly tanks under 16 tons unit weight where the plan in its present uncompleted form provides no limitation for Germany and in the case of large fortress guns which would now be permitted to Germany.

I fully agree that we should oppose the rearmament of Germany. The British plan, however, in spite of certain obvious defects offers such a well adjusted balance between the French and the German nations that I feel it would be a mistake to give unqualified support to French modifications of the plan designed to prevent what they might call rearmament but which might make the plan totally unacceptable to Germany. France might thus use our support to justify an unyielding position which would prevent final agreement which cannot be reached without mutual concession.

Nothing would be more dangerous than for the French to feel that they have our unqualified support for any amendments they may wish to offer directed against Germany.

With the present world situation and apprehension as to Germany's attitude there is little prospect that France would disarm enough to satisfy Germany unless some alleviation of present limitations either in types or quantities is given Germany.

In this connection the French press reports today that instructions have been sent to me to oppose rearmament and specifically to oppose the construction of any sample types of artillery, tanks, military aircraft or submarines.

DAVIS

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<sup>61</sup> Jay Pierrepont Moffat, Chief, Division of Western European Affairs.

500.A15A4 General Committee/314: Telegram

*The Chairman of the American Delegation (Davis) to the Secretary of State*

GENEVA, April 28, 1933—7 p. m.  
[Received April 28—2: 45 p. m.]

617. I made following statement in General Commission this afternoon prior to opening of discussion on substantive disarmament provisions of chapter II of British plan. My object was to emphasize our support of the plan as indicated in your 322, April 25, 7 p. m., and to discourage presentation of destructive amendments.

“Now that we are approaching a discussion of the actual disarmament provisions of the British plan I may say that my Government regards this plan as a most valuable contribution and as a definite and excellent step toward our ultimate objective, namely, a general reduction and limitation of armaments. We feel, however, that it is a step only and must be followed by succeeding steps. While it does not go as far in certain respects as proposals which we have submitted we have in good faith accepted it as a basis for our work and would like to see it adopted in as near its present form as possible. It contains certain provisions which are undoubtedly unpalatable to many governments represented here but I feel that its many merits more than counterbalance the defects. We shall, therefore, join with others in resisting any amendments which would unduly weaken it or which would jeopardize the nicely adjusted balance of this plan. Amendments breed amendments and each one who refrains from offering amendments will prevent dozens of others from being offered. I hope, therefore, that each delegation will approach its consideration of the plan in a spirit which will promote its acceptance as a whole. I hope that we can all concentrate our attention upon the advantages which the plan offers as a whole rather than on the less important details which may be distasteful.”

DAVIS

500.A15A4 General Committee/315: Telegram

*The Chairman of the American Delegation (Davis) to the Secretary of State*

GENEVA, April 28, 1933—11 p. m.  
[Received April 28—9: 20 p. m.]

618. Department's 321, April 25, 6 p. m. I fear that my 163 and 164 <sup>61a</sup> did not convey clearly what was in my mind regarding regional treatment. I fully agree we should press for a universal disarmament treaty. Indeed my suggestions for regional treatment were prompted by a desire to secure such a treaty but I felt that within the general framework of a universal treaty there should be different treatment

<sup>61a</sup> April 16, 8 p. m. and 9 p. m., pp. 89 and 93.

applied to Europe and to the rest of the world, especially in regard to land and air armament. There would, of course, be provisions for the limitation of arms applying to the rest of the world as well as to continental Europe, all of these provisions to be incorporated in a single general disarmament treaty. The French themselves introduced the idea of regional treatment for land armament in their plan and believe such treatment would bring about more quickly and more efficaciously a general disarmament agreement. I appreciate, nevertheless, your apprehension lest our intention of the idea concerning the armament section of the treaty should be misconstrued. I am inclined to think that the treaty will eventually work itself out in that form.

DAVIS

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862.20/610

*The Consul General at Berlin (Messersmith) to the Secretary of State*

No. 1267

BERLIN, April 28, 1933.

[Received May 13.]

SIR: I have the honor to inform the Department that through a source which I have found reliable, I am informed that at a cabinet meeting about three weeks ago, the exact date of which I have not been able to determine, the Reichswehr Minister, General Blomberg, presented a project for increasing the military efficiency of Germany which covers a period of three years. At this cabinet meeting President von Hindenburg is said to have been present. General Blomberg's project covers a three years' program of making Germany again efficient in a military way, that is, to be in a position of taking offense or of meeting any offensive action against it. My informant states that Chancellor Hitler expressed his satisfaction with the program in every detail and his satisfaction that it was presented by General Blomberg; but that it would have to be carried out in one year instead of three. To this General Blomberg is said to have responded that this was impossible. The President is then said to have intervened and suggested a period of two years which was agreed upon. No information is available to my informant as to the nature of the program, and this information is transmitted to the Department as of possible interest; but I am not able to vouch for the accuracy of the statements made therein or that such a program has actually been worked out and presented to the cabinet and agreed upon by it. My informant is usually accurate and has connections which lead me to believe that he may have secured it through one of the persons present at the meeting or through some one immediately and closely associated with him. I shall endeavor to find whether the foregoing can be confirmed and shall not fail to advise the Department.

That the manufacture of certain war material seems to be increasing in Germany may I believe no longer be doubted. The reports from Consul General Dominian at Stuttgart indicate increased activity in the factories in that district. I am informed by a well-informed person who has had close contact with one of the ranking members of the Soviet Mission in Berlin for years, that the Soviet Mission recently endeavored to get delivery in May for a considerable supply of the tubular metal framing used in aeroplanes and that they were informed that they could not possibly get delivery until June or July, more likely July, as German factories were busy on material of this kind and were working double shift. I am informed by the same contact that his friend in the Soviet Mission here has told him that during the last three months the Russian Government has been slowly breaking off all military contact with Germany and intends to do so entirely. The Soviet Government has been buying all sorts of military supplies in Germany according to this contact, and was exceedingly anxious to get this metal tubing for aeroplane frames in a very large quantity "before the contact between the Russian and the German military ceased".

The Department is aware that on various occasions Chancellor Hitler has emphasized in public declarations as well as in private conversations, the desire of the German Government for peace. In a recent conversation however, with an American whom he received, Mr. Hitler emphasized the necessity of peace to Germany and to the National Socialist Party in order that it might consolidate its position. This is the first time to my knowledge that Mr. Hitler has coupled even in a private statement or conversation, in his references to the necessity for peace, the need for Germany to consolidate her position. There is much reason to believe that the present Government and the leaders of the National Socialist Party are sincere in their desire for peace if one has reference to quiet and undisturbed peace for a limited period; but the sincerity of such declarations with regard to the desire for peace over a long period is inconsistent with the impetus being given in every possible way to extreme militarism among all classes and to the military training of various kinds which is being developed with an extraordinary rapidity even among small children. In my conversations with various persons connected with the National Socialist movement, they have always emphasized the necessity to Germany of peace; but when one judges this remark in the light of other statements, one gathers the distinct impression that this desire for peace for the present comes not so much from a love of peace as from a belief that Germany must have time to pull herself together and to strengthen her position. I cannot get the impression that the attitude of the Germans with whom I come in contact is in any sense optimistic towards peace over a long period.

Two members of the staff of the Consulate General who have recently made trips within a radius of 50 miles of Berlin by automobile, have emphasized that in practically every village and town, in fields and in woods, men could be found drilling, engaged in target practice and in various sorts of military maneuvers. All this may be stimulated by the Party for the purpose of diverting the minds of the people from other things, notably that nothing has been done to improve the economic situation. But information is coming to the Consulate General from various sources throughout the country that similar interest in military drill and exercise is being shown all over. A movement of this kind once started is not easily stopped.

As an officer of our Government who gets in contact with a good many people in all conditions of life in Berlin, I cannot for the present have any confidence in declarations with respect to the desire of Germany, either of the Government or of the people, for peace. On the other hand the whole essence of the National Socialist Government is that Germany must reassert her position in the world, and even the spirit of the new church, which an endeavor is being made to organize, is exceedingly militant as has been brought forth in despatch No. 1239 of April 15<sup>62</sup> from this office.

Respectfully yours,

GEORGE S. MESSERSMITH

### III. EFFORTS TO RESOLVE DIFFICULTIES WITHIN THE GENERAL COMMISSION, APRIL 28-JUNE 8

500.A15A4 General Committee/316: Telegram

*The Chairman of the American Delegation (Davis) to the Secretary of State*

GENEVA, April 28, 1933—midnight.

[Received April 28—9:40 p. m.]

619. Following my declaration (see my 617, April 28, 7 p. m.)<sup>63</sup> Nadolny<sup>64</sup> motivated certain amendments which he had made to the chapter on effectives (section 1, part 2). His amendments included bringing up the question of trained reserves, eliminating most if not all of the German police from inclusion in effectives, and what amounted to a flat refusal to reconstitute the Reichswehr into a conscript army of short term. His speech was unfortunate in that it raked up all the old arguments as to the failure of the Allies to live up to the obligation to disarm contained in the Treaty of Versailles.<sup>65</sup>

<sup>62</sup> Not printed.

<sup>63</sup> *Ante*, p. 118.

<sup>64</sup> Head of the German delegation to the General Commission.

<sup>65</sup> *Treaties, Conventions, etc., Between the United States of America and Other Powers, 1910-1923* (Washington, Government Printing Office, 1923), vol. III, p. 3329.



Massigli<sup>66</sup> replied in a spirited speech in which he closed by indicating that if the Germans maintained amendments which, according to Massigli, constituted rearmament, there was no use of further discussing the matter.

Eden<sup>67</sup> in a temperate manner endeavored to demonstrate that the German points were not well taken and closed with an appeal to Nadolny not to consider his amendments as Germany's last word on the subject. Nadolny then replied in an extempore argument in a manner which left open the possibility of negotiating on these points.

The situation seemed to be ominous and I therefore thought it well to intervene. After stating that I did not wish to enter into a discussion of the effectives question I observed that my understanding was that the British plan<sup>68</sup> in this regard resulted from agreement on this subject in the effectives committee; that Germany not being present, it was perfectly proper for her to present her case; that I was not concerned about this but that I was concerned with regard to the tone of the discussions today. I then described the situation with which the world is now faced and continued that under the leadership of the President of the United States a very helpful effort was being made to grapple with these problems. If we could proceed in the same spirit here it would be well and we should thus try to rise above petty details and contentious questions. The origin of our trouble was excessive nationalism. We have been too accustomed thus to approach our problems with the resulting restricted point of view.

I am hopeful that my remarks made a helpful impression. Henderson,<sup>69</sup> in closing the discussion, supported the appeal which I had made.

DAVIS

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500.A15A4 General Committee/322: Telegram

*The Secretary of State to the American Delegate to the Bureau of the Conference (Wilson)*

WASHINGTON, May 2, 1933—11 p. m.

326. For Davis. Your 614, April 27, midnight.<sup>70</sup> As to aviation you can state that President believes ultimate goal must be to forbid any and all use of aircraft in land and sea war. Therefore he regards

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<sup>66</sup> Member of the French delegation; Assistant Director of Political Affairs, French Foreign Office.

<sup>67</sup> Member of the British delegation to the General Commission; Under Secretary of State for Foreign Affairs.

<sup>68</sup> See telegram No. 569, March 17, noon, from the Acting Chairman of the American delegation, p. 43.

<sup>69</sup> President of the Conference.

<sup>70</sup> *Ante*, p. 112.

present plan as a step only. In taking this step and succeeding steps United States should have relative protection other nations have. He approves your offering minor amendments you suggest provided this does not arouse serious opposition or weaken our general support of plan.

HULL

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500.A15A4 General Committee/324: Telegram

*The American Delegate (Wilson) to the Secretary of State*

GENEVA, May 3, 1933—midnight.

[Received May 3—9:10 p. m.]

627. We are rapidly approaching a debate in the General Commission on part II, section II, chapter I, land armaments of the British plan. Your telegram No. 311, March 23, 6 p. m.<sup>71</sup> indicates that the Army is opposed in the provisions of article 19 fixing the maximum caliber of mobile land guns for the future at 105 millimeters.

I have just discussed this matter by telephone with Davis and as a result submit the following:

The President's message to Davis and your recent instructions including your 326 lay down the broad principle that the British plan as a whole is acceptable as a first step; that our attitude should be to promote this plan vigorously and that our amendments should be confined to those of minor importance and which would not arouse serious opposition or weaken our general support of the plan.

The British tell us that they chose against serious opposition from their military advisers; it was chosen purely for political reasons as the most important point on which Germany could be given a measure of satisfaction in its claim for equality of treatment. It is a part of that careful balance of concession to Germany on the one hand and an unpalatable limitation on the other which was designed by the British with the hope of making the plan acceptable to both the Germans and French. While a refusal by America to accept this basis would not be of high military importance to the powers of Europe it would nevertheless be of high political importance. It would certainly constitute a major amendment and one which would tend to weaken the British plan. It was brought out clearly and repeatedly in today's discussion that the acceptance of this principle of balance of sacrifice in the British plan was the point on which the success of the British plan depends.

In view of the foregoing considerations is it to be our policy (a) to accept article 19 or (b) to offer our amendment which would fix

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<sup>71</sup> *Ante*, p. 72.

the maximum caliber for mobile land guns at 155 millimeters for new construction or replacement?

Please instruct on this point urgently—if possible before the end of the week.

WILSON

500.A15A4 General Committee/325 : Telegram

*The American Delegate (Wilson) to the Secretary of State*

GENEVA, May 3, 1933—midnight.

[Received May 3—9 : 33 p. m.]

628. Supplementing my 627, May 3, midnight, the only other essential problem which arises under part II, section II, chapter I, is the provision that all mobile land guns above 155 millimeter caliber "shall be destroyed".

There seems to have been divergence of thought on this problem namely as to what is to become of mobile artillery above the prohibited caliber. We will shortly reach a point in the debate in which we will have to be clear in our own minds as to what we can or cannot do with special reference to the provisions of article 22. In the event that we are willing to "destroy" such mobile guns above 155 millimeters the course is simple and we can agree to article 22 in its essence. If on the other hand we contemplate the eventual conversion of these guns to fixed mounts for coast defences then some amendments will have to be made to article 22 such as a provision that mobile land artillery above the permitted caliber "shall be destroyed or immobilized".

Request that I be instructed urgently (a) to accept article 22 or (b) to offer amendment suggested.

WILSON

500.A15A4 General Committee/339 : Telegram

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

WASHINGTON, May 5, 1933—8 p. m.

94. For Norman Davis. Your 614 and 615, April 27.<sup>72</sup>

1. In assenting in principle to the MacDonal plan (Parts II-V) the President was aware of the many technical objections which it presented. His decision was made in the belief that there is a better chance of real achievement at the Conference if we support this plan in its broad outline than if we attempt to perfect it at the cost of

<sup>72</sup> *Ante*, pp. 112 and 113.

remodelling. This does not mean that you should not attempt to improve it where possible, but this should be done in private talks with the British and other delegations, and in such a way that it does not appear that we are weakening our general support of the plan.

2. Our idea was not to sign Articles 1-3 of the British plan, but to constitute Part I of the MacDonald plan a separate part of the Disarmament Convention (paralleling the technique worked out in the London Treaty <sup>73</sup>) which we would not sign, but to which we would attach our unilateral declaration. If, as you suggest, other Non-League members do not sign this part, then it becomes important that they should attach similar declarations.

3. Whether MacDonald insists on his idea of a separate method of consultation, or is willing to agree with the French that such a machinery is already set up by the Covenant of the League <sup>74</sup> and need only be incorporated by reference in the Disarmament Convention, seems after all a question to be settled primarily between the British and French. We have discussed the situation more fully with MacDonald and Herriot on the basis of the former's draft, but there would not seem to be any insuperable objection if the other approach prevailed.

4. We do not however favor putting in contractual form either our obligation to consult or our attitude toward neutral rights. This is partly for political reasons, partly to reserve to ourselves the right of an unchallengeable interpretation of its meaning, and partly to accentuate our complete independence of judgment and decision. We talked this over very fully with Herriot, who gave every indication of satisfaction. It goes without saying that we should view the applicability of such a declaration as just as much contingent upon general ratification of a satisfactory disarmament convention as we should a contractual undertaking. In other words, we feel that the larger objective is Parts II to V of the plan.

5. The President gave careful study to the idea, which was implicit in your earlier recommendations, of limiting the scope of our declaration to the continent of Europe. He has not overlooked its advantages, but, in balancing the pros and cons, has convinced himself that another genuine effort at a universal approach to both disarmament and security would be the best means of solidifying international cooperation, which we regard as a necessary preliminary to success in both the Economic <sup>75</sup> and Disarmament Conferences. Thus the President feels that our primary effort should be for a world-wide

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<sup>73</sup> Treaty for the Limitation and Reduction of Naval Armament, signed at London, April 22, 1930, *Foreign Relations*, 1930, vol. I, p. 107.

<sup>74</sup> *Treaties, Conventions, etc.*, 1910-1923, vol. III, p. 3336.

<sup>75</sup> For correspondence relating to the Monetary and Economic Conference, held in London, June 12-July 27, see pp. 452 ff.

approach, but if it appears that definite accomplishment in this respect is impossible, we could then proceed within a more limited scope.

6. Before deciding with regard to either the contents or the occasion of a statement, the President would appreciate receiving any suggestions you might wish to offer concerning points which might usefully be included.

7. Please repeat this telegram in your discretion to Geneva for the guidance of Wilson pending your return.

HULL

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50b.A15A4 General Committee/341: Telegram

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

WASHINGTON, May 5, 1933—9 p. m.

95. For Norman Davis. Wilson's 629, May 4, 2 a. m.<sup>76</sup> Henderson is, in effect, asking us to state our absolute figures regardless of what other Non-European countries may submit. This contradicts our basic position that all armaments (with the exception of effectives necessary for the maintenance of internal order) are relative. I do not see how we can be expected to determine our requirements as to numbers of effectives in the absence of any possibility of correlating them with those of other Non-European countries whose armaments are of concern to us. Without such an opportunity, we cannot logically offer anything but figures based on legal strength which would be subject to a greater or lesser reduction according to what other countries, particularly Non-European, finally agree to, and would in no case exceed (assuming a similar position on the part of Japan) the highest number authorized for a European Power.

Inasmuch as our legal strength figures in proportion to population are lower than the lowest figure given any European country in the British table, they could not with justice be challenged. Furthermore, we do not think that the submission of figures based on the National Defense Act<sup>77</sup> would disturb American public opinion. On the contrary, it would undoubtedly be viewed as a margin of safety against unforeseeable developments, either internal or external, during the life of the treaty; these might be more serious for us, inasmuch as we have already reduced our effectives to the danger point, than it would be for other countries which balance their effectives in relation to those of their neighbors. Furthermore, the analogy between our claiming legal effectives and a treaty navy immediately suggests itself. On the whole this appears a safer approach than the procedure suggested in

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<sup>76</sup> Not printed.

<sup>77</sup> Approved June 4, 1920; 41 Stat. 759.

the next to the last paragraph of your telegram of submitting a lower figure while reserving the right subsequently to revise it upward.

HULL

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500.A 15A4/1846: Telegram (part air)

*The American Delegate (Wilson) to the Secretary of State*

GENEVA, May 6, 1933—11 a. m.

[Received May 8—9:10 a. m.]

630. Saavedra, Chilean representative, handed me a memorandum which reads in translation as follows:

“Draft amendment presented by the delegations of blank part V section II, final provisions. Add the following article:

Considering that the problem of the reduction and the limitation of armaments [which] presents itself to the states of Latin America has not the same character as among the other contracting parties, the states of Latin America should by means of direct agreements fix within a reasonable period the reduction or limitation of their land, sea and air armaments while remaining within the framework of the present convention (treaty).

Before the deposit of the instrument of ratification these states should advise the Secretariat General of the League of Nations the maximum of the land, sea and air effectives which they have established. The Secretariat of the League of Nations will transmit immediately the figures of these effectives to the other contracting parties who should formulate the observations they deem desirable to the Permanent Disarmament Commission within the period of 3 months. At the expiration of this period, and if no opposition has been made, these figures shall be included in the present treaty (convention).”

Saavedra has discussed this matter with his Latin American colleagues here present. He does not claim that they have all acquiesced officially and indeed adds that he has not submitted the thought to his Government; he desired an expression of my views before going further with the matter; he explained that the obvious objection to such a proposal would be that the figures should be worked out among the Latin American delegates here, and inserted here, in Geneva. But the difficulty lay in the fact that they had no technical assistance, that representatives of important countries such as Peru were not present and that they were under such a regime of economy that the necessary communication with home governments would be too costly.

I told him that at first glance it seemed common sense to me that they should work out their figures among themselves providing of course, the qualitative measures of disarmament in the treaty applied to Latin America as well, but I would prefer not to give him an answer until I had had some days for reflection. He replied that when they

used the words "within the framework of the convention" they had meant to state that the qualitative rules will be followed in Latin America; but that this could be made more clear. He thereupon gave me a copy and said he would welcome a further conversation after I had had time to consider.

I should be grateful to the Department for guidance as to how to handle this matter. That the states of Latin America should discuss their figures among themselves would seem to me a much more propitious way of tackling the problem than to have a list drawn up here to which they would each bring objection in general debate. At the same time it would be desirable that the final disarmament treaty of universal scope should contain figures for all nations when it is signed. You may think it well, therefore, for me to suggest to Saavedra that after consideration it seems to me entirely reasonable that they should settle this problem among themselves but that the treaty itself would have a much better acceptance in world opinion, if, when it was signed, it was of universal scope and showed full obligations of all nations. To this end I might add that the reasonable procedure would seem to me to be immediate consultation among themselves at some convenient point where their experts could assemble in order to write their own figures for land, sea and air armament in order to have them ready when such figures have been reached for the other states of the world.

WILSON

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500.A15A4 General Committee/337 : Telegram

*The Secretary of State to the American Delegate (Wilson)*

WASHINGTON, May 6, 1933—3 p. m.

327. For Norman Davis. The German Ambassador <sup>78</sup> called today, under instructions, and requested the support of our Delegation in Geneva in the following matter:

According to the German Government, there are indications that on Monday or possibly earlier a decision will be taken with regard to a second reading of that part of the MacDonal'd Plan on effectives before completing the first reading of the plan as a whole, which would include the chapters on matériel of war. The German Delegation, therefore, is faced with the necessity of a vote on that part of the Plan dealing with effectives before there is an opportunity to envisage the whole plan and especially before hearing the opinions of other countries in respect to war matériels.

The Department made no commitments and will leave the matter to your judgment.

HULL

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<sup>78</sup> Hans Luther.

500.A15A4 General Committee/342: Telegram

*The Secretary of State to the American Delegate (Wilson)*<sup>79</sup>

WASHINGTON, May 6, 1933—3:14 p. m.

328. For Norman Davis. Your 627 and 628, May 3, Midnight. The President has carefully considered this problem and wishes you to be guided by the following principles:

1. Our basic policy is one of strengthening the power of defense as against that of attack. The aggressive power of mobile artillery depends primarily on its caliber. The President therefore considers our ultimate goal to be the greatest possible reduction in the size of mobile land artillery and feels that no maximum caliber for future guns (down to 105 mm.) which is acceptable to all other nations would be too low for us. If all the other participating Powers desire a maximum caliber of 105 mms. for new construction or replacement, the United States can associate itself with this common will.

2. Despite our disbelief in the principle of the destruction of abolished artillery, we would, if this issue becomes critical, be prepared to agree to such means of disposal of abolished artillery as all other nations find acceptable, with a view thereby to reaching a final agreement.

3. However, should exceptions in favor of any countries be insisted on, corresponding or equivalent amendments in the interests of the United States would become appropriate. Thus if the French should obtain a modification of the plan in such manner as to exempt their intra-fortress heavy mobile guns, we should secure a corresponding change in the direction of safeguarding our coastal railway artillery. This could then probably be accomplished by assimilating railway guns to mobile fortress guns and permitting their retention within specified fortress and coastal zones.

4. Therefore the President believes that the Delegation should hold a watching brief on the question of land artillery and await the development of the views of other delegations, particularly non-European.

HULL

500.A15A4 General Committee/343: Telegram

*The American Delegate (Wilson) to the Secretary of State*

GENEVA, May 8, 1933—4 p. m.  
[Received May 8—2:15 p. m.]

631. At the Bureau meeting this morning Henderson proposed the following three alternative methods of procedure for the further work of the General Commission:

<sup>79</sup> This telegram bears the following notations: "Approved by the President," and "Text shown to Gen. MacArthur; at his request it was softened."



1. To begin again with the question of security (part I of the MacDonald draft).
2. To reread part II, section I (effectives).
3. To proceed with the first reading of part II, section II (material).

He explained that the American delegation had indicated it was not yet prepared to discuss part I and that therefore the choice probably lay between the two other methods.

In advocating a second reading of the effectives section Eden pointed out the difficulty of proceeding to useful discussion of the others when the German amendment to chapter II, section I (Conference Document CG71) negatived this section, removing one of the principal pillars of the whole scheme. Massigli and the Czechoslovak delegate<sup>80</sup> were of the same opinion. Nadolny on the other hand felt it would be impossible for Germany to give any measure of satisfaction whatsoever with regard to effectives until it knew what concessions would be made with regard to material.

Having discussed the matter with Davis by telephone I pointed out that the logical procedure would be to finish the first reading of the whole plan but in view of the German amendment opposing the insertion of provisions for standardization in the present draft I felt that other delegations might put in similar amendments postponing decisions with regard to other sections and therefore I feared we should gain nothing by proceeding with material. I urged that it would ease the situation if the German delegation would submit a more positive type of amendment or agree to a general reserve upon effectives dependent upon the measures of disarmament obtained in other chapters. In any case I was prepared to abide by the decision of the Bureau.

In view of the marked divergence of views expressed in the debates this morning Henderson proposed to adjourn the Bureau meeting and to endeavor to reconcile the principal difference of opinion between the British and the French on one side and the Germans on the other side by means of private conversations to be held today. The next meeting of the Bureau is scheduled for tomorrow morning when it is hoped a final decision on this point can be reached.

WILSON

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500.A15A4/1849 : Telegram

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

WASHINGTON, May 8, 1933—7 p. m.

98. For Davis. The President has made it perfectly clear to Doctor Schacht,<sup>81</sup> during a conference with him on May 6th, that the United

<sup>80</sup> Eduard Beneš.

<sup>81</sup> Hjalmar Schacht, president, German Reichsbank; German delegate, Preliminary Economic Conversations, Washington, May 5-12.

States will insist that Germany remain in *status quo* in armament and that we would support every possible effort to have the offensive armament of every other nation brought down to the German level. The President and Doctor Schacht discussed only land armament and not naval; the President intimated as strongly as possible that we regard Germany as the only possible obstacle to a Disarmament Treaty and that he hoped Doctor Schacht would give this point of view to Hitler as quickly as possible.

HULL

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500.A15A4 General Committee/348 : Telegram

*The Secretary of State to the American Delegate (Wilson)*

WASHINGTON, May 8, 1933—7 p. m.

329. Your 631, May 8, 4 p. m. We approve the position which you took in today's debate.

Subsequent to our 327 of May 6, 3 p. m., Dr. Schacht again took up the matter with the President directly; the latter told him that as the case was presented he was sympathetic with the German position in favoring a first reading of the plan as a whole.

HULL

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500.A15A4 General Committee/344 : Telegram

*The American Delegate (Wilson) to the Secretary of State*

GENEVA, May 8, 1933—10 p. m.

[Received May 8—9 p. m.]

632. Supplementing my 631, May 8, 4 p. m., this afternoon Henderson summoned Massigli, Eden, Soragna,<sup>82</sup> Nadolny and myself and proposed a procedure which he stated would not put any of the parties at a disadvantage. The procedure which he would like to suggest to the Bureau is to have a preliminary discussion on the whole of section II, material, of part II of the British plan, but this preliminary discussion would not include the offer of amendments and would be general in character. The discussion which followed brought out the same direct opposition between the British and French on the one hand and the Germans on the other hand with Soragna and myself endeavoring to find compromise solutions. During the course of the discussion Nadolny stated that the chapter on material gave Germany little or no satisfaction in its present form and until he knew how much farther the heavily armed states could go he flatly refused to alter his amendment on the standardization of Continental forces

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<sup>82</sup> Member of the Italian delegation to the General Commission.

(the argument was somewhat heated: therefore Nadolny's remarks on the British plan may be in some measure discounted). After we broke up Eden and Massigli informed me that they would endeavor to get permission from their governments to accede to Henderson's suggestion. The five of us meet Henderson again 11 o'clock tomorrow morning and the Bureau is summoned for 4:30 in the afternoon.

The discussion this afternoon revealed even more clearly than the one this morning the dangerous situation in which the Conference now is. Neither the French or British are disposed to make concessions to Germany in its present condition and the Germans with the Nazi Government are equally intransigent. In fact the principal parties involved have come to a head-on collision on fundamentals under the mask of procedure.

I do not see what useful purpose can be served other than to gain time by the proposal which Henderson makes. But it may be that in staving off a break at this moment some sort of a compromise may evolve.

In presenting his suggestion Henderson said that this would enable us to pass several days and he hoped that in the meantime the American delegation would be ready to go back to part I. I told him that I could give no undertaking as to when we would be ready and would have to consult Davis. After consulting Davis by telephone at the conclusion of the meeting and ascertaining his views I communicated them to Henderson to the effect that we could take no engagement as to when we would be willing to discuss this matter and that he must not give the Conference the hope that we would be ready in the near future to do so. Henderson acquiesced.

Davis was of the opinion that to enter upon an immediate discussion of part I would be bad strategy until we could see what measures of disarmament were obtainable.

Repeated to Davis in London.

WILSON

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500.A15A4/1851 : Telegram

*The Secretary of State to the American Delegate (Wilson)*

WASHINGTON, May 9, 1933—5 p. m.

330. Your 630, May 6, 11 a. m. Your suggested reply to Saavedra approved, particularly your emphasis on the importance of introducing the figures for Latin American countries prior to signature of convention.

HULL

500.A15A4 General Committee/345 : Telegram

*The American Delegate (Wilson) to the Secretary of State*

GENEVA, May 9, 1933—6 p. m.  
[Received May 9—2:25 p. m.]

633. My 632, May 8, 10 p. m.

1. The same five met Henderson this morning. Eden stated that Nadolny had suggested that some time be given in which the questions raised in part II of the British plan might be somewhat elucidated in private conversation. Eden stated that he had no objections to this attempt being made. Nadolny said that he hoped that a general survey of the disarmament section would bring about at least a partial meeting of minds which would make the point of procedure lose its importance. Massigli assented to the suggestion. It was then agreed that Eden should keep Henderson informed of the progress of conversations and that Henderson should inform the Bureau this afternoon that in his opinion time should be given for reflection and private conversations; that he hoped to call the Bureau meeting for Friday morning and perhaps a General Commission meeting for Friday afternoon, depending upon the state of the conversations.

2. At the meeting of the Bureau this afternoon Henderson made the statement himself and there being no opposition, that procedure was adopted.

Repeated to London.

WILSON

500.A15A4 General Committee/346 : Telegram

*The American Delegate (Wilson) to the Secretary of State*

GENEVA, May 10, 1933—9 a. m.  
[Received May 10—9 a. m.]

634. My 633, May 9, 6 p. m. Yesterday afternoon and evening Nadolny called on Eden who told me late last night the following:

1. Nadolny took the position that what Germany was asked to do in effectives was a further concession over and above the provisions of the Treaty of Versailles and that therefore Germany had to have "compensation" in the matter of material over and above what was offered in the British plan.

2. As to material Nadolny insists that Germany should have not only all types permitted to other powers but that they should realize, by each eloned [*by echeloned*] reduction on the part of the other powers and each eloned [*and echeloned*] advances on the part of Germany, equality in quantity of material with the major powers by the termination of the convention. For instance, Germany, ac-

ording to Nadolny, should have the right to build 155 mm. guns thus at the end of the convention possessing new guns of this caliber while all others are old. The airplane figures should reach equality at the end of the period of the convention.

3. As far as the navy is concerned Nadolny's demands were not so far reaching since he stated that they regarded the navy chapter of the British plan as a mere stopgap until the naval conference of 1935.

4. Eden definitely refused to discuss such a proposal or to transmit it to the French or other members of the Conference and told him flatly that it was unacceptable.

5. Eden and I do not yet know whether this attitude of Nadolny's is a first step in a clumsy endeavor to bargain or whether it represents a position on which Germany will finally stand.

6. Scarcely had Eden reached home from my house when another telephone call to Eden came from Nadolny requesting an interview this morning. I shall keep you informed during the day.

7. This matter is ultra confidential. Eden has told no one but me. We feel that it is of the first importance to ascertain just what are Germany's real intentions and that this should be explored as fully as possible before the French have knowledge of Nadolny's present attitude.

Davis advised.

WILSON

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500.A15A4 General Committee/349 : Telegram

*The American Delegate (Wilson) to the Secretary of State*

GENEVA, May 10, 1933—4 p. m.  
[Received May 10—12:30 p. m.]

635. My 634, May 10.

1. Eden informs me that at the further conversation with Nadolny this morning the latter seemed obviously to have received new instructions. He wriggled and was unsatisfactorily indefinite. Nadolny did, however, moderate his attitude of yesterday somewhat with regard to Germany's material requirements taking a position more in line with juridical equality and sample types than with the demand for equality in quantity of material by the termination of the proposed convention. Eden has prepared a memorandum on what he considers was Nadolny's attitude this morning which he will show Nadolny this afternoon and try to verify definitely.

2. Regarding effectives Nadolny corroborated Rosenberg's<sup>83</sup> statement attributed to General Blomberg<sup>84</sup> as reported to you by Davis

<sup>83</sup> Director of the foreign policy office of the Nazi Party.

<sup>84</sup> German Minister for War.

in his 114,<sup>85</sup> to the effect that Germany agreed in principle to consider the standardization of armies. But despite protracted effort on Eden's part in his talk with Nadolny this morning Eden was unable to conclude whether or not the agreement in principle referred to was of a workable nature, namely, whether Germany meant thereby a willingness to agree to standardization within a reasonably short definite period.

3. Eden feels as is understandable that he cannot continue much longer to act alone in this matter and proposes to report to the five after his discussion with Nadolny this afternoon unless some further factor intervenes meanwhile.

4. Eden will communicate with me immediately after his conversation with Nadolny this afternoon when I shall telegraph you again. Repeated to Davis.

WILSON

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500.A15A4 General Committee/350 : Telegram

*The American Delegate (Wilson) to the Secretary of State*

GENEVA, May 10, 1933—10 p. m.

[Received 10:20 p. m.]

636. My 635, May 10, 4 p. m. Eden saw Nadolny again this afternoon and showed the latter the memorandum he had prepared setting forth what he understood to be Nadolny's attitude this morning (see last sentence of paragraph 1 of telegram under reference) with which Nadolny agreed. The memorandum contained four points substantially as follows:

(a) Trained reserves to be included in some form in compilation of effectives.

(b) Some special treatment of overseas forces near the home land in computation of effectives.

(c) Acceptance in principle of standardization of Continental land forces details to be worked out by experts if required regarding material,

[(d)] A statement of the right of Germany to quantitative equality but Germany would expressly state in some form to be worked out in the table of allotment its willingness not to put this allotment into practical effect during the life of the convention.

2. Eden showed this memorandum to Massigli and Soragna this afternoon and discussed it with them after his conversation with Nadolny.

3. Massigli did not appear unduly pessimistic.

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<sup>85</sup> Not printed.

4. Soragna who incidentally has shown a very reasonable and helpful attitude throughout indicated that his Government was opposed to rearmament. Eden, however, does not know exactly how strictly his Government interprets "rearmament". Soragna thought it likely that the Germans were primarily more interested in point 4 of the memorandum, that is to say, in equality of material, than in the retention of the Reichswehr. Eden felt rather the same although neither of these two have any definite idea as to just what Germany understands by a willingness to refrain from availing of any allotment as to material which might appear in a convention; for example, if the table for airplanes allotted an equality with the other principal powers whether Germany would be satisfied during the life of the convention with say 25 or so planes.

5. In discussing the memorandum with Nadolny, Eden said that for his part he would be willing to proceed with it as a basis for discussion if point 4 were eliminated. With point 4 included he could not feel it a practical basis for consideration. With this point of view I agreed.

6. Eden is going to see Nadolny again tomorrow morning and there is a meeting of the five scheduled for tomorrow afternoon when Eden will make a report on the entire matter. Eden now feels as I do that he has carried on his informal single handed negotiations with Nadolny as far as they may be profitable.

Repeated to Davis.

WILSON

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500.A15A4/1852: Telegram

*The American Delegate (Wilson) to the Secretary of State*

GENEVA, May 11, 1933—6 p. m.  
[Received May 11—1:25 p. m.]

637. Department's telegram 330, May 9, 5 p. m. I had a further discussion with Saavedra this morning along the line you approved. Saavedra fell in with these ideas and told me he would discuss the matter with his Latin American colleagues in this sense.

WILSON

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500.A14A4 General Committee/358: Telegram

*The American Delegate (Wilson) to the Secretary of State*

GENEVA, May 11, 1933—midnight.  
[Received May 12—1:55 a. m.]

638. 1. It is impossible to give a satisfactory consecutive account of today's events which included numerous private conversations, and

two lengthy sittings of the five, with Henderson, one before and one after dinner.

2. It finally evolved tonight that in Nadolny's conception point 3 of the memorandum by which Eden reduced Nadolny's attitude to writing (my 636, May 10, 10 p. m.) is contingent on the acceptance of points 1, 2 and 4 by the other powers and that Nadolny is unwilling even to declare his acceptance of the principle of the standardization of continental European armies on the basis of short term service unless at the same time a measure of acquiescence is given by the other powers to all four points of the memorandum. This of course represented a position impossible of acceptance and we therefore found ourselves back to exactly the position we were at the last meeting of the Bureau (my 631, May 8, 4 p. m.). Nadolny's attitude in the afternoon conversations was conciliatory and he was obviously searching in every way to reach agreement. In the evening, on the contrary, his attitude was so changed that I cannot explain it otherwise than by his having received telephone instructions between the meetings.

3. The Bureau is fixed for tomorrow afternoon and there are two motions before it, one by Eden to give second reading to part II, section I, chapters I, II and III (effectives), and the other by Nadolny to proceed with the first reading of the rest of part II beginning with article 19, section II, chapter I (land armaments). These motions will come up for discussion and vote.

4. I have constantly borne in mind the desire of the President that we should continue with a first reading of the British plan (Department's 329, May 8, 7 p. m.) and have lost no opportunity to try to work out a basis on which such a program would be possible. Under the present conditions however the British, who are mainly responsible for the progress of their own plan, are convinced that no useful purpose can be served by entering into discussions of material until further elucidation of Germany's position towards the question of effectives has been obtained. Furthermore, Nadolny himself [apparent omission] so unreasonable and has made his position so untenable that Davis, whom I have just consulted, and I are of the opinion that I must vote for Eden's motion in the Bureau tomorrow.

5. Davis considers it highly important that he has time to endeavor to arrange the presence here of some of the chief delegates in order that an attempt may be made to solve this very critical situation in Geneva. I shall so inform Henderson tomorrow.

6. In the course of the discussions this afternoon Nadolny made it plain to us that his own conception at least of point 4 was that of "sample types of no military importance". After elucidating his position he said that he knew Eden's views but would like to have the views of the others present. Soragna stated that his Government while definitely opposed to German rearmament considered rearmament as



meaning giving to Germany weapons which they did not now possess in sufficient quantities to represent a military value. They did not consider it rearmament if merely sample types were given for the satisfaction of public opinion in Germany although the Italian Government would use all its influence to reduce these sample types to the very minimum. I stated that my Government was definitely opposed to Germany's rearmament; that I had not worked out in detail with my Government how this applied in every specific instance, nevertheless I knew that my Government felt very strongly on this point and my impression was that it would oppose any measure of rearmament. (As to the complexities involved see Davis' 616, April 28, 4 p. m.<sup>89</sup>). Massigli stated briefly and categorically that France was opposed to Germany being permitted to have any types of weapons which were precluded by the Treaty of Versailles. I know from other conversations that Eden's position is that no qualitative rearmament should be permitted. By this they mean no airplanes, no 155 mm. guns, no submarines, no capital ships. Eden admits that the British plan is loose in that in present reading it permits rearmament on tanks and believes that some amendment might be found to tighten this up.

Repeated to Davis.

WILSON

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500.A15A4 General Committee/360 : Telegram

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

LONDON, May 12, 1933—3 p. m.

[Received May 12—2: 50 p. m.]

119. From Davis. The German Ambassador von Hoesch came to see me this morning to discuss the situation at Geneva as described in Wilson's 638, May 11, midnight. He told me he had been in telephonic communication with Berlin and was anxious to clear the matter up. First he wished to explain that Germany had now agreed to accept in principle the standardization of armies in Europe to be worked out in detail and through a reasonable period of time. Next he said knowing that the United States and England are opposed to German rearmament he desired to explain that Germany does not wish any real rearmament but that as a matter of prestige she wishes only specimens of so-called sample weapons but not in quantities which would materially increase her military strength. He emphasized that of course Germany would not ask for any weapons that the other powers were themselves prepared to forego. I told him that Nadolny had practically vitiated his acceptance of standardization of armies by making it conditional upon acceptance of the principles

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<sup>89</sup> Ante, p. 117.

of limited rearmament and that the French and British had logically refused to go ahead with the discussions of the balance of part II, matériel, until this fundamental question is cleared up. I then explained to him that our objective is by progressive stages to reduce all armaments to a purely selective basis, that is to the German level, but that if Germany insisted upon moving up as the others move down to meet her they make it all the more impossible to start the real movement down. In substance I told him that while we would oppose rearmament we would cooperate in all reasonable demands for disarmament on the part of others.

I told him I thought that Germany should agree to accept in principle the standardization of continental European armies on the basis of short term service and that the German delegation should declare its readiness to explore at once the method of carrying this out with the proviso that the final acceptance of any transformation plan would depend upon a satisfactory disarmament convention being concluded and that the Conference should then proceed forthwith to a consideration of the other chapters of part II of the convention. He told me he would telephone to Berlin at once and make this suggestion. Subsequently he telephoned me that he had been talking with Berlin and that while he could not definitely assure me that it would be done he believed that Nadolny would at once receive fresh instructions.

The formula as to procedure indicated above was discussed with Wilson by telephone.

Repeated Geneva and Berlin. [Davis.]

ATHERTON

500.A15A4 General Committee/364 : Telegram

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

WASHINGTON, May 14, 1933—1 p. m.

53. Please send a short message in time to reach us in Washington this evening setting forth the probable purpose of Hitler in calling the meeting of the Reichstag on Wednesday, next, and the trend of the German Government in connection with the crisis at the Disarmament Conference.

HULL

500.A15A4 General Committee/365 : Telegram

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

BERLIN, May 15, 1933—1 a. m.

[Received May 15—12:20 a. m.]

78. Department's 53, May 14, 1 p. m. As I indicated over the telephone the purpose of convoking the Reichstag is to give the Chancellor

an opportunity to expound Germany's foreign policy in general with special reference to the disarmament problem. He presumably wishes to make some answer to recent speeches of Lord Hailsham<sup>87</sup> and Paul-Boncour.<sup>88</sup>

After some probable reference to the necessity of establishing a basis of international confidence prior to the assembling of the World Economic Conference, he will doubtless turn to the Disarmament Conference and contend that although Germany has recognized that the MacDonald plan has useful elements it has been vitiated through the failure of the powers to give some practical expression to Germany's right to equality, and he may even add, to her security. He may then indicate that Germany is ready to accept in principle the standardization of armies to be worked out over a reasonable period of time and to insisting upon samples only of weapons now prohibited to her (Davis' 119, May 12, 3 p. m., to the Department). I venture to add however that I have been able to observe no indications of readiness to accept the principle of reckoning her semi-military organization as effectives.

The foregoing is necessarily speculative. Only a handful of people really know what will happen next Wednesday, and the same applies to the trend of the Government which there is some reason to believe is still fluctuating.

Will telegraph later today if I can secure further information modificative of the foregoing.

GORDON

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500.A15A4 General Committee/375 : Telegram

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

PARIS, May 15, 1933—1 a. m.

[Received 7:10 a. m.]

213. From Norman Davis. Please deliver the following message to the President:

I had not attempted sooner to offer suggestions with regard to the possible content of a declaration on disarmament because I had not felt the time had yet come when such a statement could be made to produce the maximum effect. Hitler's decision to address the Reichstag presumably on the subject of disarmament and the deadlock at Geneva has now altered this situation. The next few days may be crucial in the whole disarmament work and hence it may be advisable for a statement to be made in the very near future.

There seem to me to be two alternatives.

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<sup>87</sup> British Secretary of State for War.

<sup>88</sup> French Minister for Foreign Affairs.

(1)—To make a statement not later than Tuesday, that is, before Hitler makes his speech on Wednesday in the hope that a clear statement of American policy may take the wind out of his sails and lead him to take a more reasonable and conciliatory attitude.

(2)—To wait until after his speech and the replies which the British and the French will undoubtedly make and then to endeavor through our statement to clear the atmosphere and find a basis for reconciling the conflicting viewpoints which these various statements will almost inevitably bring about.

I am inclined to the view that a statement by the President prior to Hitler's speech would have the maximum effect and might prevent an irreconcilable breach.

If a statement is not made by the President before Hitler speaks it may be important and perhaps necessary to make a statement of our position at Geneva in the event that the British and French statements in reply to Hitler are made at the Disarmament Conference when it reconvenes on Thursday.

With these considerations in view I am preparing and will telegraph tomorrow afternoon, so as to reach you Monday afternoon, a statement of our position as I see it. If you think it would be desirable for you to make a statement prior to Hitler's speech I hope this draft or some of the ideas in it will be of use to you. If you should consider it preferable to withhold a statement until a later date or to deal with the matter in a different way I should appreciate your judgment as to the advisability of my making a statement at the Disarmament Conference on the lines of this draft if it becomes necessary for me, as your representative, to explain our attitude and policy on disarmament in the light of the developments. [Davis.]

MARRINER

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500.A15A4 General Committee/377 : Telegram

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

PARIS, May 15, 1933—11 a. m.  
[Received May 15—7:30 a. m.]

215. From Norman Davis. I feel that Hitler's statement before the Reichstag will be of overwhelming importance on the fate of the Disarmament Conference. If he makes a statement which we now anticipate claiming the right of even sample types of weapons which are permitted to other powers and the determination to rearm in case their demands are not granted there is a strong chance that the subsequent debate in the Disarmament Conference will prove that further attempts are futile. If on the other hand he can be induced to accept the British plan in its essence as a first step toward equality provided express provision is made for the destruction or the demili-

tarization of prohibited material then of course the Conference can reconvene with real hope.

Time is so vital that I fear that even a public declaration by the President no matter how wisely conceived may not have time decisively to influence Hitler's action before the Reichstag. I feel also that urgent steps are necessary or advisable to bring out points that cannot be made in a speech or public declaration.

The German people are in a state of mind today where broad arguments of world reconstruction, success of the Economic Conference or peaceful cooperation in Europe would not weigh against their present conception of national honor and prestige. The argument that is most likely to convince them at the present time would be that if they throw in the weight of their influence in favor of the British plan (interpreted to provide for strict demilitarization and ultimate destruction of prohibited material) and accept this as a first step towards equality then overnight the burden of responsibility for the success of the Disarmament Conference rests on the heavily armed powers. By such a step Germany would instantly align itself with the United States, Great Britain and Italy and public opinion in our countries would make it essential for us to press for the ultimate acceptance by all powers of the plan in toto.

It has occurred to me that in this very urgent situation the President may think it wise to call in the German Ambassador and present this side of the question to him. This must of course be handled with the greatest care and without direct reference to France to prevent her from becoming irreconcilable.

Referring to my 213, May 15, 1 a. m.; and 214, May 15, 2 a. m.,<sup>89</sup> I still feel that a statement by the President prior to Hitler's speech would be helpful not only to clarify publicly our position but it also might have some tempering effect upon Hitler if it reached him in time. However, it is only considerations such as the above which would most likely influence him to make his speech along constructive rather than obstructive lines. [Davis.]

MARRINER

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500.A15A4 General Committee/380 : Telegram

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

BERLIN, May 15, 1933—6 p. m.  
[Received May 15—2: 40 p. m.]

79. My 78, May 15, 1 a. m. Since the decision to convoke the Reichstag was announced Saturday morning I have had various conversations with Germans in relatively close touch with the situation but I

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<sup>89</sup> Latter not printed.

should like to reiterate that it is clear that only very few people actually know just what action the Government through the Chancellor will take on Wednesday, and to add that I much doubt if even most of the members of the Government are yet aware thereof.

Under the circumstances I thought it well to see Dieckhoff<sup>90</sup> early this morning and to tell him frankly that I should be very glad of anything he or the Foreign Minister could tell me as to the Government's position towards the disarmament problem with particular reference to the stand to be taken next Wednesday. Dieckhoff said he was just going to see the Foreign Minister and that they would be glad to give me some answer as soon as possible but that the Chancellor who had left Berlin for the week end was only returning later in the day and that nothing was as yet settled. Dieckhoff has now just called up to say that he regrets that he will not possibly have anything further to say to me today.

The foregoing tends to confirm how closely final decisions are kept in the hands of a very small circle around the Chancellor. I may add that in the course of the conversation which developed with Dieckhoff this morning, he gave in a general way his views as to the Government's position and its probable exposition next Wednesday which did not differ materially from the outline set forth in my telegram. As I believe he participated in some of the discussions culminating in the decision to convoke the Reichstag this may be of interest.

GORDON

500.A15A4/1863

*President Roosevelt to Various Chiefs of State*<sup>91</sup>

WASHINGTON, May 16, 1933.

A profound hope of the people of my country impels me, as the head of their government, to address you and, through you, the people of your nation. This hope is that peace may be assured through practical measures of disarmament and that all of us may carry to victory our common struggle against economic chaos.

To these ends the nations have called two great world conferences. The happiness, the prosperity, and the very lives of the men, women and children who inhabit the whole world are bound up in the deci-

<sup>90</sup> Hans Heinrich Dieckhoff, Chief, Anglo-American and Near East Department, German Foreign Office.

<sup>91</sup> Addressed to the Chiefs of State of all countries participating in the General Disarmament or International Monetary and Economic Conferences: Albania, Argentina, Austria, Belgium, Bolivia, Brazil, Bulgaria, Chile, China, Colombia, Costa Rica, Cuba, Czechoslovakia, Denmark, Dominican Republic, Ecuador, Egypt, Estonia, Ethiopia, Finland, France, Germany, Great Britain, Greece, Guatemala, Haiti, Honduras, Hungary, Iraq, Italy, Japan, Latvia, Lithuania, Luxembourg, Mexico, Netherlands, Nicaragua, Norway, Panama, Paraguay, Persia, Peru, Poland, Portugal, Rumania, Siam, Soviet Union, Spain, Sweden, Switzerland, Turkey, Uruguay, Venezuela, Yugoslavia.

sions which their governments will make in the near future. The improvement of social conditions, the preservation of individual human rights, and the furtherance of social justice are dependent upon these decisions.

The World Economic Conference will meet soon and must come to its conclusions quickly. The world can not await deliberations long drawn out. The Conference must establish order in place of the present chaos by a stabilization of currencies, by freeing the flow of world trade, and by international action to raise price levels. It must, in short, supplement individual domestic programs for economic recovery, by wise and considered international action.

The Disarmament Conference has labored for more than a year and, as yet, has been unable to reach satisfactory conclusions. Confused purposes still clash dangerously. Our duty lies in the direction of bringing practical results through concerted action based upon the greatest good to the greatest number. Before the imperative call of this great duty, petty obstacles must be swept away and petty aims forgotten. A selfish victory is always destined to be an ultimate defeat. The furtherance of durable peace for our generation in every part of the world is the only goal worthy of our best efforts.

If we ask what are the reasons for armaments, which, in spite of the lessons and tragedies of the World War, are today a greater burden on the peoples of the earth than ever before, it becomes clear that they are two-fold: First, the desire, disclosed or hidden, on the part of Governments to enlarge their territories at the expense of a sister nation. I believe that only a small minority of Governments or of peoples harbor such a purpose. Second, the fear of nations that they will be invaded. I believe that the overwhelming majority of peoples feel obliged to retain excessive armaments because they fear some act of aggression against them and not because they themselves seek to be aggressors.

There is justification for this fear. Modern weapons of offense are vastly stronger than modern weapons of defense. Frontier forts, trenches, wire entanglements, coast defenses—in a word, fixed fortifications—are no longer impregnable to the attack of war planes, heavy mobile artillery, land battleships called tanks, and poison gas.

If all nations will agree wholly to eliminate from possession and use the weapons which make possible a successful attack, defenses automatically will become impregnable, and the frontiers and independence of every nation will become secure.

The ultimate objective of the Disarmament Conference must be the complete elimination of all offensive weapons. The immediate objective is a substantial reduction of some of these weapons and the elimination of many others.

This Government believes that the program for immediate reduction of aggressive weapons, now under discussion at Geneva, is but a first step toward our ultimate goal. We do not believe that the proposed immediate steps go far enough. Nevertheless, this Government welcomes the measures now proposed and will exert its influence toward the attainment of further successive steps of disarmament.

Stated in the clearest way, there are three steps to be agreed upon in the present discussions:

First, to take, at once, the first definite step toward this objective, as broadly outlined in the MacDonalld Plan.

Second, to agree upon time and procedure for taking the following steps.

Third, to agree that while the first and the following steps are being taken, no nation shall increase its existing armaments over and above the limitations of treaty obligations.

But the peace of the world must be assured during the whole period of disarmament and I, therefore, propose a fourth step concurrent with and wholly dependent on the faithful fulfillment of these three proposals and subject to existing treaty rights:

That all the nations of the world should enter into a solemn and definite pact of non-aggression: that they should solemnly reaffirm the obligations they have assumed to limit and reduce their armaments, and, provided these obligations are faithfully executed by all signatory powers, individually agree that they will send no armed force of whatsoever nature across their frontiers.

Common sense points out that if any strong nation refuses to join with genuine sincerity in these concerted efforts for political and economic peace, the one at Geneva and the other at London, progress can be obstructed and ultimately blocked. In such event the civilized world, seeking both forms of peace, will know where the responsibility for failure lies. I urge that no nation assume such a responsibility, and that all the nations joined in these great conferences translate their professed policies into action. This is the way to political and economic peace.

I trust that your government will join in the fulfillment of these hopes.

FRANKLIN D. ROOSEVELT

500.A15A4/1869 : Telegram

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

WASHINGTON, May 16, 1933—7 p. m.

138. Personal for Norman Davis. Your 216, May 15, 1 p. m.,<sup>92</sup> arrived too late to serve as a basis for the President's statement cabled

<sup>92</sup> Not printed.



you in our 135.<sup>93</sup> The President had for several days felt the need of taking a new initiative in connection with both the Economic and Disarmament Conferences and developments over the weekend made it imperative for him to take action with the least possible delay. He was gratified, however, to find that despite certain differences in emphasis, the ideas he developed proved to be in essential harmony with those you submitted. The President considered it advisable under existing circumstances to cast his proposal in general terms applicable to the entire world rather than to limit his message primarily to the European situation or to Germany in particular. Within this universal framework, however, he included a new approach by offering in substance a concrete definition of aggression, definitely linking it up with the faithful execution of disarmament obligations. This, of course, does not signify a recession on our part from the position already developed in connection with security, consultation, and non-insistence on neutral rights, but on the other hand actually strengthens it.

Your draft statement in many respects supplements the President's message and if occasion demands you may make use of appropriate passages with a view to strengthening the President's initiative, dependent, of course, on world reaction to the message and on developments in the Reichstag tomorrow.

HULL

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500.A15A4/1961

*Memorandum by the Under Secretary of State (Phillips)*

[WASHINGTON,] May 16, 1933.

The Japanese Ambassador<sup>94</sup> called to make, as he said, certain inquiries regarding the President's circular message to the heads of states of to-day's date. His inquiries were in special reference to the "fourth proposal" and to whether the words "subject to treaty rights" included the whole of this paragraph. I explained to him that it did include the whole of the fourth proposal.

At the end of the conversation the Ambassador said that he assumed that the President's message was intended primarily for European consumption, and in particular for German consumption, and that probably it did not bear directly upon the Far Eastern situation.<sup>95</sup> He said he did not wish to quote me in any way but that the above was his judgment, which of course he would not ask me to confirm. I replied to the effect that, in my opinion, the message was applicable to the Far Eastern situation just as it was to various other parts of

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<sup>93</sup> Not printed.

<sup>94</sup> Katsuji Debuchi.

<sup>95</sup> For correspondence relating to the Far Eastern situation, see vol. III, pp. 1 ff.

the world, but of course the reason for sending it on this particular date was in view of the critical situation in the Reichstag tomorrow. I asked the Ambassador not to carry away from me the impression that it was directed solely to the European situation.

Mr. Debuchi then mentioned the coming of Viscount Ishii<sup>96</sup> and expressed the hope that we could arrange for Ishii to have a personal conference with the President without anyone else in attendance. He mentioned the fact that during the Naval Conference the Prime Minister of Japan<sup>97</sup> had an hour's talk with the President. He thought that it would be very helpful if this quiet talk between Ishii and the President could be arranged next week. I said I would gladly carry his message to the President.

The Ambassador referred to the fact that Japanese sentiment towards the United States had been improving during the last two months since the inauguration of President Roosevelt, and that this was explainable because of a feeling of confidence in the President and because of the fact that there had been a quiet period in the exchange of communications between Japan and the United States. He added that he hoped that this Presidential message to the Emperor would not change this attitude of the Japanese.

The Ambassador concluded by saying that he hoped we understood that the Emperor would be obliged to delay sending a response to the President's message because the Emperor had no position corresponding to that of President and the reply, therefore, would have to be carefully considered by the Government. He thought that, in view of the situation in China, there would be some embarrassment in answering the President's communication. I said that we would naturally understand any such delay and that I did not see any urgent reason calling for immediate reply.

WILLIAM PHILLIPS

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500.A15A4/1866 : Telegram

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

PARIS, May 17, 1933—11 a. m.  
[Received May 17—8:45 a. m.]

224. French reaction to the President's message on disarmament has been generally hostile in accordance with the traditional Gallic attitude of being surprised and suspicious of every new step. Something of the reasoning that enters into this attitude was given me yesterday when I saw Léger<sup>98</sup> at the Foreign Office to protest about the turnover

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<sup>96</sup> Viscount Kikujiro Ishii, senior Japanese delegate, Preliminary Economic Conversations, Washington, May 23—June 2; Privy Councillor.

<sup>97</sup> Yuko Hamaguchi.

<sup>98</sup> Alexis Léger, Secretary General of the French Foreign Office.

tax arrangement with Italy. His first reaction on the President's message was one of fear that it was all an English trick inspired by MacDonalld to make France's position more difficult since he said at the present time, with Germany in its inflamed condition, with the psychology of the whole German people turned toward the cult of force, France with her lesser population could not afford to give up that preponderance in war material which was her only safeguard. He said that Italian policy was likewise hostile to France and that England had never been sufficiently firm with German aspirations for rearmament to inspire confidence in France. Therefore, he did not feel at this time that the French people could be persuaded to give up so much as one of the ancient cannons at the Invalides.

I pointed out the stress which the President had laid on the immediate steps to be taken and the agreements necessary in order that these steps should be made with a feeling of security, namely, the agreement not to increase during the course of disarmament negotiations beyond treaty limits, and the nonaggression agreement for the same period, and said that the weaving of these proposals into the fabric of disarmament negotiations should give the French the very assurances they desire from the rest of the world. He admitted that they did constitute a step in advance.

Massigli, Comert<sup>99</sup> and young Jean Paul-Boncour<sup>1</sup> (the officials most immediately concerned with disarmament) were much more favorably impressed and realized the great step in advance contained in the message.

MARRINER

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500.A15A4/1871 : Telegram

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

BERLIN, May 17, 1933—noon.  
[Received May 17—10 a. m.]

80. The full text of the President's message is carried on the front page of the entire German press this morning with the exception of the Nazi *Voelkischer Beobachter* which printed it on an inside page without a word of comment.

The initial comment on the whole is meager, confirming the information given me last night that the Ministry of Propaganda had given instructions that comment of any substance should be withheld until after the Chancellor delivers his speech this afternoon.

The message was widely acclaimed as an event of historical importance dictated by sense of responsibility.

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<sup>99</sup> Chief of the Press and Information Service of the French Foreign Office.

<sup>1</sup> Chief of the League of Nations Section of the French Foreign Office.

The press in general welcomed the message as being in line with Germany's own policy though certain journals felt that the proposals did not go far enough. For instance, the *Vossische Zeitung*, declared that much depended on how the proposal for a reduction of armaments would work out in practice, saying that what was demanded of Germany was clear but what was demanded of the other countries would be known only when the figures were definitely fixed; while the *Deutsche Allgemeine Zeitung* regretted that President Roosevelt had not drawn practical conclusions from the French thesis which he had adopted, namely, that disarmament centered upon weapons of attack.

This latter paper went on to say that the President's three points represented only a beginning and did not establish equality; on the other hand the *Taegliche Rundschau* said that the message was an official recognition of the principle of Germany's equality status which England and France had of late rejected.

In some quarters it was feared that the message might be regarded by "malicious political observers" as pressure on Hitler while Hugenberg's *Lokalanzeiger* declared that President Roosevelt's admonitions could not well be regarded as addressed particularly to Germany as she had always stressed her desire for peace.

The hope was expressed that the President's initiative might be more successful than President Wilson's intercessions in Europe. While most journals felt that the President's action meant the abandonment by America of the policy of noninterference in Europe the Centrist *Germania* could not view the message in this light.

Political significance was attached to the fact that President Roosevelt's admonition was addressed to all and that it stressed the importance of disarmament for the success of the World Economic Conference.

Some journals saw in the fact that the message was addressed also to Soviet Russia, an indication of impending recognition of that country by America.<sup>2</sup>

GORDON

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500.A15A4/1874 : Telegram

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

BERLIN, May 17, 1933—5 p. m.  
[Received May 17—2: 20 p. m.]

81. As Associated Press is cabling full text of Hitler's speech<sup>3</sup> which you of course will wish to study carefully in its entirety I will not attempt to summarize it but will report by mail.

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<sup>2</sup> For correspondence relating to the recognition of the Soviet Union by the United States, see vol. II, pp. 778 ff.

<sup>3</sup> For translation, see *Documents on International Affairs*, 1933, pp. 196-208.

I may add, however, that the speech was entirely different in tone from all others I have heard the Chancellor deliver.

I have been informed on excellent authority in the strictest confidence who wrote the main lines of the speech and this individual is certainly to be classed as relatively conservative; it does therefore seem significant that on this occasion the Chancellor should have been willing to entrust the preparation of his speech to such quarters.

Delivery of speech, which occupied 50 minutes, was made in a dramatic setting with majority of persons both on the floor and in the galleries in Nazi uniform including the Chancellor and the Reichstag president.<sup>4</sup> At the end of the speech Goering read resolution submitted in the name of Nazi Nationalist Center and the Bavarian Peoples Parties to the effect that the Reichstag approved the spirit of the Chancellor and stood squarely behind the Government; a standing vote thereon being taken the entire Reichstag including the Social Democratic deputies present arose in a body.

GORDON

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500.A15A4/1928 : Telegram

*The Secretary of State to the American Delegate (Wilson)*

WASHINGTON, May 18, 1933—2 p. m.

332. For Davis. Your 227, May 17, 8 p. m., from Paris.<sup>5</sup> The President is glad to confirm the authorization given you to make a statement whenever in your judgment it is advisable based on your cabled draft but so rephrased as to supplement the President's proposal and conform to developments. As far as we can judge, the portion of your draft dealing with consultation, neutral rights and control is clear and does not require any change.

For your personal information only. In reply to specific questions, we informed the French Ambassador<sup>6</sup> orally as follows:<sup>7</sup>

The President holds that the proposal which he made to Herriot<sup>8</sup> concerning a unilateral declaration on our part regarding consultation and the renunciation (under given circumstances) of the exercise of neutral rights in return for adequate measures of disarmament still stands, and says that publicity will be given to it, either in Washington or in Geneva, at the proper time. In carrying out the four points of his suggested program, it is, of course, necessary to provide for machinery for consultation and inspection. The President said

<sup>4</sup> Hermann Goering.

<sup>5</sup> Not printed.

<sup>6</sup> André de Laboulaye.

<sup>7</sup> Following a conversation between the French Ambassador and Under Secretary Phillips on May 17, these views were telephoned to the Ambassador by Mr. Phillips (500.A15A4/1934).

<sup>8</sup> See memorandum by the Under Secretary of State, April 26, p. 109.

that he had not changed his views in any way, but as these are matters of details they had no place in his appeal to the nations.

With regard to the Pact of Nonaggression proposed by the President yesterday, the question of the mechanics by which it will be brought into being is of secondary importance and should be worked out in the future; the form it may eventually assume, whether as a measure of reinforcement to the Kellogg Pact or as an independent instrument, remains to be determined. The President's proposal supplements the Kellogg Pact. In his opinion it strengthens it and certainly does not weaken it.

HULL

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500.A15A4/1891 : Telegram

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

LONDON, May 18, 1933—4 p. m.

[Received May 18—12:28 p. m.]

132. Increasing tension as to the Continental situation was evidenced here last week as a result of German tactics at Geneva and Von Papen's speech.<sup>9</sup> The President's message of Tuesday is increasingly and whole-heartedly welcome in that it allays this feeling. As the Prime Minister pointed out in his Tuesday evening's speech, the United States will not remain indifferent to the European situation.

Hitler's speech yesterday, although generally acknowledged to have been drafted for him, has further tended to allay apprehension in the public mind. The official mind, however, is unwilling to accept this German statement as a declaration of policy unless it is followed by confirmatory action at Geneva; outstandingly by early acceptance of the MacDonald plan on transforming the Reichswehr without any demand for an extension of time. Consequently, since the President's message of Tuesday and Hitler's speech of yesterday attention here is focused on Geneva; on the forthcoming attitude of the American delegation and whether Germany will by her attitude give proof of a "genuine" acceptance of the MacDonald plan.

Copy Geneva.

ATHERTON

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500.A15A4/1904 : Telegram

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

TOKYO, May 19, 1933—1 p. m.

[Received May 19—5:52 a. m.]

103. 1. The Departments of Foreign Affairs, Army and Navy are carefully considering all implications of the President's appeal for

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<sup>9</sup> Delivered by Franz von Papen, German Vice Chancellor, at Muenster, May 13, before a combined Nazi and Stahlhelm audience; it was a reply to Lord Hailsham's speech of May 11 in the House of Lords which carried a threat of sanctions against Germany.

disarmament and universal nonaggression and it will probably be several days before an official reply<sup>10</sup> is forthcoming. The general reaction in Japan has not been favorable to the proposal as a whole, but the impression is gaining ground in Japan that the past tendency to ignore the opinions and wishes of other nations is in part the cause of economic reprisals such as the recent abrogation of trade agreements by parts of the British Empire and that therefore the President's proposal should not be refused in toto. Nevertheless, the consensus of opinion among observers here is that Japan, while agreeing in principle, will add such conditions and reservations as practically to nullify the effect of the agreement as far as Japan and the Far East are concerned.

2. The Tass representative in Tokyo stated to a member of my staff that he believes that the Soviets will accept the proposal with the condition that all other nations accept in good faith, this condition being aimed particularly at Japan. If Japan does not accept unconditionally, therefore, he believes that the Soviets will be unable to accept the President's proposal and that this will undoubtedly influence the decisions of European powers bordering on the Soviet.

GREW

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500.A15A4 General Committee/333 : Telegram

*The Chairman of the American Delegation (Davis) to the Secretary of State*

GENEVA, May 19, 1933—8 p. m.

[Received 8:30 p. m.]

643. At the General Commission this afternoon<sup>11</sup> Henderson read both my letter transmitting the President's declaration and official text of the declaration itself explaining that he had noted with gratification that several governments have already accepted the principles outlined by the President. He expressed himself most effusively regarding the President's action which he regarded as a decisive step forward. Henderson then referred to Hitler's speech and said that he gained great hope from this reasoned explanation of Germany's case noting in particular that equality of rights was to be obtained not through rearmament but through disarmament by progressive stages. Henderson concluded his speech with an earnest appeal for a prompt and successful conclusion of the Conference and explained his desire

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<sup>10</sup> See telegram No. 351, June 6, 6 p. m., to the Chairman of the American delegation, p. 184.

<sup>11</sup> For minutes of this session, see League of Nations, Conference for the Reduction and Limitation of Armaments, *Records of the Conference*, Series B, *Minutes of the General Commission*, vol. II, pp. 461-467.

that other nations would likewise accept the compromise proposals foreshadowed in the President's plan.

Nadolny and subsequent speakers expressed profound appreciation of the President's message both the German and the British delegates stating their determination to do everything at once to carry out his proposals. In formulating the present attitude of Germany Nadolny explained that the German people demanded two specific results from the Conference: security for Germany by means of disarmament of the heavily armed states and the achievement of equality of rights for Germany. He made the significant and important constructive statement accepting on behalf of his Government the British draft as a basis not only for discussion but also for the future disarmament convention. Any modifications in this plan which Germany might now have to propose he stated would be governed by this acceptance of the draft as forming the main outline for the treaty.

After paying the most hearty tribute to the President's recent action the British delegate stated the opinion that the immediate object of the General Commission was to determine what agreement could be reached upon the two sections in part II of the British plan. He hoped that a prompt decision could be taken to agree to accept the general form of the proposals in these sections and thus to provide a readier means of accomplishing the remainder of the task of the Conference.

Massigli declared in a brief speech that just as the declaration of the German Chancellor had showed his readiness to continue to cooperate in the work of the Conference so France was prepared to proceed and to do so rapidly. The problem for decisions based upon an exact appreciation of realities had now arrived.

The Commission decided to begin tomorrow with the full discussion of part II. Henderson explained that if any desire was manifested to refer to other sections, notably part I, such references would not be excluded from the debate. He stressed the need for haste as only 19 working days were left in which to take the big decisions before the Economic Conference convened. He asked the General Commission for permission to send a message to the President expressing the full sympathy and appreciation of his message combined with a determination to carry out its principles. This was granted.

The President's action undoubtedly had a most profound and happy effect upon the reconvening of the Commission today. It was enthusiastically regarded as a great contribution toward the success of our efforts here.

Henderson, whom I saw after the meeting, is anxious for me to open the discussion on Monday in order to maintain the momentum which the Conference has gained through events of today and preceding



days. I have acquiesced and will telegraph subsequently the text<sup>12</sup> of my remarks for simultaneous release as you have suggested.

DAVIS

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500.A15A4 General Committee/384: Telegram

*The Chairman of the American Delegation (Davis) to the Secretary of State*

GENEVA, May 19, 1933—11 p. m.

[Received May 20—4:55 a. m.]

644. The following is text of speech<sup>13</sup> referred to in my 643, May 19, 8 p. m. It will probably be delivered approximately 4 p. m., Geneva time Monday but I shall arrange for Associated Press to flash words "Davis speaking" for release.

"(1) The initiative taken by the President of the United States in communicating directly with the heads of states participating in the Economic and Disarmament Conferences was prompted by the pressing need for concerted and decisive action to solve the interrelated problems with which these two conferences must deal.

(2) The Disarmament Conference has reached the moment for definite decisions. We must face the issue; we must now determine whether the nations of the world propose to go forward with progressive disarmament or revert to the prewar system of unrestrained competition in armaments.

(3) At the end of the World War the peoples of all states and their leaders resolved that the suicidal armament policy of the preceding decades must be changed. They were convinced that this policy had been one of the contributing factors which brought about the war. Hence a new policy regarding armaments was incorporated as a fundamental part of the peace settlement. This policy, adopted to prevent a future race in armaments, was based on the principle that armaments are a matter of general concern and that the time had passed when each state should be the sole judge of its armaments.

(4) To carry out this conception provision was made for the disarmament of the defeated powers and at the same time a decision was taken unprecedented in history whereby the victorious states voluntarily assumed an obligation to reduce their own armaments.

(5) As a first step the peace treaties reduced the armaments of Germany and her allies to a point which would render any aggression on their part impossible. In fact the theory behind these treaties was that the military forces of the disarmed powers should be fixed on the basis of the maintenance of internal order and the necessary policing of frontiers, but no more. The whole purpose of these provisions was to guarantee that the armies of Germany and her former allies should thenceforth stay at home.

(6) It would neither have been just nor wise, nor was it intended, that the Central Powers should be subject for all time to a special treat-

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<sup>12</sup> *Infra.*

<sup>13</sup> See changes reported in telegram No. 646, May 20, 1 p. m., from the Chairman of the American delegation, *infra.*

ment in armaments. There is and has been a corresponding duty on the part of the other powers, parties to peace treaties, that by successive stages they too would bring their armaments down to a level strictly determined by the needs of self-defense. While the United States is not bound by the provisions or the implications of those treaties, I have no hesitancy in saying that it is the will of our people, interpreted by President Roosevelt, to join with the other powers in disarming down to that level, and we are prepared to exert our influence to bring this about, not by theoretical statements of good intentions but by decisive and progressive reduction of armaments through international agreement.

(7) The present situation admits of no further delay. The states of the world must either go forward in good faith to carry out in all its implications the disarmament policy which they adopted in 1919 or we must recognize frankly that this policy has been abandoned and reconcile ourselves to reverting to a race in competitive armament. If the latter course is taken the consequences are inevitable. Sooner or later there will be the break-down of the peace machinery which has been so laboriously built up since 1918 and the world will be swept into another war.

(8) The immediate result of a failure here would be a set-back to economic recovery, which depends upon such mutual confidence between nations as will permit a real collaboration in the task of restoring international trade and the freer movement of goods. This is impossible in situation clouded by the fear of war. National budgets which should be devoted to productive and social ends are burdened with excessive and wasteful expenditures for armament. This leads in turn to an almost unbearable load of taxation on all our peoples.

(9) If we thus candidly face the situation there is really no alternative for a sane world to consider. It is inconceivable that the responsible leaders of any country in the world could hesitate over this issue. We cannot shirk the duty which this choice imposes upon us. We cannot safely delay taking effective steps to reduce armaments to a purely defensive basis.

(10) As far as the position of the United States is concerned we are frank to recognize that we have a simpler problem to meet than have many of the European powers. Fears and apprehensions based on historical and racial grounds have led to the maintenance of large armaments in Europe. These large armaments have caused resentment particularly in the less armed countries. The resulting political tension has in turn reacted to keep up the general level of armaments. We are not unaware of the difficulties which lie in the way of reduction in armaments here. It is our very detachment from this situation which gives us hope that we may exert a helpful influence towards the realization of our common objective. But we are prepared to aid in other ways than through exerting our influence, and I shall take this opportunity to show what we are prepared to do.

(11) As regards the level of armaments we are prepared to go as far as the other states in the way of reduction. We feel that the ultimate objective should be to reduce armaments approximately to the level established by the peace treaties, that is to bring armaments as soon as possible through successive stages down to the basis of a domestic police force.

(12) In particular as emphasized by President Roosevelt we are prepared to join other nations in abolishing weapons of an aggressive character which not only are the more costly to construct and maintain but at present are those most likely to lead to a breach of the peace. To cut the power of offense and remove the threat of surprise attack would do more than anything else to lessen the danger of a war. Almost a year ago the American Government submitted a proposal along these lines. This proposal which received the approval of a large number of states was not acceptable to certain states and was therefore not adopted. A few weeks ago the British Prime Minister submitted a detailed proposal<sup>14</sup> which embodies many of the features of the American plan of last year<sup>15</sup> although in some respects it does not go so far. As the British proposal represents a real measure of disarmament we accept it whole-heartedly as a definite and excellent step toward the ultimate objective. We therefore are prepared to give our full support to the adoption of this plan.

(13) In addition I have made it clear that we are ready to do our part not only toward the substantive reduction of armaments but also to contribute in other ways to the organization of peace. In particular we are willing to consult the other states in case of a threat to peace with a view to averting conflict. Further than that, in the event that the states, in conference, determine that a state has been guilty of a breach of the peace in violation of its international obligations and take measures against the violator, then, if we concur in the judgment rendered as to the responsible and guilty party, we will refrain from any action tending to defeat the collective effort which such state may make to restore peace.

(14) Finally we believe that a system of adequate supervision should be formulated to insure the effective and faithful carrying out of any measure of disarmament. We are prepared to assist in this formulation and to participate in this supervision. We are heartily in sympathy with the idea that means of effective, automatic and continuous supervision should be found whereby nations will be able to rest assured that as long as they respect their obligations with regard to armaments the corresponding obligations of their neighbors will be carried out in the same scrupulous manner.

(15) The Disarmament Conference has already formulated measures for the establishing of a permanent disarmament commission. The powers now proposed for this commission may well be reenforced. The commission will have many important duties but none more essential than that of effectively supervising the fulfillment of the treaty.

(16) We recognize that the ultimate objective in disarmament must be attained by stages but we believe that the time for the next and decisive step is long overdue and cannot be further postponed.

(17) Virtually all the nations of the world have entered upon the solemn obligation of the Briand-Kellogg Pact to renounce war as an instrument of national policy and to settle their disputes only by

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<sup>14</sup> See telegram No. 569, March 17, noon, from the Acting Chairman of the American delegation, p. 43.

<sup>15</sup> For text of plan proposed by President Hoover, see telegram No. 145, June 21, 1932, to the Acting Chairman of the American delegation, *Foreign Relations*, 1932, vol. I, p. 211.

peaceful means. If we are to keep faith with these obligations we must definitely make up our minds to settle our disputes around a conference table instead of preparing to settle them on the battlefield. It was with such a thought that the President proposed an undertaking by the nations that armed forces should not be sent across national frontiers. In the long run we may come to the conclusion that the simplest and most accurate definition of an aggressor is one whose armed forces are found on alien soil in violation of treaties.

(18) There have been two main obstacles to disarmament. One was the apprehension that Germany proposed to rearm; the other the reluctance of the armed powers of Europe in the present state of the world to take a real step in disarmament.

(19) If at this decisive point any nation should fail to give conclusive evidence of its peaceful intentions and insist upon the right to rearm, even though the other powers take effective and substantial steps toward disarmament, then the burden of responsibility for the failure of the Disarmament Conference, with the incalculable consequences of such a failure, would rest on the shoulders of that nation. The problem with which we are faced cannot be solved if one nation insists on rearming while the others disarm. The result inevitably would be another race in armaments.

(20) As regards the action of the other powers we are not unaware in the United States of the political difficulties which still lie in the way of the reduction of European armaments. We recognize the legitimate claim which any state has to safeguard its security. But we are firmly convinced that in the long run this security can best be achieved through a controlled disarmament by which the military strength of the most heavily armed nations is progressively reduced to a level such as that provided for in the peace treaties. To the extent that armaments create political tension they in themselves constitute a menace to peace and may jeopardize the security of the very nations which maintain them.

(21) If we take a long step in the direction of disarmament today and agree by stages to achieve our ultimate objective we can meet any legitimate claim of the powers bound by the peace treaties and at the same time effectively help to insure peace.

(22) A few days ago the Conference met a serious obstacle to further progress in its detailed examination of the British plan. The recent speech by the German Chancellor and the subsequent statement by our colleague Herr Nadjny accepting in substance the British plan have altered the situation so that I feel we can now resume our examination of this plan with real hope of agreement. Our present agenda is a consideration of the chapters on war material. It was understood that other related subjects might be introduced and my colleagues may feel that I have made wide use of the latitude thus given me. But in closing my remarks and to bring our discussion back to the concrete question before us I desire to state that the American delegation accepts the chapter on material and express the hope that the other delegations will join in this acceptance and that the way may thus be cleared for an immediate decision, in our first reading, on the concrete proposals in this chapter.

(23) This Conference is not only a disarmament conference. It is an emergency conference of a world in a state of political uncertainty and economic depression. The next weeks will bring the decisive test.

It will require courage and statesmanship to meet this test, but the failure to do so will go far to shatter any hope of world organization for peace and make increasingly difficult common cooperation towards economic recovery.<sup>17</sup> As far as the United States is concerned our abilities and our incentive to collaborate whole-heartedly in the continuing task of helping to maintain world peace depends in large measure upon the results achieved here in disarmament. President Roosevelt's message is a clear indication of the fact that the United States will exert its full power and influence and accept its just share of responsibility to make the results in disarmament definite, prompt and effective."

DAVIS

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500.A15A4 General Committee/386 : Telegram

*The Chairman of the American Delegation (Davis) to the  
Secretary of State*

GENEVA, May 20, 1933—1 p. m.

[Received May 20—9:45 a. m.]

646. Please make following changes in my 644, May 19, 11 p. m.:

Paragraph 2, insert at the end of paragraph "with all the continuance of the international suspicion and fear which this will involve".

Paragraph 5, first sentence to read: "As a first step the peace treaties reduced the armaments of Germany and her allies with a view to rendering impossible any aggression on their part".

Paragraph 13, first sentence to read: "In addition I wish to make it clear that we are ready not only to do our part toward the substantive reduction of armaments but, if this is effected by general international agreement, we are also prepared to contribute in other ways to the organization of peace". In the last sentence, after "guilty party" change to read "we will refrain from any action tending to defeat such collective effort which these states may thus make to restore peace".

Paragraph 17 in third sentence insert "subject to existing treaty rights" before "armed forces".

Paragraph 22 delete second sentence and insert "since then there has been an appreciable change. The recent speech by the German Chancellor before the Reichstag clarifying the German attitude and policy with regard to disarmament and indorsing the proposal of President Roosevelt has been most helpful. This and also the subsequent announcement made here by our colleague Herr Nadolny of Germany's acceptance of the British plan as the basis of the future convention have so altered the situation as to justify us in assuming

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<sup>17</sup> See telegram No. 335, May 20, 2 p. m., to the Chairman of the American delegation, p. 159.

that we can now resume our consideration of this plan with real hope of agreement.”

In the last sentence delete “in our first reading”.

DAVIS

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500.A15A4 General Committee/389 : Telegram

*The Secretary of State to the American Delegate (Wilson)*

WASHINGTON, May 20, 1933—2 p. m.

335. For Norman Davis. Your 644 and 646 received this morning. I suggest the omission in your paragraph No. 33 [23] of the words “and make increasingly difficult common cooperation toward economic recovery”. I doubt the advisability of any emphasis being given even by implication to the thought that success in disarmament is a necessary prerequisite to success in the Economic Conference. The two conferences should be viewed as coordinate and equally important parts of the same world effort toward recovery but the success of neither should be viewed as contingent on the success of the other, lest the failure of one should unduly affect the favorable conclusion of the other.

HULL

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500.A15A4/2064

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

No. 2421

BERLIN, May 20, 1933.

[Received June 3.]

STR: In amplification of my telegrams No. 81 and 84 of May 17 and 19,<sup>18</sup> respectively, and with reference to despatch No. 2409 of May 19,<sup>19</sup> going forward in this pouch, I have the honor to report that even those who felt certain that Hitler's speech in the Reichstag on German Foreign Policy and Disarmament would be conciliatory in tone, were surprised at the moderation displayed by him on this important occasion. The speech showed Hitler for the first time as a statesman speaking to the world, not the brown-shirt politician appealing to the emotions of his listeners.

It was without doubt a skillful piece of work, carefully balanced, to enable Hitler to appear firm and determined in the eyes of his followers and, at the same time, to convince the world that his foreign policy was conciliatory. Taken all in all, it was an able presentation of the German case. Hitler has maneuvered cleverly. Germany has

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<sup>18</sup> Telegram No. 84, May 19, not printed.

<sup>19</sup> Not printed.

escaped the threatened foreign political isolation. The prospects for future disarmament discussion are now more favorable. The Disarmament Conference has been saved and a basis for further negotiations at Geneva has been created. The real proof of Germany's sincerity, however, will be her actions and deeds at Geneva.

Hitler has categorically rejected war as a solution for political problems. He accepted the proposals contained in President Roosevelt's message, declaring that Germany was willing to cooperate with the other nations on a footing of equality. Does this mean that the Nazi regime in Germany sincerely believes in a solution of international disputes by pacific means? Or is this merely a tactical move to shift the responsibility for a possible disruption of the Disarmament Conference onto France? The question also arises, to what extent the threat of sanctions was responsible for Hitler's sudden change of front. However that may be, the fact remains that Hitler is not prepared to oppose the whole world. He must resort to a flexible foreign policy in order to gain time for the necessary internal political consolidation.

In private conversation, Nazis admit that Hitler's conciliatory tone was due in no small measure to this consideration. They prefer to believe that in less time than the five-year transitional period, which Hitler is willing to accept for the restoration of Germany's national security, the Third Reich will be sufficiently consolidated to permit the real Hitler—the advocate of the doctrine of force, as laid down in his book *My Struggle* and in numerous political speeches—to abandon the policy of fulfillment which he has always condemned as treasonable.

Hitler's argument that the Peace Conference should have reorganized the European States on the principles of national ideas and nationality must be very alluring to the German expansionists. Carried to a logical conclusion it would mean a German Reich comprising not only most of the territory ceded by Germany as a result of the Versailles Treaty, but also parts of Belgium, Holland, Czechoslovakia, Tyrol, and the whole of Austria. His statement that if the territorial reorganization of Europe had been carried out on this basis, the war and the sacrifice in blood would perhaps not have been quite in vain, is strangely naive. So far as Germany is concerned, this is undoubtedly true, for if a peace treaty had been concluded on this basis, the defeated German Reich would have emerged from the war with considerable territorial acquisitions.

In his efforts to pacify and appease world opinion, Hitler has made certain other statements which an impartial observer, watching developments in Germany at close range, cannot let go by without criticism.

His remarks about the futility of a new war, the destruction and chaos which is certain to follow, cannot be reconciled with the fulminations of Baron von Neurath, his own Foreign Minister, in a very recent article, demanding increased armaments; or von Papen's recent speech glorifying death on the battlefield and contending that it is un-German to die at home on a mattress.

The glorification of war by Hitler's own party, as reflected in speeches of its leaders, the Nazi songs and literature, the militaristic propaganda over the Government-owned radio, the so-called patriotic films which are now so much in vogue in Germany, and the especially severe penalty for the betrayal of military secrets, are difficult to reconcile with his latest condemnation of war. The whole Nazi philosophy—its concept of justice and the glorification of force—the utter disregard of constitutional liberties at home and the new spirit of militarism in the public schools as announced only recently by the Nazi Reich Minister of the Interior<sup>20</sup> (see section 6 of despatch No. 2415 of May 20,<sup>21</sup> going forward in this pouch), make a poor background for Hitler's pacific pronouncements in the Reichstag.

Hitler now attributes all of Germany's ills to the Versailles Treaty. Yet, only a few weeks ago, he traveled around the country denouncing the Marxists as being solely responsible for Germany's economic collapse. From this it would appear that Hitler conveniently attributes the economic depression in Germany to two different causes, depending upon the case he is arguing. For foreign political purposes, the Versailles Treaty rather than the lost war as such is the source of all evil in the world; for domestic political consumption, the hated Social-Democrats must take all the blame.

Hitler's statement that no country stands to gain from a new war, that even for the victor the effects of a new war would be disastrous—a most unexpected and unorthodox statement for the Nazi "Führer"—is in marked contrast to the zeal with which pacifists are now being persecuted in the Third Reich for voicing similar views. Many pacifists who are being kept in *Schutzhaft* or whose books have been burned committed no graver offense.

The Chancellor's contention that the Nazi Storm Detachments and the Stahlhelm pursued only political aims and should not be counted as parts of Germany's military strength because they are no more capable of military employment than firemen, athletic associations or nightwatchmen, is absolutely absurd.

There can be no doubt that in conjunction with the Reichswehr and the police, which is organized in Germany along military lines, the Brown Army and the Stahlhelm constitute a formidable military

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<sup>20</sup> Wilhelm Frick.

<sup>21</sup> Vol. II, p. 319.



reserve force. In fact, these semi-military organizations constitute a very effective substitute for the compulsory military service denied Germany by the Versailles Treaty. Military drilling, night marches with heavy knapsacks and steel helmets, and the so-called *Geländespiele* which offer opportunity for military scouting and maneuvers, constitute the principal occupation in the Storm Detachment. The men are thoroughly trained in the art of modern warfare, map-reading and signaling. All they need in case of war is a rifle. Officially, target practice is permitted only with small calibre rifles, but reports from various quarters have it that practice with army rifles and even machine guns is engaged in secretly.

The Nazis have a large motor corps throughout the Reich, organized along strictly military lines, and large aviation units the members of which wear special uniforms resembling the uniforms of regular army aviators in other countries. If not bombing planes, Germany certainly would not lack pursuit and reconnoitering planes in the event of war. The huge Nazi rallies which have taken place recently showed how easily these forces can be mobilized on short notice.

The absurdity of the Chancellor's attempt to deny the military value of the Storm Detachments and the Stahlhelm is all the more apparent when one recalls that in America during the war raw recruits, without the slightest idea of the rudiments of military training, were sent to France with only a short period of training.

Hitler's tactics with respect to the Brown Army and the Stahlhelm remind one of the specious way in which he vigorously denied the true character and purpose of the Storm Detachments during the early days of the Nazi movement. These formations are known in Germany as the S. A., the abbreviation for *Sturm-Abteilungen*, their original function having been to break up the meetings of political opponents. However, to evade the suppression of these detachments by the authorities, Hitler brazenly contended at the time that these abbreviations stood for *Sport-Abteilungen*, in other words, harmless sport detachments.

In attributing the causes of the world economic crisis and all of Germany's ills to the Versailles Treaty, Hitler cited the large number of suicides in Germany since the signing of this treaty in support of his arguments against it. If the large number of suicides during the past fourteen years proves the viciousness of the Versailles Treaty, then the alarmingly large number of suicides since Hitler's accession to power may be taken as eloquent testimony to the brutality and truculence of his own regime.

As a result of Germany's increasingly difficult foreign political situation, as reflected by the developments at Geneva, the speeches of Lord Hailsham and Paul-Boncour, Alfred Rosenberg's fiasco in Lon-

don, and the growing tension between the Reich and Austria, those groups in Germany which are opposed to the present Government hoped that foreign political pressure might eventually prove Hitler's undoing and that the present regime would be soon replaced by a military dictatorship as a step to monarchical restoration, these hopes of a large section of the German population have now been blasted by Hitler's unexpected tone of moderation.

As an opposition leader, Hitler violently condemned the policy of fulfillment initiated by Rathenau<sup>22</sup> and continued by his successors, notably Stresemann<sup>23</sup> and Brüning,<sup>24</sup> who had been violently assailed for this by the Nazis as traitors. Hitler had repeatedly evaded, however, the answer to the question as to how he would conduct the nation's foreign policy when he came into power. His last Reichstag speech shows that with respect to foreign policy, as well as to economics and finance (see despatch No. 2364 of May 5, 1933<sup>25</sup>), he possesses no magic formula of his own and so must, of necessity, follow in the footsteps of his predecessors.

Most of the statements made by him in the Reichstag could have been made by Stresemann or Brüning without evoking the surprise in foreign countries that his own words caused. Preceding chancellors have demanded the disarmament of other nations in fulfillment of the Versailles Treaty in no less vigorous terms than Hitler, even Hermann Müller, the Social-Democratic Chancellor, firmly demanded, in a speech at Geneva,<sup>26</sup> universal disarmament and equality of status for Germany. At that time Chancellor Müller was defamed by the Nazis, who declared that on their accession to power they would immediately tear up the Versailles Treaty and proceed to rearm.

If there were still free speech in Germany, former Chancellor Brüning, who has been the object of vile Nazi attacks because he insisted on a strict observance of international treaties, could point this out to the German People. But Hitler has no open opposition. He brooks no criticism. He can afford to respect the treaties and be more of a pacifist than any of his predecessors without running serious risk of evoking real opposition.

From the standpoint of those moderate political elements in Germany which are now completely muzzled, their inability to proclaim the vindication of their own foreign policy may be deplorable.

From the standpoint of international problems awaiting a speedy solution, Hitler's freedom from opposition is unquestionably a distinct

<sup>22</sup> Walter Rathenau, German Minister for Foreign Affairs during 1922.

<sup>23</sup> Gustav Stresemann, German Minister for Foreign Affairs, 1923-29.

<sup>24</sup> Heinrich Brüning, Chancellor of Germany, 1930-32.

<sup>25</sup> Not printed.

<sup>26</sup> Delivered before the League of Nations Assembly, September 7, 1928; for text, see League of Nations, *Official Journal*, Special Supplement No. 64: *Records of the Ninth Ordinary Session of the Assembly: Plenary Meetings: Text of the Debates*, pp. 56-59.

advantage, provided, of course, that the policy of moderation enunciated by him is not again discarded at the first suitable opportunity.

This latter consideration is of course infinitely more important, and in writing the foregoing I have had no intention of detracting from the value of the unexpectedly reasonable and statesmanlike attitude adopted, overtly at least, by the Chancellor. I merely thought, as I said above, that the Department would wish me to formulate the criticisms which could hardly fail to come to the mind of anyone attentively observing the situation here.

Respectfully yours,

GEORGE A. GORDON

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500.A15A4 General Committee/390 : Telegram

*The Chairman of the American Delegation (Davis) to the Secretary of State*

GENEVA, May 21, 1933—2 p. m.

[Received May 21—1:25 p. m.]

649. Your 335, May 20, 2 p. m. In compliance with your suggestion, I am omitting words indicated in paragraph 23. I realize and sympathize with your preoccupation about the danger of creating the opinion that the success of the Economic Conference is dependent on the success of the Disarmament Conference. A failure here would not, of course, prevent the Economic Conference from achieving a limited success such as agreements to stabilize currencies and perhaps to limit further increases in trade barriers but the increase in political instability which would follow failure to reach agreement for disarmament could well again upset currency stability.

Some delegates here and particularly Beneš with whom I have talked are still holding back from taking the decisive step of accepting the British plan and are arguing that if we can adjourn here on June 12th until the fall we can then go to the Economic Conference where it will be easier to reach agreements and that the success of the Economic Conference will in turn make it easier to succeed here upon the reconvening of the Conference.

The powers which are advocating the postponement of this Conference in order in the meantime to hold the Economic Conference and thus prepare the way for ultimate success here are the very ones which will cause the greatest difficulty at the Economic Conference. They will be the ones most opposed to giving up quotas, prohibitions and exchange control. I feel that we should resist any movement for postponement and take advantage of the initiative given by the

President's message and Germany's more conciliatory attitude to press for decisions here and now.

DAVIS

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500.A15A4 General Committee/391 : Telegram

*The Chairman of the American Delegation (Davis) to the Secretary of State*

GENEVA, May 21, 1933—9 p. m.  
[Received May 21—6:33 p. m.]

650. My 649, May 21, 2 p. m. I am convinced that every effort should now be made to take full advantage of the impetus given by the President's message. This message has had a profound effect. It not only influenced Hitler to take a conciliatory attitude but it gave him a reason for receding from an almost impossible position. The stage is now set here for decisive developments but there is a danger that we may miss this great opportunity because of the fact that the responsible heads of governments are not here themselves to take the crucial decisions. I learn through reliable but unofficial German sources that Hitler is willing to meet if MacDonald will attend and I am satisfied Mussolini would. Daladier's position is more difficult but he might be able to meet with the others for the ostensible purpose of concluding the Four Power Pact<sup>27</sup> (if as seems possible this can be brought to the point of signature) and then take up disarmament. MacDonald, because of divergent views in the Cabinet, will most probably not feel free to propose such a meeting and a suggestion from any of the other three might be looked on with suspicion. If the meeting is to be brought about I feel that some move on our part is necessary. Hence, I would greatly appreciate it if you would advise me if the President and you approve and think I should take any initiative in this matter along the lines indicated in my 123, May 12, 1 a. m. from London.<sup>28</sup>

DAVIS

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500.A15A4 General Committee/397 : Telegram

*The Secretary of State to the Chairman of the American Delegation (Davis)*

WASHINGTON, May 22, 1933—3 p. m.

336. Your 649, May 21, 2 p. m. I agree with you that you should resist any movement for postponement of the Disarmament Conference and take advantage of the present impetus to force the issue.

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<sup>27</sup> For correspondence concerning the Four Power Pact, see pp. 396 ff.

<sup>28</sup> *Post*, p. 409.

Your 650, May 21, 9 p. m. When you first proposed a meeting in your 123, May 12, 1 a. m. of MacDonal, Mussolini, Hitler and Daladier, we felt that the moment was not ripe and might prejudice the success of the President's initiative which was already under contemplation. Since then conditions have so changed that the President and I are glad to give you full discretion towards bringing about such a meeting if and when you feel that it would best be justified by probable results. We have been much impressed with your fear that the absence of responsible heads of Governments who will have to make the crucial decisions might lose us the best opportunity yet presented to achieve success.

HULL

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500.A15A4 General Committee/394 : Telegram

*The Chairman of the American Delegation (Davis) to the  
Secretary of State*

GENEVA, May 23, 1933—1 p. m.

[Received May 23—12:30 p. m.]

654. A meeting of the five was held this morning, that is, Simon, Boncour, Nadolny, Aloisi<sup>29</sup> and myself, presided over by Henderson, to consider whether the Conference should return to detailed consideration of the so-called security chapter, part I of the British plan, or continue with the discussion of war material.

In the course of the discussion it seemed important to make it entirely clear that we proposed to deal with the question of consultation and neutral rights by a unilateral declaration and to indicate in a general way the form this declaration might take as our attitude in this matter vitally affects part I of the British plan.

Accordingly I made the following statement after indicating that it was done for the purpose of showing the method we proposed to adopt rather than to give any final phraseology:

“Our ideas regarding what we might term ‘consultation’ and ‘neutral rights’ on the one hand and the nonaggression pact on the other can be covered in two parts.

1. Concerning the first. This might be envisaged under two hypotheses: (a)—that additional consultative machinery such as suggested in the British plan, part I, is set up; (b)—that in view of the fact that the Covenant already establishes machinery for consultation and that part I is designed primarily to facilitate the inclusion therein of non-member states, it may be deemed unnecessary to establish this additional machinery provided a method of consultation between non-

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<sup>29</sup> Head of the Italian delegation to the General Commission; Chief of Cabinet, Italian Ministry for Foreign Affairs.

member states and states members of the League can be provided within existing machinery.

Whichever of the two hypotheses may be found advisable we are prepared to make a unilateral declaration which would have to be conceived in slightly different form in accordance with whether (a) or (b) were chosen. For example, we have prepared in tentative form the type of unilateral declaration which might be made in the two hypotheses:

'Recognizing that any breach or threat of breach of the Pact of Paris (Kellogg-Briand Pact)<sup>30</sup> is a matter of concern to all the signatories thereto, the Government of the United States of America declares that in the event of a breach or threat of breach of this pact, it will be prepared to confer with a view to the maintenance of peace in the event consultation for such purpose is arranged pursuant (a) to articles 1 to 5 of part I of the Disarmament Convention or (b) pursuant to the machinery for general consultation which now exists or may hereafter be constituted.

In the event that following a decision by conference of the powers in consultation in determining the aggressor with which, on the basis of its independent judgment, the Government of the United States agreed, the Government of the United States will undertake to refrain from any action and to withhold protection from its citizens if engaged in activities which would tend to defeat the collective effort which the states in consultation might have decided upon against the aggressor.'

This declaration would be drafted in final form previous to signature of the Disarmament Convention and would be attached to our act of ratification of that convention.

2. Concerning the nonaggression pact. We feel that the mechanics by which this pact will be brought into being is of secondary importance. It must eventually of course be determined whether it can best be given form as a measure to reenforce the Pact of Paris as a part of the Disarmament Convention or as an independent instrument".

After reading this statement it was decided that Simon in consultation with the other four would proceed to a reconsideration and possibly the redrafting of part I in the light of the American position as explained by me yesterday and today.

I did not give out any copies of this statement as I desired to reserve the right to make textual changes. I would appreciate, however, if you would advise me urgently whether the statement which is based on your 94, May 5, 8 p. m.,<sup>31</sup> to London correctly sets forth your views as Simon has asked me for a copy for his guidance in connection with redrafting part I. In this connection Simon intimated to me privately and informally that he rather inclined to the view that it might be better to drop articles 1 to 5 of part I in favor of existing machinery for consultation in the Covenant.

When we finally make our declaration it should presumably be related to either (a) or (b) and not both. I am inclined to think that the British and French will ultimately decide to give up or essentially

<sup>30</sup> Treaty for the Renunciation of War, signed at Paris, August 27, 1928, *Foreign Relations*, 1928, vol. I, p. 153.

<sup>31</sup> *Ante*, p. 124.

modify part I. I assume from your 94 that in this latter event we are authorized to drop (a) from our declaration and relate our consultation to existing machinery.

DAVIS

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500.A15A4 General Committee/402 : Telegram

*The Secretary of State to the Chairman of the American Delegation (Davis)*<sup>32</sup>

WASHINGTON, May 23, 1933—6 p. m.

337. Your 654, May 23, 1 p. m. While your statement in substance correctly sets forth our views, we feel that it should be rephrased in two places.

In your draft unilateral declaration, the portion of Alternative B undertaking to confer pursuant to machinery for general consultation which "may hereafter be constituted" is too much in the nature of signing a blank check and should be modified so as to limit our consultation to existing machinery.

The paragraph in your statement that our declaration "would be attached to our act of ratification of the convention" sets forth a procedure for tying up our contribution with the final instruments of the conference in more specific terms than seems desirable thus early. It should therefore be rephrased in more general terms.

HULL

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500.A15A4/1998 : Telegram

*The Secretary of State to the Chairman of the American Delegation (Davis)*

WASHINGTON, May 25, 1933—8 p. m.

341. Your 657, May 24, 6 p. m.<sup>33</sup> Please continue to exert all your influence against an adjournment of the Disarmament Conference until substantial conclusions have been reached. An adjournment by a fixed date irrespective of the state of the work would be an invitation to obstruction and dilatory tactics. We attach great importance to this point.

We shall consider the question of a possible reorganization of the Delegation if circumstances change or signature becomes more imminent. During this critical stage in the negotiations, however, we hesitate to alter in any way the present Delegation in Geneva which is functioning so effectively as a unit.

HULL

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<sup>32</sup> This telegram bears the notation: "Approved by President Roosevelt."

<sup>33</sup> Not printed.

500.A15A4 General Committee/411 : Telegram

*The Chairman of the American Delegation (Davis) to the Secretary of State*

GENEVA, May 26, 1933—8 p. m.  
[Received May 26—4:17 p. m.]

664. Supplementing my 217, May 15, 4 p. m., from Paris,<sup>34</sup> the General Commission will enter discussion of aviation chapter of British plan tomorrow morning. Indications are that many nations will press for absolute and unconditional abolition of aerial bombardment. Shall we support such proposals to eliminate the British exception for police use in outlying districts? Such support might persuade the British to accept such alteration.

If you decide that I may favor total and unconditional abolition I think I should speak to the British before the meeting in order to appraise them of our intention.

Please instruct urgently on this particular point if you are not ready to pass on the other matters raised in my telegram under reference.

DAVIS

500.A15A4 General Committee/417 : Telegram

*The Secretary of State to the Chairman of the American Delegation (Davis)*

WASHINGTON, May 26, 1933—7 p. m.

342. Your 664, May 26, 8 p. m. We favor total and unconditional abolition of aerial bombardment. We trust to your ingenuity, however, not to give the appearance that we are weakening in our support of the broad principles of the MacDonald Plan.

HULL

500.A15A4/2003 : Telegram

*The Chairman of the American Delegation (Davis) to the Secretary of State*

GENEVA, May 27, 1933—11 a. m.  
[Received May 27—6:43 a. m.]

666. If convenient I would appreciate your sending me by cable for my information text of Japanese reply to the President's message

<sup>34</sup> Not printed.



of May 16th and résumé of any conversations you may have had with Viscount Ishii with respect to disarmament matters.

DAVIS

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500.A15A4 General Committee/413 : Telegram

*The Chairman of the American Delegation (Davis) to the Secretary of State*

GENEVA, May 27, 1933—noon.  
[Received May 27—9:40 a. m.]

667. On Friday evening Simon and I had a very frank talk with Boncour. We pointed out that the altered policy of Germany was throwing the burden on France and that unless they were to create sympathy for Hitler they must state their willingness to go a long way on part II of the British plan and commit themselves definitely to disarmament making such commitment contingent on security and control. Nevertheless the time had now come when they must state what they were willing to do. Boncour was very difficult but at the end of the discussion gave us hope that he would come through and in the relatively near future.

From a series of conversations yesterday I have received word that Daladier is favorable to a meeting of the Chiefs of Government of Great Britain, Italy, Germany and with me representing the President, provided the meeting is held in Switzerland, that the President, Henderson, and the *Rapporteur*, Beneš of the Disarmament Conference are also present so as to bring it within the framework of the Conference. Daladier is so overwhelmed with work of the budget that he cannot be available until June 2nd, Friday, or any day thereafter. Simon and I therefore contemplate working with Boncour the first days of the week here in Geneva and to endeavor to arrange the conversations between the Chiefs of State for Friday in some town in Switzerland. There is, however, serious danger that Daladier may not survive the Carlsbad [*budget?*] vote on June 1st and thus our plans will be upset and postponed.

Boncour appears to be less disposed than Daladier towards this meeting and takes the position that France should not deal with Germany except in public and before the entire General Commission. I hope, however, that given Daladier's attitude of acquiescence we can bring Boncour around before Friday. In order to make him feel happier about this matter and give him the impression he is dealing with friendly powers Simon and I anticipate working with him early next week on France's attitude toward part II of the British plan.

DAVIS

500.A15A4 General Committee/414 : Telegram

*The Chairman of the American Delegation (Davis) to the Secretary of State*

GENEVA, May 27, 1933—3 p. m.  
[Received May 27—11 : 25 a. m.]

668. Your 342, May 26, 7 p. m., clears satisfactorily our position with regard to article 34 of the British draft. However, we are now discussing air armaments and it is urgent that we receive guidance on the following questions.

(a) Reference our 577, March 18, 11 a. m.,<sup>36</sup> can we accept for life of the convention the provisions relating to civil aviation as set out in annex 2<sup>37</sup> of the British draft.

(b) Reference your 296, March 1, 1 p. m.<sup>38</sup> and 311, March 23, 6 p. m.<sup>39</sup> and your 326, May 2, 11 p. m., War and Navy Departments are opposed to unladen weight as a method of limitation. Private conversations show that British and French favor this method while the Italians are opposed to it. Probably this method can not be eliminated without a public debate with British and French. Do you desire me to offer such public opposition?

(c) Reference table in chapter III,<sup>40</sup> can we accept the figure of 500 therein contained?

DAVIS

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500.A15A4 General Committee/419 : Telegram

*The Secretary of State to the Chairman of the American Delegation (Davis)*

WASHINGTON, May 28, 1933—11 p. m.

344. Your 668, May 27, 3 p. m. Your three questions were submitted to the President, who desires that you be guided by the following:

(a) We can accept Annex II of Chapter 3. You should therefore support and vote for it as it stands or with such insubstantial modifications as others may insist on and which are acceptable to the British.

(b) The provisions relating to unladen weight, while not entirely satisfactory from our point of view, are acceptable in principle. You should, however, avoid, as far as possible, entering into the public discussion of this question, and should abstain from voting at this juncture or from otherwise committing yourself. Please telegraph whatever text results from the first reading and await further instructions before stating our final position.

(c) We can agree to the figure of 500 for the United States contained in the table which follows Article 41, provided no larger figure

<sup>36</sup> *Ante*, p. 59.

<sup>37</sup> League of Nations, Conference for the Reduction and Limitation of Armaments, *Conference Documents*, vol. II, p. 487.

<sup>38</sup> Not printed.

<sup>39</sup> *Ante*, p. 122.

<sup>40</sup> *Conference Documents*, vol. II, p. 486.

is insisted on for any other Power. In the latter case, we must, of course, demand parity with the largest total agreed to.

The President considers that we can better afford to reduce our air material to a low parity figure in view of the greater number and efficiency of our trained aviation personnel and our greater capacity for immediate and extensive production of aircraft in the event of an emergency.

HULL

500.A15A4/2015 : Telegram

*The Secretary of State to the Chairman of the American Delegation (Davis)*

WASHINGTON, May 29, 1933—5 p. m.

345. Your 666, May 27, 11 a. m. No reply received from Japanese.<sup>41</sup> In my conversations with Ishii, I have had no discussion of political matters.

HULL

500.A15A4 General Committee/422 : Telegram

*The Chairman of the American Delegation (Davis) to the Secretary of State*

GENEVA, May 30, 1933—4 p. m.

[Received May 30—12:20 p. m.]

673. Your 344, May 28, 11 p. m., is most satisfactory. We fully realize the import of the considerations brought out in the last paragraph. The aviation section of the British draft remains unchanged after the first reading which was rather perfunctory except for the overwhelming demand for eliminating the exception to bombing in outlying districts.

DAVIS

500.A15A4 General Committee/425 : Telegram

*The Chairman of the American Delegation (Davis) to the Secretary of State*

GENEVA, May 30, 1933—7 p. m.

[Received May 31—3:17 a. m.]

675. 1. I took no part in the discussion relating to the definition of an aggressor (see the draft act quoted paragraph 5 my 658, May 24,

<sup>41</sup> Received June 6; see telegram No. 351, June 6, 6 p. m., to the Chairman of the American delegation, p. 184.

9 p. m.; 662, May 25, 7 p. m.; 672, May 29, 9 p. m.<sup>42</sup>) as the matter was primarily of concern to the states accepting part I of the British plan, or the continental European pact of mutual assistance. Further as the lines were clearly drawn beyond the French and the Little Entente on the one hand, and the British, Germans and Italians on the other hand, it seemed preferable not to be drawn into the debate in order to preserve our position to help in bringing about an agreement. Today, however, the General Commission took up the second part of the proposals advanced by Politis'<sup>43</sup> Security Committee which was to figure as annex Y under article 6 to the British plan. The first article of this annex (Conference Document CG108A) embodied in the following terms the idea of the European pact renouncing the use of force.

"The high contracting parties have agreed upon the following provisions: Article 1. Being desirous of promoting the cause of disarmament and with a view thereto of encouraging a spirit of mutual confidence among the nations of Europe by a declaration forbidding resort to force in the circumstances in which the Pact of Paris forbids any resort to war,

The high contracting parties solemnly reaffirm that they will in no circumstances resort among themselves to force as an instrument of national policy."

2. The balance of annex Y relates to measures of mutual assistance to be agreed upon between continental European states.

3. During the course of the discussion of article 1 above several states urged that the no force pact be made of universal rather than continental European scope. In view of the fact that in this discussion as well as in the preceding discussion with regard to the definition of an aggressor (see particularly point 3 my 672, May 29, 9 p. m.) frequent references had been made to the President's proposal regarding a nonaggression pact I felt that it was necessary for me to intervene in the debate and accordingly made the following statement:

4. "In the course of the debate this afternoon the question has been raised as to whether the so-called no force pact which figures as article 1 of annex Y should not be given universal rather than solely European scope. I recognize that it is quite natural that this question should be raised in view of the proposal which the President of the United States made with regard to a nonaggression pact, the purpose of which was to insure peace in a world which had set its face toward peace through agreeing to substantial measures of disarmament. It may be useful at this point to refresh our memories as to the exact nature of the President's suggestion. After stressing that a first step should be taken as outlined in the British plan, followed up by the

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<sup>42</sup> None printed; for minutes of the discussion, see *Records of the Conference, Series B, Minutes of the General Commission*, vol. II, pp. 499 ff., 510-517, and 547-567.

<sup>43</sup> Member of the Greek delegation; Minister to France.

successive steps according to a procedure and a time schedule to be agreed upon, the President stated that the peace of the world must be assured during the whole period of disarmament and therefore proposed a further step concurrent with and wholly dependent on the faithful fulfillment of disarmament and subject to existing treaty rights. He then added:

"That all the nations of the world should enter into a solemn and definite pact of nonaggression; that they should solemnly reaffirm the obligations they have assumed to limit and reduce their armaments and, provided these obligations are faithfully executed by all signatory powers, individually agree that they will send no armed force of whatsoever nature across their frontiers."

There is no doubt that the fundamental purpose sought by the no force pact and the nonaggression pact is the same. The President in his message clearly indicated that the measures which he proposed were contingent upon substantial measures of disarmament and that it was our first task to reach agreement on such measures of disarmament and, contingent upon their being reached, solemnly reaffirm that armed forces should not be sent to disturb the peace. I have no intention, however, of reopening the old debate as to the order of precedence. In dealing with our problems in the order which has been established, we are now considering a matter which is closely related in purpose to the nonaggression pact proposed by the President. While reserving a more complete statement of my Government's views for the second reading I feel that the draft of article 1 if expanded so as to have universal scope would not be incompatible with the intention of the President's proposal."

5. This statement received general approval and the consensus of opinion was that the Conference should endeavor before the second reading to coordinate the no force pact with the President's proposal for a nonaggressor pact. In this connection see my 677, May 30, 10 p. m.

DAVIS

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500.A15A4 General Committee/423: Telegram

*The Chairman of the American Delegation (Davis) to the Secretary of State*

GENEVA, May 30, 1933—8 p. m.

[Received 11:50 p. m.]

676. Following the discussion of the no force pact (see my 675, May 30, 7 p. m.) in the General Commission this afternoon the first reading of parts III (exchange of information) and IV (chemical et cetera warfare) of the British draft was concluded.

During the consideration of part IV Wilson explained briefly the importance attached by the Government of the United States to the use of lachry [*lachrymatory*] gas for police purposes and other minor objections to the draft.

The German and Little Entente delegations insisted upon the complete abolition of chemical et cetera warfare, not permitting their use even for retaliatory purposes. In the opinion of the Little Entente collective sanctions should be established to take the place of measures of retaliation. Thereupon Boncour served notice on behalf of the French delegation that the question of sanctions to be provided for any violation of the convention would be raised at a subsequent date.

No discussion of part V (miscellaneous provisions) will be held until Thursday to permit the French delegation to present certain amendments relating to control.

Since this is the only remaining section of the British draft left for the first reading Henderson is summoning for tomorrow afternoon a meeting of the Bureau to consider the full extent of program of work for the Conference and to discuss possibilities of carrying on beyond the 10th of June or of adjourning at about that date.

DAVIS

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500.A15A4 General Committee/426 : Telegram

*The Chairman of the American Delegation (Davis) to the Secretary of State*

GENEVA, May 30, 1933—10 p. m.

[Received May 31—4:33 a. m.]

677. 1. Referring to my 675, May 30, 7 p. m., it is important to determine our policy in connection with the definition of an aggressor and the closely related question of nonaggression pact proposed by the President. We had a long conference last night with the British in which they expressed a certain concern with regard to a nonaggression pact in the precise terms suggested by the President although stating they wished to go as far as they could as they had accepted in broad outline the proposal in the President's message. Their apprehensions are based on the fact that a strict interpretation of the President's proposal might prevent either of us from sending our ships to Chinese ports or elsewhere for the protection of our citizens although they did not consider that this constituted any aggression. I share certain of these preoccupations and assume it was not the intent of the President's proposal that we shall not be free to send our ships on errands of mercy where the protection of our citizens required it.

The British are disposed to accept the extension of the no force pact to the entire world and they believe that as quoted in my 676 [675], May 30, 7 p. m., it is phrased in a manner which would not prevent action to protect their citizens abroad. They have, how-

ever, not yet received final instructions to accept the pact as so extended.

It is our judgment here that it would be wise to coordinate the nonaggression with the no force pact either as part of the general convention or as a separate instrument to be signed coincident with the disarmament treaty. Unless you are preparing a text for the nonaggression pact we shall be glad to do so and submit it to you for approval.

2. As regards the definition of an aggressor we are inclined to believe that a rigid definition could not fit every conceivable case. While a majority of states would be prepared to accept such a definition the British, Germans and Italians would refuse it. The British are, therefore, endeavoring to find a compromise formula and the suggestion has been made among the delegates here that this formula should be based on the President's proposal for a non-aggression pact.

We would not be called upon to sign any definition of an aggressor since this would be related to part I of the treaty, nevertheless the British have advised us confidentially that they will not accept a definition for themselves and be bound to apply it unless they have reason to believe that we would apply a similar definition in connection with our unilateral declaration. In consultation with the British we have worked out a formula which is meant to serve as a guide rather than as a conclusive and final determination of an act of aggression. This formula is based on the President's proposal and its adoption might, of course, be made subject to the conclusion of a nonaggression or no force pact as suggested in part I above. The formula is as follows:

"In determining under article 3 of chapter I of the draft convention the state which has been responsible for a breach of the Pact of Paris (Briand-Kellogg Pact) and in determining under annex Y the state which shall be considered to have resorted to war,

The High Contracting Powers which are parties respectively either to part I of the draft convention or annex Y thereto, or both, agree that they will consider as *prima facie* evidence of such breach, or of such a resort to war, the fact that a state in violation of treaties, invades with its armed forces the territory of another state, whether by land, sea or air and whether with or without a declaration of war.

In the event that there have been mutual invasions of territory by two or more states, then the fact that any state refuses to evacuate territory which it may have thus invaded, upon being summoned to do so either following conference of the powers pursuant to part I of the draft convention or pursuant to any action or decision taken under annex Y, shall be deemed to be *prima facie* evidence of the breach or the resort to war hereinbefore mentioned."

In case the Conference can agree upon a nonaggression-no force pact would you be disposed to accept some such definition as the fore-

going and include in our unilateral declaration a statement to the effect that in exercising our independent judgment in determining an aggressor we would take into account the definition of aggression thus determined? I recognize that in accepting any definition we are somewhat limiting our freedom of judgment but I can hardly conceive of a factual situation such as that set forth in the draft quoted above where we would not have to take into account as *prima facie* evidence the circumstances of invasion of territory. Hence, from a practical point of view I see no objection to the procedure suggested. The only question is as to whether this would raise any political difficulties in connection with the unilateral declaration.

This might be of pressing importance as it is a vital element in the security structure which the French consider essential to their disarmament program. I would, therefore, greatly appreciate as early as possible an indication of your views.

3. There is another possible alternative on which I would like the benefit of your judgment. Our objection to the definitions of aggression (paragraph 5, article 1, my 658<sup>44</sup>) is that they are too rigid. It would seem that the 5 points would naturally constitute facts the commission of any one of which would be a good illustration in reaching a determination as to an aggressor. It might, therefore, be possible to phrase the first paragraph of article No. 1 preceding the definitions so that the states would accept the definitions as criteria or guidance to serve in reaching judgment as to an aggressor. From the Conference point of view it might be simpler to get the acceptability of this change than of the text submitted above since the definitions listed (but without the draft protocol) have already received wide acceptance. In view of the fact that they were introduced by the Russian delegation, the European states, especially those bordering on Russia, are anxious to give the Russians this measure of satisfaction and thereby enhance Russian interest in a convention. In case, however, such a formula were accepted the other states would no doubt expect us to take the same principles into consideration in any determination of an aggressor under our unilateral declaration.

4. There is still a third alternative, namely, that we might take the position that since the intent may be more of a factor in determining an aggressor than some overt act we will not accept in advance any criteria for the determination of an aggressor even though these criteria are solely for guidance rather than an exhaustive and binding rule, of course, leaving states that desire to accept such criteria free to do so. In this event the British and several other delegations would presumably follow our lead and refuse to accept any criteria for determining the aggressor.

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<sup>44</sup> Not printed; for text of the draft act, see *Conference Documents*, vol. II, p. 683.



We are reluctant to recommend this alternative as our refusal to accept any reasonable criteria for our guidance in determining an aggressor might cast some doubt upon the value of our unilateral declaration that is to say the argument might be advanced here that we would be guided by our own political convenience in interpreting our action rather than by the obvious and patent facts of aggression in a given case.

DAVIS

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500.A15A4 General Committee/424 : Telegram

*The Chairman of the American Delegation (Davis) to the Secretary of State*

GENEVA, May 30, 1933—11 p. m.

[Received May 30—11 p. m.]

678. In a conversation with Sato<sup>45</sup> today he told me he had a disagreeable task to perform namely to inform the General Commission that Japan would be unwilling to agree to the abolition of bombing without the concurrent abolition of aircraft carriers and furthermore that they could not accept the pact of nonaggression until the situation in the Far East is liquidated. I told him I did not know upon what conditions my Government would consider abolishing aircraft carriers since they are important for other uses than that of carrying bombers; that we are in favor of the unconditional abolition of the act of bombing; and that while our ultimate objective is the total abolition of military aviation I was satisfied we would not consider abolition of aircraft carriers without the abolition of submarines. To this he replied that while he could not definitely commit himself now he was inclined to believe Japan would agree to abolish submarines conditional upon the abolition of aircraft carriers. In view of the fact that he will probably state their position as indicated very soon I would appreciate instructions.

My judgment is that if Sato makes his acceptance of the abolition of bombing conditional on the abolition of aircraft carriers it would be desirable for me to take a position substantially as follows:

That the injection of this question in such a manner would prejudice the entire procedure to which we are committed inasmuch as it would open an endless debate on the naval chapter; that bombing is universally regarded as primarily a problem of land warfare and only incidentally a naval problem and that therefore to make bombardment from the air contingent on the abolition of a particular type of naval vessel would becloud the real issue; that bombing is an immense ques-

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<sup>45</sup> Member of the Japanese delegation to the General Commission; Ambassador to France.

tion by itself which for reasons of public opinion goes far beyond the mere technical side of its employment. Therefore we should not risk failure by making the abolition of bombing contingent on special or relatively minor consideration; furthermore that in our opinion the abolition of aircraft carriers is more logically and intimately connected with the abolition of submarines; but the question of submarines as well as all other naval questions of principle are to be dealt with by the naval powers at or prior to the conference in 1935 at which time we would welcome negotiations looking to the abolition of aircraft carriers together with submarines. As Sato has himself pointed out the Disarmament Convention can hardly enter into effect much before the conference of 1935 so that the relations of naval armament are but slightly involved.

DAVIS

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500.A15A4 General Committee/433 : Telegram

*The Chairman of the American Delegation (Davis) to the Acting Secretary of State*

GENEVA, June 1, 1933—2 p. m.  
[Received June 1—11:05 a. m.]

681. 1. Under cover of a letter to the Secretary General of the Conference the French delegation has today circulated an amendment to part II, section II (material)<sup>46</sup> to be considered in the first reading of the British draft. This constitutes an additional chapter upon the limitation and supervision of the manufacture of, and trade in, war material. The French delegation has explained to me that it attaches great importance to the insertion in the convention of articles along the lines of those proposed before any limitation on material can be accepted by it. The main provisions of these amendments are as follows:

(a) Quotas shall be fixed within the limits of which each of the high contracting parties may procure articles of war material whether by manufacture or import (a list of the categories of this war material along the lines of the 1925 traffic in arms convention is to be prepared as an annex).

(b) The manufactures or imports of the said articles effected on behalf of other powers within the limits of the jurisdiction of each high contracting party must not have the effect of increasing by more than  $x$  percent the amount of the quotas assigned to it.

(c) The Permanent Disarmament Commission shall judge whether the rate of supply of the said articles is in relation to the size of the quotas assigned and if the nature of supplies delivered to these contracting parties whose armed forces are subject to the provisions of

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<sup>46</sup> For text, see *Records of the Conference, Series B, Minutes of the General Commission*, vol. II, pp. 591-592.

part II, section I, chapter II, of the convention, answers to the requirements of the progressive standardization of war material.

2. The following conditions must be fulfilled before a high contracting party can order articles to be manufactured or permit them to be exported.

(a) The characteristics of the arms shall comply with the present convention.

(b) Export or manufacture shall take place with a view to direct supply to a government or to public authorities under its control.

(c) Supplies of material to the consignee or importing power must be approved by the Permanent Disarmament Commission.

3. In every case of an order the governments shall issue export or manufacturing licenses which must be accompanied by a certificate from the Secretary General of the League attesting that the said supplies have been approved by the Permanent Disarmament Commission.

4. The delegation is at present engaged upon a study of these articles and I shall shortly telegraph you any suggestions which may result from this study.

DAVIS

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500.A15A4 General Committee/438 : Telegram

*The Acting Secretary of State to the Chairman of the American Delegation (Davis)*<sup>47</sup>

WASHINGTON, June 2, 1933—noon.

348. Your 677, May 30, 10 p. m.

1. We agree as to the wisdom of coordinating the non-aggression and no-force pacts, and should be glad to have you submit a text for approval.

2. The President's non-aggression proposal was, of course, never intended to handicap action genuinely designed for the immediate protection of human life. We would be very reluctant, however, to see the pact qualified by any specific exception relating to protection of citizens or diluted by vaguer phraseology, since an agreement thus modified might easily be abused as a shield for actual aggression. We shall not, of course, insist on the exact phraseology used in the President's message but hope you will succeed in arriving at a text which does not materially depart from it in substance.

3. As we see the problem of the definition of aggression, it divides itself into three distinct aspects: (a) the definition of aggression in connection with the continental mutual assistance pacts; (b) the defi-

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<sup>47</sup> This telegram bears the notation: "Approved by the President."

inition of aggression applicable to part I of the British plan; (c) the definition of aggression applicable under our unilateral declaration.

The first aspect is no concern of ours. As regards part I, we have no direct interest inasmuch as we shall not in any event be a party thereto. Our only concern is that the substance of part I should be sufficiently close to what we ourselves are prepared unilaterally to undertake that a smooth correlation of our action with that taken by other powers will be possible. From this point of view, we should naturally prefer the inclusion in part I of a definition—if any—which would, on the one hand, be flexible and general and, on the other, serve primarily as a guide rather than as a definite rule. Such a criterion of aggression is, in our opinion, already embodied in the President's non-aggression proposal.

As regards our own action, we doubt whether it would be necessary to include in our unilateral declaration any specific criterion of aggression. Such a criterion would, as already stated, appear in the non-aggression pact. In using our independent judgment under the unilateral declaration, we would, of course, as a party to the pact, be bound to take its terms into account. This could be accomplished by including in our declaration some reference to the non-aggression pact, as, for instance, by recognizing, in the preamble, that any breach or threat of breach of the Pact of Paris or of the Pact of Non-Aggression is a matter of concern to all the signatories thereto. If you do not feel that this would solve the difficulties, please be quite frank in so telling us.

PHILLIPS

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500.A15A4 General Committee/439 : Telegram

*The Acting Secretary of State to the Chairman of the American Delegation (Davis)*<sup>48</sup>

WASHINGTON, June 2, 1933—1 p. m.

349. Your 678, May 30, 11 a. m. [*p. m.*] We see certain dangers in the statement you suggest delivering if Sato makes his acceptance of abolition of bombing conditional on the abolition of aircraft carriers. It would seem unnecessary thus early to commit ourselves even inferentially as to the position we might assume at the 1935 conference with respect to airplane carriers and submarines, particularly as this might offer Japan the desired opportunity to start a debate on naval treaty revision at this conference. We suggest therefore that you stop with the sentence "Therefore we should not risk failure by making the abolition of bombing contingent on special considera-

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<sup>48</sup>This telegram bears the notation: "Approved by the President."

tions". (You will note the omission of the words "or relatively minor" in this sentence as found in your draft.)

PHILLIPS

500.A15A4 General Committee/435: Telegram

*The Chairman of the American Delegation (Davis) to the Acting Secretary of State*

GENEVA, June 2, 1933—9 p. m.

[Received 9:50 p. m.]

684. Referring to Department's 336, May 22, 3 p. m., and my 667, May 27, noon. Simon on account of engagements in London was unable to return here this week and now because of illness he was unable to join in the proposed meeting with Daladier and Boncour in Paris yesterday or today. We have now agreed to meet with the French in Paris next Wednesday<sup>49</sup> with Londonderry<sup>50</sup> and Eden representing British. The British thoroughly agree that it is desirable if not necessary to get the four heads of state together but we decided it was better to prepare the ground better before making a final attempt particularly with the French. Mussolini is reluctant to meet until he gets the Four Power Pact signed<sup>51</sup> and he also wishes more assurance that it would be possible to reach an agreement before running the risk of failure. The matter has been raised tentatively with the Germans and the indications are that Hitler would attend if it could be held at Basle. On the other hand the British now are rather inclined to the view that it will be advisable to wait about a week after the Economic Conference is opened<sup>52</sup> and then they would prefer to have five power conversations in London. The prospects will depend largely on the outcome of our conversations with the French next week. The decision of the General Commission reported in my 679, June 1, 11 a. m.,<sup>53</sup> giving President Henderson the right to carry on negotiations in preparation for the second reading and to invite consultation among such nations as he may deem advisable will furnish a basis if need be for bringing about the five power conversations in the Conference. Subsequently Henderson will I am sure gladly cooperate if required to do so. So far we have in order to avoid premature publicity not discussed it with him.

DAVIS

<sup>49</sup> June 7.

<sup>50</sup> Secretary of State for Air.

<sup>51</sup> July 15, 1933; for correspondence concerning the Four Power Pact, see pp. 396 ff.

<sup>52</sup> Held June 12–July 27, 1933.

<sup>53</sup> Not printed.

500.A15A4 General Committee/441 : Telegram

*The Chairman of the American Delegation (Davis) to the Acting Secretary of State*

GENEVA, June 5, 1933—5 p. m.

[Received 8:33 p. m.]

687. Referring to my 684.

1. At Daladier's request Londonderry, Eden and I will meet him and Paul-Boncour on Thursday<sup>54</sup> in Paris. He has reserved the entire day and has indicated that he is giving exhaustive study to the subject before our meeting. In view of the importance of this meeting the British may yet decide that MacDonald or Baldwin<sup>55</sup> should attend.

2. My impression is that the French are now realizing that the dangers in accepting the British plan are less than those they would ultimately and inevitably face by its rejection. Unless therefore Germany again makes a false move so that the blame can be put upon her for failure the French will in my opinion endeavor to prepare the way for acceptance. Accordingly, they are already endeavoring to establish better relations with Italy and to make possible the signing of the Four Power Pact.

3. Our particular task on Thursday, however, will be to hold the discussion to part II of the British plan since it is the French attitude towards this part which will be the determining factor in success or failure of the British plan. You are already familiar with the difficulties which the French find in accepting this part. I anticipate that they may be brought to its acceptance with certain modifications provided two things to which they attach great importance can be brought about.

(a) They will insist upon an acceptance by Great Britain of the automatic application of article 16 of the Covenant.<sup>56</sup> As you know the British have been reluctant to undertake this but Simon last week in the House went far in that direction and Drummond<sup>57</sup> thinks they might at least be brought to accepting the automatic application of article 16 for the continent of Europe if at the same time they declared that for the rest of the world they will only accept such application in cooperation with the United States. Drummond added that certain of the non-European states would be very reluctant to any discrimination being made in the interpretation of the Covenant as it would tend to reduce the League of Nations to a purely European organization.

(b) The French will undoubtedly insist upon prolonging the period provided under the British plan for the destruction of land material

<sup>54</sup> June 8.

<sup>55</sup> Lord President of the Council and Lord Privy Seal.

<sup>56</sup> *Treaties, Conventions, etc.*, 1910-1923, vol. III, p. 3336.

<sup>57</sup> Secretary General of the League of Nations.

(guns and tanks). They will insist that a further period be permitted in which the inspection and control provided under the Disarmament Treaty as well as the Permanent Disarmament Commission can have a sufficient amount of time to function and prove its efficacy. This they temporarily treat with impunity [*sic*] to see what the result of the revolution in Germany is going to be.

4. One of the chief difficulties with which we have to contend is the French fear of destroying any big guns until they can see what turn affairs will take in Germany and their inherent objection to destroying anything of their own that they have spent money for.

5. I shall leave here Tuesday night and will have a conference with Londenderry Wednesday evening preparatory to the discussions Thursday.

DAVIS

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500.A15A4/2074: Telegram

*The Acting Secretary of State to the Chairman of the American Delegation (Davis)*

WASHINGTON, June 6, 1933—6 p. m.

351. Department's 345, May 29, 5 p. m. The text of the Japanese reply, which was handed today to the Acting Secretary by the Japanese Ambassador, is as follows:

"It being the fundamental aim of Japan's national policy to contribute toward the establishment of universal peace and the promotion of the common well-being of mankind, the appeal of the President of the United States for cooperation toward the success of the World Economic Conference and the Disarmament Conference finds a hearty response on the part of the Japanese Government.

As regards the World Economic Conference shortly to be convened in London, the Japanese Government are fully resolved to collaborate with other Governments with the aim of delivering the world from the prevailing depression and of bringing prosperity and happiness to all nations.

The Japanese Government have the utmost interest in the work of disarmament, and are exerting their best efforts towards its accomplishment. They are confident that their objective in this is in harmony with the noble desire of the President, which aims at securing a firm assurance of peace throughout the world. Their views upon the different steps detailed in the President's message can if necessary be presented as occasion offers.

It is the sincere hope of the Japanese Government that these two great conferences will as speedily as possible arrive at fair and reasonable solutions of all the problems they have to consider and thus eliminate the difficulties now confronting the entire world."

Please forward copy to Embassy, London, for the Secretary of State.

PHILLIPS

500.A15A4 General Committee/470: Telegram

*The Chairman of the American Delegation (Davis) to the Acting Secretary of State*

GENEVA, June 6, 1933—8 p. m.

[Received 8:30 p. m.]

688. 1. The report of the Committee for the Regulation of the Trade in and Manufacture of Arms<sup>59</sup> together with the French amendments to the British draft relating to this subject (see my 681, June 1, 2 p. m.) formed the subject of the discussion<sup>60</sup> at the meeting of the General Commission this afternoon.

2. Jouhaux<sup>61</sup> speaking for France recognized that although the abolition of private manufacture was in the eyes of public opinion the only effective method of regulating this problem the time was possibly not yet ripe for such a solution. He presented the case for the French amendments and pointed out that what was asked was to put into effect as regards manufacture and trade the control and limitation envisaged for other sections of the convention for the limitation of material was impossible without complementary limitation of manufacture. The French delegation he said would accept any procedure which would permit at the second reading of the draft convention the presentation of a definite text establishing adequate and rigorous control over arms manufacture and trade which should form an essential and inseparable part of the convention. Without it other provisions were of little value.

3. Following the Turkish delegate<sup>62</sup> who spoke on behalf of internationalization of arms manufacture and Raczynski<sup>63</sup> for Poland who supported the French amendments in principle pointing out that there must be a system of licenses issued for each order to be approved by the Permanent Disarmament Commission, Madariaga<sup>64</sup> emphasized clearly the necessity for a strict control of all manufacture. This to him was preferable to the abolition of private manufacture and insufficient control of state manufacture. He proposed as a parallel to the French amendments which he accepted in principle three ideas, (1) the establishment of state responsibility for manufacture and trade, (2) a means of establishing a record of the manufacture, export, import and transit of arms which would permit public knowledge at any time of the quantity of arms in the possession of

<sup>59</sup> For text, see *Conference Documents*, vol. II, pp. 503-577.

<sup>60</sup> For minutes of the discussion, see *Records of the Conference*, Series B, *Minutes of the General Commission*, vol. II, pp. 592-600.

<sup>61</sup> Leon Jouhaux, member of the French delegation; Secretary General of Confédération Générale du Travail.

<sup>62</sup> Cemal Hüsnü Bey.

<sup>63</sup> Member of the Polish delegation to the General Commission.

<sup>64</sup> Member of the Spanish delegation to the General Commission.



each state and through these four approaches an effective method of control, (3) the rigorous system of control to be established must be centralized at Geneva. For this purpose he advocated the adoption of a system analogous to that provided for the control of the drug traffic. In so far as the question of material in stock was concerned he felt that this should not prove an insuperable obstacle to the establishment of limits upon manufacture for the latter over a relatively short period of years would effectively limit the quantity of useable weapons in the possession of a state. He pointed out that the possession of weapons in themselves was not as important as the possession of munitions making such weapons effective. The value of the latter was only for a short period and should a limitation of their manufacture be imposed it effectively established a limitation upon their possession by a state.

4. In view of the importance of the question of the abolition of private manufacture to public opinion I felt it was necessary to make statement pointing out certain of the grave problems which would be raised by its abolition. I explained that an immediate result of the abolition of private manufacture would be to constrain every state to establish public arsenals. This would involve enormous expenditure on the part of the vast majority of states. Another difficulty I explained lay in the fact that munitions were manufactured by private industry not as their exclusive product and if it were necessary to rely upon state arsenals it would thus enormously increase the cost of munitions. States without financial resources to build large arsenals or to convert already established plants would either be compelled to rely upon their neighbors or to store this material.

5. Without entering into details I expressed the earnest hope that the traffic and production of arms both private and public would be so controlled and so circumscribed as to reduce materially the production of arms. A reasonable means of control coupled with material lowering of the present level armaments would bring about marked decline in the demand for arms thus causing a corresponding decrease in their manufacture. I felt constrained to add that public opinion was very much more interested in a reduction of arms than in a mere control of the traffic in arms and an agreement for a substantial reduction of armaments and effective control and supervision with a system of licensing would automatically produce a solution of the problem of private manufacture of arms.

6. The discussion of this question will be continued in tomorrow's meeting.

DAVIS

500.A15A4 General Committee/471: Telegram

*The American Delegate (Wilson) to the Acting Secretary of State*

GENEVA, June 7, 1933—7 p. m.

[Received 8:22 p. m.]

689. My 688, June 6, 8 p. m.

1. At this morning's meeting of the General Commission<sup>65</sup> the discussion continued with regard to trade in and manufacture of arms, the Scandinavian countries advocating complete abolition of manufacture and stressing its evil effects. This was opposed by nearly all other speakers.

2. Nadolny stated that Germany was prepared to accept regulation of manufacture and traffic in arms if practical means could be devised which would be complementary to measures of real and effective disarmament. As far as the French amendments were concerned he felt that no decisions could be taken in this respect since the problem of qualitative limitation of material had not yet been settled. In the opinion of the German delegation the problem of stocks must likewise be considered in this connection and it might be that present stocks would have to be used up before states could receive any substantial quotas.

3. Sato for Japan opposed too strict an international control which in his opinion would tend to create ill feeling. He considered that a license system and adequate international publicity combined with efforts on the part of each government to regulate manufacture within its jurisdiction would provide the best means of solution.

4. The Italian representative pointed out that the French amendments raised a new problem of the greatest possible difficulty for the quota system would work to the advantage of the present heavily armed states which have large stocks and the defense measures of which has been completed. They would likewise tend to create a great measure of inequality between producing and non-producing states and increase the potential production of war material. In the opinion of his delegation the British draft as first presented formed a concrete whole and as such was accepted by Italy. The presentation of new articles such as the recent French amendments tended so to alter the fundamental structure of the British plan that it might be necessary if they were retained for the Italian delegation at the second reading to revise its original acceptance of the plan.

5. Eden who followed expressed his hearty accord with Davis' remarks yesterday and stated that his delegation was prepared to

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<sup>65</sup> For minutes of the meeting, see *Records of the Conference*, Series B, *Minutes of the General Commission*, vol. II, pp. 600-612.

accept measures of control through licenses and publicity operated through national rather than international agencies. Although reserving the position of the British delegation with regard to the French amendments with the second reading he expressed a measure of doubt as to their application. His delegation was apprehensive regarding the system of quotas suggested for he felt that the problem of stocks could not be ignored. He pointed out that those nations which at present have large stocks of war material might have to be content with smaller quotas at first as otherwise great injustice might be done. He concluded by pointing out that the greater the measures of disarmament that could be adopted the less necessary the measures for regulation of trade in and manufacture of arms became since the demand for new material would thus automatically be lessened.

6. In terminating the debate on this question Jouhau pointed out that the French amendments raised no new idea because the problem of limitation and control of manufacture was automatically placed before the Commission when the problem of limitation of material was discussed. It was in this sense that the French amendments must be considered. France was prepared to accept whatever strict measures of limitation and control of private and state manufacture could be devised provided these were in conjunction with other provisions of the convention and carried out the essential connection between limitation of material and of manufacture.

7. Pointing out that no agreement which would permit either of the abolition of private manufacture or of internationalization of arms manufacture could be reached the *rappporteur* felt that the General Commission must be content with the strictest possible measure of supervision and regulation.

8. A resolution was then adopted by the General Commission entrusting the President with the negotiations necessary to prepare a text for the second reading.

9. Budgetary limitation follows next on the agenda of the General Commission but the discussion of that question will be interrupted at this afternoon's meeting in order to allow time for a preliminary meeting of the Bureau.

WILSON

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500.A15A4 General Committee/477: Telegram

*The American Delegate (Wilson) to the Acting Secretary of State*

GENEVA, June 8, 1933—7 p. m.

[Received 11:08 p. m.]

692. In a declaration at the close of the General Commission's discussion this morning Sato explained that his Government could only accept the abolition of aerial bombardment upon the condition

(1) of the total abolition of all aircraft carriers and the prohibition of the equipment of war vessels with landing decks or platforms; (2) the establishment of an agreement by which civil aircraft could be effectively prevented from being used for military purposes in war time. The removal of these preoccupations was inspired by the necessity of taking into consideration the security of his country, of its peculiar geographical situation which rendered it extremely vulnerable particularly to aerial attacks from the sea. The prospective menace of aircraft carriers to Japan was a very real danger and one which could in the opinion of the Japanese Government only effectively be met by the retention of the power of aerial bombardment which was one of the most efficacious means of minimizing the offensive character of these vessels. It was difficult, he explained, for Japan to give up aerial bombardment without a compensating measure. He referred to the London treaty<sup>66</sup> as providing no limitation whatsoever upon aircraft carriers and added, furthermore, that instead of bringing an appeasement to all the signatory states, that treaty had resulted in the creation of an atmosphere of uneasiness and apprehension which did not increase the feeling of security. His remarks on aircraft carriers, he added, were only the reflection of Japan's own preoccupations in the domain of national defense and that they were not intended to cover any concrete case.

2. Basing my observations upon the Department's 349 June 2, 1 p. m. I replied to Sato this afternoon making it clear that what I said must of necessity only be of a preliminary nature but that there were observations which I thought it essential to lay before the General Commission. The acceptance by the American delegation of the draft convention was given upon the draft as a balanced whole and that any reopening of the naval chapter which this suggestion of Japan would necessitate caused us considerable uneasiness as it would not only affect the structure of the whole plan but would give rise to long discussions which would delay the realization of the important progress represented by this draft. Moreover, the problem of aerial bombardment was essentially a land question and to make its abolition contingent on one technical aspect concerning navies alone could only becloud the main issue. All delegations had, I explained, certain general technical preoccupations as regards the problem of aerial bombardment but its abolition would be one of the greatest things that the Conference could achieve and I hoped the Japanese Government would reflect upon the broad aspect and not merely upon one technical phase. As far as the remarks concerning the London treaty were concerned this idea was so new to me that I would not go into it deeply but I felt that it was difficult in international situa-

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<sup>66</sup> *Foreign Relations*, 1930, vol. 1, p. 107.

tions to single out one factor which causes uneasiness. The state of international apprehension to which Sato referred may well have been caused by other factors in addition to the London treaty.

3. The British representative supported my declaration at some length. He pointed out that the Japanese delegation had previously explained that any amendments it had to offer would not affect the fundamental structure of existing naval treaties. While he did not wish to minimize the problem of aircraft carriers he felt that more properly that was a question which should be dealt with at the 1935 naval conference. Further, article 33 provided for discussion of this and related questions by the Peace [*Permanent?*] Disarmament Commission.

4. In reply to these observations Sato explained that it was necessary for his Government to present these preoccupations for it could only with difficulty abandon its own interests to those of general profit without compensating security being granted. He hoped that some arrangement might be arrived at which would take care of the very real apprehension caused by the existence of these aircraft carriers to Japan.

5. At the close of the discussion Henderson rose and said that Sato had cast very serious reflections upon the London naval treaty and that as one of the sponsors of and fellow-workers in the creation of that treaty Sato must realize that he could not accept these reflections.

6. The General Commission adjourned.

WILSON

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500.A15A4 General Committee/476 : Telegram

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

PARIS, June 8, 1933—9 p. m.

[Received 9 : 10 p. m.]

260. From Norman Davis. The British represented by Londonderry and Eden and we had today a very frank confidential and exhaustive review of the whole disarmament situation with Daladier and Boncour. I am mailing a full report<sup>67</sup> of our conference which lasted from 10 : 30 a. m. until 5 with an interruption for a luncheon which Boncour gave to the British and ourselves.

The French initially took the position that the disarmament treaty should provide for an interim period of 3 years during which all should agree noting [*not?*] to construct any of the armaments prohibited by the treaty, the German Reichswehr should be transformed and a strict supervision instituted. If then the supervision showed that

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<sup>67</sup> Not printed.

Germany was living up to the treaty France would agree (and this was given us in strict confidence) to prohibit heavy artillery above 155 mm., to reduce tanks to a global total of 3,000 tons (from their present total of approximately 12,000 tons) and aviation material by 50 percent. There were certain other conditions relating to budgetary limitation and the control of private manufacture and traffic in arms. With respect to the war matériel to be abolished the French said that a way would have to be found to avoid the use of the word "destruction" since with the present situation in Germany French public opinion would never agree at this time to the destruction of war material but they indicated that a way might be found to accomplish the same result in another form. They suggested for example the idea that it might be left to the League of Nations or the Permanent Disarmament Commission to see to the abolition of the banned material.

We told the French very frankly that their suggestion did not go far enough, that there was no possibility of getting the Germans into line unless the French undertook a positive engagement in the treaty that they would proceed to the abolition of the prescribed war material but that this might be done by stages and *pari passu* with the conversation [*conversion?*] of the Reichswehr. We suggested that the period before the first stage of destruction might be extended somewhat beyond the period of a year contemplated in the British draft and further that before there was to be any destruction they would have a period within which to ascertain through the supervision to be established under the treaty whether the Germans were living up to their obligations and that if they were not then France would be relieved from its obligations under the treaty to destroy material. We said that the reduction in war material which the French envisaged (and this is the first time the French have given us any precisions on the point) were encouraging and certainly justified us in pushing ahead our joint study of ways and means of meeting the French difficulties.

I stressed the view that the solution of the problem lay in a controlled disarmament but that we did not wish France to feel that we were pressing her to accept this against her will, that in effect she was faced with the alternative of a reduction in armaments with strict supervision under which Germany would be obligated to remain disarmed or the retention of her present armaments with the certitude that sooner or later Germany would regain her freedom of action and start a competitive race in armaments in which Germany would eventually pass France. Daladier expressed himself as a partisan of a controlled disarmament but many of his colleagues in the Cabinet including Boncour are less practical and more fearful of public opinion.

At the closing of the meeting Daladier said that he would take up with his Cabinet the point of view we had presented but that as the Economic Conference would keep him in London through Wednesday he would [not?] be able to give an answer before Friday of next week.

Our conversation covered the whole range of disarmament including naval problems, budgetary limitation, the supervision of the private manufacturer of arms, on which the French place great emphasis, et cetera. All this will be covered in my written report<sup>69</sup> which will reach you via the *Europa* next week and before any further decisions need be taken on our part.

Cipher copies to Geneva and London. [Davis.]

STRAUS

#### IV. THE BREAKDOWN OF DIRECT NEGOTIATIONS, JUNE 15–OCTOBER 14

500.A15A4 General Committee/481 : Telegram

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

PARIS, June 15, 1933—3 p. m.

[Received June 15—10:45 a. m.<sup>70</sup>]

276. From Davis. Thanks for your 168, June 13, 6 p. m.<sup>69</sup> I have been giving further consideration to the situation as regards disarmament about which I desire to consult the President and you.

As the result of the conversations held here between the British, French and ourselves on June 8th (see my 260, June 8, 5 [9] p. m.<sup>71</sup>) the full memorandum of which should reach you tomorrow, I am more hopeful than ever as to the ultimate success of the Disarmament Conference. We have, however, reached a point where certain steps of a political character affecting Europe appear to be a necessary preliminary to final success and it might be premature to attempt now to press the French for definite decisions. In this connection I have in mind that following the initialing of the Four Power Pact<sup>72</sup> it is quite obviously Daladier's<sup>73</sup> intention to attempt to reach political agreement with Italy and following that with Germany. Further it now seems possible that the English action on debts<sup>74</sup> may permit France to take action which will bring Daladier and Herriot<sup>75</sup> to-

<sup>69</sup> Not printed.

<sup>70</sup> Telegram in four sections.

<sup>71</sup> *Ante*, p. 190.

<sup>72</sup> At Rome, June 7, 1933; for correspondence relating to the negotiations, see pp. 396 ff.

<sup>73</sup> French Prime Minister.

<sup>74</sup> For correspondence regarding certain intergovernmental debts, see pp. 826 ff.

<sup>75</sup> Leader of the French Radical Socialist Party; Chairman, Committee on Foreign Affairs, Chamber of Deputies.

gether and this would result in constituting the type of French Government which could take courageous decisions in disarmament.

Finally having now made our position in disarmament clear we should not assume the responsibility of attempting to force the French into a disarmament treaty or of letting public opinion here in France gain the impression that France is making concessions in disarmament not because her best interests demand but because of American insistence.

Under the circumstances we guarantee that it would be better strategy for us to stand upon the position that we have taken particularly in our last meeting here that we have stated what we are prepared to do and that the French must now decide for themselves what they feel is in their best interests.

I feel that if I remain here in Paris or even near Paris the French will gain the impression that I am anxiously awaiting further action from them and by my presence attempting to bring a somewhat unwelcome pressure to bear upon them. Under the circumstances I am inclined to believe that it would appear best for me to take advantage of 2 or 3 weeks interval before the July meeting of the General Commission to run home for a quick visit.

This would have the advantage of permitting me to consult the President and you and incidentally I should like to attend the wedding of my son, the date for which has been held in abeyance pending a decision as to whether I can get back before the first of July.

If the President and you concur I would plan to sail Sunday on the *Bremen* because of the time saved thereby which would permit me to get back here shortly after July 3. Further there is no American boat available until next Thursday. If there is any difficulty about my taking the *Bremen* I will pay my own expenses.

If I sail Sunday I may possibly spend Saturday in London to discuss disarmament matters with Henderson<sup>76</sup> and the British and see Secretary Hull. As matters now stand I do not think a longer stay there now would be necessary or desirable. If Henderson should later arrange meetings in London during my absence Wilson would be available to attend.

If I return I would give out the following statement here and suggest that a corresponding statement be given out in Washington.

"Mr. Norman Davis stated today that he was returning to the United States for a short visit sailing on June 18th. He was returning to report to the President on the work of the Disarmament Conference and to attend the wedding of his son. He expects to return to Geneva to participate in the meeting of the General Commission in July."<sup>76a</sup>

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<sup>76</sup> President of the Conference.

<sup>76a</sup> For text of statement as given out, see Department of State, *Press Releases*, June 17, 1933, p. 463.



Wilson, who has conferred here today, concurs in above.

In view of the very short time available I would greatly appreciate a reply today. Unless advised to the contrary by cable I will telephone you this afternoon Washington time. Norman Davis.

STRAUS

500.A15A4 General Committee/489 : Telegram

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

PARIS, June 16, 1933—11 a. m.  
[Received June 16—8:45 a. m.]

280. From Norman Davis. Referring to the delegation's 689, June 7, 7 p. m.,<sup>77</sup> regarding control of arms, trade and manufacture, and text of French amendments<sup>78</sup> (confidential D/6 G122) mailed June 1. Inasmuch as this matter will presumably be the subject of negotiations before the General Commission reconvenes I should appreciate your views as promptly as possible. I am not commenting now in detail because the questions involved have not yet been fully discussed.

Bearing in mind the views of the President upon the necessity for strengthening measures of control I submit herewith a list of the essential questions of principle brought out in the French amendments, recognizing, however, that the administrative difficulties regarding routine upkeep are obvious.

1-a. Can we accept a limitation of the amount of material which we may acquire in a given period.

b. Can we accept such limitation if it applies only to those arms which are limited quantitatively by the convention.

2. Can we accept a quota under which our private manufacture for third parties is limited to a fixed proportion of our own yearly reserve.

3. Can we accept the project which gives to the Permanent Disarmament Commission the right to visa licenses both for manufacture and for export?

4. You will note from my reports of the debates (telegrams Nos. 688, June 6, 8 p. m. and 689, June 7, 7 p. m.) that the question has been raised of the analogy between narcotic drugs and manufacture of arms and it has been suggested with fairly wide approval that the same type of machinery might be established for the control of manufacture of arms as now exists under the treaty of 1931 for the control of narcotics.<sup>79</sup> In this connection see the memorandum by the Secretariat dated May 4 (Conf. D/159).<sup>80</sup>

<sup>77</sup> *Ante*, p. 187.

<sup>78</sup> *Records of the Conference*, Series B, *Minutes of the General Commission*, vol. II, pp. 591-592.

<sup>79</sup> International Convention for Limiting the Manufacture and Regulating the Distribution of Narcotic Drugs, and Protocol of Signature, signed at Geneva, July 13, 1931, *Foreign Relations*, 1931, vol. I, p. 675.

<sup>80</sup> League of Nations, Conference for the Reduction and Limitation of Armaments, *Conference Documents*, vol. II, pp. 494-502.

Concerning point 1-*a* above we feel that this would raise serious difficulties in practical application and believe the French amendment in its present form would require considerable modification to be acceptable to us but until the annex referred to in article B-1 of the French amendment is drawn up it is difficult to express a final judgment.

Concerning point 2 Wilson and I have already told the French that we did not believe our Government would accept such an arrangement both because of the interference with normal competition and because of the almost incredible difficulty which would arise in an attempt to allocate such quotas.

As to points 3 and 4 we believe that if the control feature is to be adequately strengthened both these points deserve favorable consideration and that we should cooperate in working out the detailed formulation of these points reserving final judgment until this has been done.

The French have emphasized and reiterated the "indispensable" and "essential" character of the proposed measures from their point of view.

Please reply to delegation Geneva. [Davis.]

STRAUS

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500.A15A4 General Committee/491 : Telegram

*The Acting Secretary of State to the Chairman of the American Delegation (Davis)*<sup>81</sup>

WASHINGTON, June 17, 1933—10 a. m.

356. Your 681, June 1, 2 p. m.<sup>81a</sup> and 280 June 16, 11 a. m. from Paris. I recognize that some effective method for the control of the manufacture of and trade in arms is a necessary corollary to any effective program for the limitation of armament, but I find grave objections to the French proposal which approaches the problem from the wrong angle.

1 (b). The quotas provided for in 1 (a) would presumably be established on the basis of the armament needs of the several contracting parties. To base the quantities which could be manufactured for export upon quotas derived from these quotas would be to attempt to establish a mathematical relation between two quantities which bear no necessary relation to each other. I cannot conceive how any such relationship could be established with fairness to the several contracting parties. It would tend to freeze a situation which would favor certain countries as exporters of arms over others and it would constitute a restraint of trade unnecessary to limitation of armament.

<sup>81</sup> This telegram bears the notation: "Approved by the President."

<sup>81a</sup> *Ante*, p. 179.

2 (c). This provision of the proposal would appear to constitute an unnecessary complication. Such a system would increase the disadvantage of the non-producing powers in relation to the producing powers and its administration would undoubtedly give rise to delays and resulting charges of favoritism which would outweigh any possible advantages.

3. This Government sees grave objections to any system of licenses under the control of an international commission. Any proposal to make the issuing of licenses dependent upon permission granted by an official of the League of Nations would be particularly objectionable.

PHILLIPS

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500.A15AA General Committee/492: Telegram

*The Acting Secretary of State to the Chairman of the American Delegation (Davis)*<sup>82</sup>

WASHINGTON, June 17, 1933—11 a. m.

357. Your 681, June 1, 2 p. m. and 280 June 16, 11 a. m. from Paris. As we see it, the problem of establishing an adequate control of the manufacture of and trade in arms divides itself into three phases:

(1) With respect to weapons which are subject to qualitative limitation, the Convention should bind the signatory powers to abstain from and to prohibit the manufacture, possession, importation or exportation of weapons such as heavy artillery, heavy tanks, substances and devices used in chemical and bacteriological warfare, et cetera, which are abolished by the Convention. The passage of the legislation necessary to impose the requisite restrictions on private industry and commerce would thus become a treaty obligation. We have previously informed you that in spite of doubts expressed in past years, we are now convinced that there is no constitutional objection<sup>83</sup> to such an undertaking on our part.

(2) With respect to weapons which are subject to quantitative limitation, the Convention should bind the signatory powers to abstain from and to prohibit their manufacture except to such extent as is necessary to provide for the stocks permitted to their armed forces and for quantities to be exported. Manufacture of these types of weapons should be permitted only on order from a government. Some system of licensing both for manufacture and for importation and exportation will probably have to be worked out. This should be established on a national and not on an international basis, but there should be provision for prompt transmission to the Permanent Dis-

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<sup>82</sup> This telegram bears the notation: "Approved by the President."

<sup>83</sup> See telegrams Nos. 232, 236, and 240, November 5, 10, and 11, 1932, to the American delegate, *Foreign Relations*, 1932, vol. I, pp. 363, 370, and 372.

armament Commission of information in regard to all licenses issued and for full publicity.

(3) With respect to other types of weapons not subject to limitation either qualitatively or quantitatively, the system of licensing applicable in Case (2) should apply.

The foregoing together with continuous and automatic supervision of the execution of the Convention should amply meet French pre-occupations and at the same time avoid such provisions as are unacceptable to us as constituting unnecessary international interference with our national industry and commerce. We are willing to have this supervision extended to include inspection at any time of Government owned matériel in use or in warehouses or elsewhere carried out, however, in such a way as to exclude inspection of the actual processes of production only. We are also willing to have it include inspection of privately owned stocks in warehouses or in transit.

PHILLIPS

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500.A15A4 General Committee/505: Telegram

*The American Delegate to the Bureau of the Conference (Wilson) to the Acting Secretary of State*

GENEVA, June 23, 1933—11 a. m.  
[Received June 23—7:38 a. m.]

700. With reference to the telegram from Dulles<sup>84</sup> sent from London No. 188, June 22, 11 a. m.,<sup>85</sup> I am in general agreement with Eden's view on this matter but there are certain modifications which I regard as of high importance.

I agree that it would be useless and perhaps dangerous for the General Commission to convene in the immediate future. At the same time I would deplore ceasing all conference activities except private conversations in the month of July since I fear that such conversations will only take place if under pressure of sustained activity at Geneva. I, therefore, favor the Bureau continuing to sit in private as from June 27 to "prepare for a second reading". Thus Henderson will have representatives of the powers present with whom he can advise and through whom he can arrange consultations with chiefs of state and other authoritative spokesmen. The very fact that the Bureau is meeting, is bound to bring out discussion and will favor conversations even though the meetings of the Bureau are held in private.

Criticism will doubtless arise from states non-members of the Bureau to this prolongation of the Bureau's task. This, however, could be

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<sup>84</sup> Allen W. Dulles, Legal Adviser to the American delegation.

<sup>85</sup> Not printed.

met by inviting the states non-members of the Bureau to attend its meetings if they so desire. Few of them I think would do so; all would be gratified at the opportunity of doing so.

I am repeating this telegram to London in case there is an opportunity to discuss the matter with Eden before his departure for Geneva. I shall take this position unless you instruct me to the contrary.

WILSON

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500.A15A4 Steering Committee/334 : Telegram

*The American Delegate (Wilson) to the Acting Secretary of State*<sup>86</sup>

GENEVA, JUNE 27, 1933—6 p. m.  
[Received June 27—2: 35 p. m.]

701. At the Bureau meeting this afternoon Henderson read a prepared statement outlining the procedure he proposed for the further progress of the Conference. The Bureau would recall he explained that he had been charged with negotiations to prepare for the second reading of the British draft.<sup>87</sup> The preoccupations of the delegates in London had rendered it impossible for him to make sufficient progress to justify the preparation of that text at the present time. He had come to realize the importance of doing everything to harmonize existing differences before the second reading began. He therefore suggested that the Bureau might wish to recommend to the General Commission that it authorize him to continue this series of private negotiations and to convoke the General Commission and the Bureau only when greater measures of common accord had been achieved. If the state of the negotiations so permits it might be possible to convene the Bureau either at end of July or during the Assembly in September but he suggested that the definite date of October 16 be set for the reconvening of the General Commission. At that time a definite text for the second reading he hoped could be presented.

Nadolny urged the continuation of the work of the Conference since he feared that further attempts at private negotiations would fail as had Henderson's efforts in London. Eden and Massigli both supported the President's proposal at the same time stating that their Governments desired this period for conversations and direct negotiations between the governments. Nadolny asked the President what assurances he had that the states were willing to enter into these con-

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<sup>86</sup> Repeated to Mr. Davis aboard the U. S. S. *Ellis* with President Roosevelt.

<sup>87</sup> See telegram No. 569, March 17, noon, from the Acting Chairman of the American delegation, p. 43.

versations and Henderson replied that the two states whose representatives had spoken had given such assurances as well as the representatives of the United States and the Little Entente. Nadolny thereupon declared that while he still thought it preferable to begin the second reading he would not oppose the wishes of the Bureau and that he considered the statements given by the representatives of Great Britain and France were evidences of their willingness to enter into such conversations.

No one else took part in these discussions.

The meeting of the General Commission is called for Thursday June 29, morning, to receive the recommendations of the Bureau.

WILSON

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500.A15A4 Steering Committee/335: Telegram

*The American Delegate (Wilson) to the Acting Secretary of State*<sup>88</sup>

GENEVA, June 27, 1933—7 p. m.  
[Received June 27—2: 50 p. m.]

702. Supplementing my 701, June 27, 6 p. m., I had conversations during the morning and early afternoon with representatives of Japan, France, Italy, England and Germany as well as Henderson and others. I suggested the procedure outlined in my 700, June 23, 11 a. m., but I found all with whom I spoke, with the exception of Nadolny, definitely of the opinion that no further useful work could be done until private conversations had liquidated some of the outstanding questions.

I gained the impression from Nadolny that he would oppose bitterly an adjournment and had entered the Bureau with the idea of proposing a compromise by continuing the sittings of the Bureau to "prepare for the second reading" hoping that this compromise would give Nadolny some satisfaction. However, after having made his position clear Nadolny acquiesced so readily in Henderson's proposal that because of this and because of the unanimous approbation of the Bureau it seemed undesirable to prolong the argument.

After the meeting Rheinbaben, one of the German delegates, remarked confidentially and personally to Mayer<sup>89</sup> that in his views in the present state of Europe no decisions could be expected regarding disarmament at this time; that this adjournment was the only step which the Bureau could have taken and that it would not endanger a continuance of the work of the Conference.

WILSON

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<sup>88</sup> Repeated to Mr. Davis aboard the U. S. S. *Ellis* with President Roosevelt.

<sup>89</sup> Ferdinand Mayer, Adviser to the American delegation.

500.A15A4/2165

*The American Delegate (Wilson) to the Acting Secretary of State*

GENEVA, June 27, 1933.

[Received July 11.]

SIR: Referring to previous correspondence on the subject of the attitude of the Japanese Government respecting disarmament, I have the honor to report the following conversation which I had this morning with Mr. Naotake Sato, chief of the Japanese Delegation to the Disarmament Conference.

Mr. Sato asked to see me this morning and after discussing matters of procedure which the Bureau was shortly to take up, informed me that he had recently been in London to consider matters with Viscount Ishii<sup>90</sup> and Ambassador Matsudaira. He had taken the occasion to explain to Mr. Aghnides, Chief of the Disarmament Section of the League of Nations, and to Captain Anthony Eden, Parliamentary Under-Secretary of State for Foreign Affairs and acting head of the British Delegation here, certain difficulties which the Japanese Delegation are experiencing.

The Japanese feel that the problem of disarmament ought to be treated regionally; that it is impossible to harmonize their needs, which arise from their conditions, to the needs of Continental Europe, which seems to be the sole basis for the consideration of every problem. For instance, the Japanese could not accept any limit below 155 mm. for guns, since, if they took the British Plan, the Russians, who already have an enormous quantity of 155s would have equipment of much heavier metal. Further, they would have to insist on twenty tons for tanks.

Concerning their point of view on the Navy, Sato did not enter into details, as he assumed that I was already familiar with it.

The new and important point that he brought up was, in my opinion, that Japan could not have anything to do with Part I, Security, as it now stands. Sato explained that they had just gone through a very unfortunate experience because of their obligation to consult and that colloquially speaking they were having no more. Japan would not accept an obligation which would bring about the risk of a repetition of its experience in leaving the League of Nations. In the happy event that they could iron out their difficulties in the Far East<sup>91</sup> in the near future (incidentally, they hope to do so with Russia through the sale of the Chinese-Eastern) they might be able to take such an obligation. But at present they would certainly have to refuse to sign such a convention.

<sup>90</sup> Japanese Privy Councilor, delegate to the London Economic Conference.

<sup>91</sup> For correspondence relating to the Far Eastern question, see vol. III, pp. 1 ff.

I told him that it was a heavy responsibility for them to undertake. That however desirable a regional treatment was, and in many respects I had great sympathy for the regional idea, nevertheless, on the matter of artillery calibers, for instance, Russia faced on both fronts and it would seem as if a universal standard was essential. Otherwise, I saw no way of solving the problem of the relations between Russia and the States of eastern Europe. As far as the Security part went, I did not think for a minute that the French would accept a treaty where the security was in a separate instrument which Japan would not sign. Perhaps the only thing to consider, therefore, was whether, if the Continental difficulties could be ironed out, we should not go ahead and write a treaty, leaving it open for signature by Japan, in the hopes that the passage of the next few months would alter their point of view.

I asked him whether he did not think it advisable to inform Henderson of his views, since the President had been charged with the task of trying to harmonize the various points of view and certainly should know of any position as important as the one which Sato had just outlined.

Respectfully yours,

HUGH R. WILSON

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500.A15A4 General Committee/520: Telegram

*The American Delegate (Wilson) to the Acting Secretary of State*

GENEVA, June 29, 1933—3 p. m.

[Received June 29—11:50 a. m.]

704. 1. At the meeting of the General Commission this morning Henderson conveyed the recommendations of the Bureau (my 701, June 27, 6 p. m.). Nadolny in a prepared statement opposed the recommendations of the Bureau although as you remember he acquiesced at the time of the Bureau meeting. He emphasized the responsibility of the governments voting for this resolution and the solemnity of their undertaking to negotiate during the interval. I stated that the American delegation stood ready to help the President in all possible ways in his task and wished him success if the General Commission decided on this form of procedure. Cadogan supported the President's proposal. Massigli followed, supporting the proposal and intimating that the success or failure of the conversations depended upon the degree of trust among the various governments and that the receipt of daily news despatches of a disquieting nature could not but jeopardize the success of the conversations. The Hungarian delegate<sup>92</sup> acquiesced in the proposal as did the Italian<sup>93</sup> the latter underlining

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<sup>92</sup> General G. de Ziegler.

<sup>93</sup> Marquis A. Meli Lupi di Soragna.



the obligation to negotiate with a determination to succeed. Nadolny referred to Massigli's remarks and stated that in the name of the German Government or any subsequent German Government a convention entered into would be loyally and faithfully observed by the German Government and people. The proposal was adopted without vote.

2. Henderson then paid tribute to Drummond in this his last official appearance in the League to which Drummond replied.

3. The President then adjourned the General Commission until October 16th.

WILSON

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500.A15A4 General Committee/565

*The American Delegate (Wilson) to the Acting Secretary of State*

GENEVA, July 10, 1933.

[Received July 29.]

SIR: With reference to the problem of the control of trade in and manufacture of arms, I have the honor to submit herewith the text of draft articles<sup>94</sup> relating thereto which has been prepared by the Disarmament Section of the League Secretariat for insertion in the British Draft at the second reading at the request of Señor Madariaga, Spanish Delegate. This document is an attempt to combine nearly all proposals submitted both to the technical committee and to the General Commission and as such will be difficult of realization. It maintains the French suggestions (Conf. D/C. G. 122) for the determination of quotas within the limits of which the High Contracting Parties may procure war material but only as regards guns, tanks, aircraft and naval vessels. For the fixation of these quotas account is to be taken of matériel both in service and in stock. The objectionable clause of the French draft establishing the percentage of limit for the manufacture of articles for third parties is maintained but only for study by the Permanent Disarmament Commission.

As regards publicity, a provision has been inserted providing for the preparation of statistics covering implements of war in the course of manufacture, which seems impossible of realization. The Permanent Disarmament Commission likewise has the right to judge at any time whether the rate of supply of articles, as shown by the manufacture and export licenses transmitted to the Permanent Disarmament Commission agrees with the quotas assigned. This maintains the visa power suggested under the French proposal.

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<sup>94</sup> Not printed.

A whole series of questions upon which agreement would not seem possible has been left to the study of the Permanent Disarmament Commission, such as the possibility of progressive standardization of the manufacture of arms; the question of fixing the maximum for each country for those weapons of war in categories other than those limited by the French proposal; the question of the duration of the validity of licenses; the drawing up of models for licenses and the advisability of providing that the approval of the Permanent Disarmament Commission should be obtained before manufacture or export can take place.

There are many articles drawn up along the lines of the Draft Convention of 1929<sup>95</sup> and the Traffic in Arms Convention of 1925,<sup>96</sup> but these are principally taken from the reports of the technical sub-committees and should offer little objection. The main difficulty of the draft is that it does not adequately provide a basis for compromise between the different proposals submitted and maintains intact the divergences of opinion.

I now learn that this draft, which was prepared without consultation with the *Rapporteur* of the Committee, is considered as an unsatisfactory basis for the President's discussions this summer. M. Komarnicki, *Rapporteur* of the Committee for the Regulation of the Trade in and Manufacture of Arms and Implements of War has been charged with the preparation of a list establishing a few major points of principle upon which agreement will be attempted this summer.

It is proposed when the Bureau reconvenes, in October, to charge a drafting committee with the preparation of articles for insertion in the Convention. This draft will be based upon the Committee's reports (Conf. D/160) and any agreements which have been possible to obtain this summer.

Respectfully yours,

HUGH R. WILSON

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500.A15A4/2182

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

No. 98

ROME, July 24, 1933.

[Received August 8.]

SIR: I have the honor to transmit herewith for your information a copy of a memorandum of a conversation which I had with Baron Aloisi, Chief of Cabinet of the Ministry of Foreign Affairs, regarding

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<sup>95</sup> For text, see League of Nations, *Documents of the Preparatory Commission*, Series X, Annex 1 (C. P. D. 211), p. 423.

<sup>96</sup> *Foreign Relations*, 1925, vol. 1, p. 61.

the Disarmament and Economic Conferences,<sup>97</sup> with special relation to Italian policy in Europe based on the Four Power Pact.<sup>97a</sup>

Respectfully yours,

BRECKINRIDGE LONG

[Enclosure—Memorandum]

After dinner last night I had a conversation with Baron Aloisi, Chief of the Cabinet of the Foreign Office. I asked him if he was returning to the Disarmament Conference. He replied he was going back the latter part of September. I asked him if he expected any results of a substantial nature. He replied in the negative. I then asked him what would be the next step. He said that the Economic Conference had failed, and it looked as if the Disarmament Conference would fail and that there was nothing left but the Four Power Pact. It provided that its signatories would take steps to secure disarmament; that they would proceed after a while to discuss with France and with England and with Germany, separately, the question of disarmament; that it was inopportune now because the psychology was not right, considering that the Disarmament Conference had not definitely failed; but that soon after the failure of the Conference was demonstrated that the psychological situation would change and that they would then be in a position to proceed with conversations.

I asked him if he felt that they could institute conversations between Great Britain and France, and he replied in the affirmative. I asked him if they could institute conversations between France and Germany, and he replied that he thought they could.

The conversation was short and cryptic but pointed and left the definite impression in my mind that Italy has adopted as a policy to build her European relations upon the basis of the Four Power Pact and to use it as an instrument with which to pursue her plan to bring about a situation of peaceful relationship between herself and the other three great European powers, and as a vehicle for carrying Italy's prestige to higher ground.

ROME, July 24, 1933.

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500.A15A4 Steering Committee/340 : Telegram

*The American Delegate (Wilson) to the Acting Secretary of State*

GENEVA, July 25, 1933—4 p. m.

[Received July 25—2:40 p. m.]

713. Through the helpful cooperation of De Wolf,<sup>98</sup> who accompanied Henderson and Aghnides<sup>99</sup> on their recent journey through

<sup>97</sup> For correspondence on the Economic Conference, see pp. 452 ff.

<sup>97a</sup> For correspondence concerning the Four Power Pact, see pp. 396 ff.

<sup>98</sup> Member of the Secretariat of the League of Nations.

<sup>99</sup> Chief of the Disarmament Section of the League of Nations.

Europe to discuss disarmament, I am forwarding a mail report<sup>1</sup> of Henderson's conversations and future plans for the Conference.

Nothing of a striking nature was accomplished by Henderson nor any point developed to a place where the cooperation of other powers was desirable. His conversations seem to reveal a continued stiff attitude on the part of the French respecting material and a trial period for any disarmament treaty while the Germans seem to have moved appreciably toward meeting French desires, being willing to accept the Soviet definition of the aggressor, the fullest sort of control and supervised publicity of expenditures in addition to previous compromise agreements respecting transformation of the Reichswehr. Apparently the Germans while not pronouncing an ultimatum or fixing a time limit gave Henderson definitely to understand that Germany would feel free to rearm and would so act should a disarmament treaty not be achieved.

Henderson has now left for London where he will discuss his conversations with the British Government's disarmament committee and then formulate certain suggestions in relation to the British plan which he believes will be helpful toward arriving at an agreement. He will lay these suggestions before the Bureau to be summoned about September 20th at Geneva and will request it to name a drafting committee to put the suggestions into treaty form.

Thus it appears that conversations and Bureau work in September may have a definite objective and be of considerable importance.

WILSON

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500.A15A4 General Committee/571 : Telegram

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

WASHINGTON, August 2, 1933—noon.

212. Your 224, July 27, 5 p. m.<sup>1</sup> Davis has seen your telegram and suggests that you inform Eden that he is ready to return to Europe just as soon as there is any indication that the Powers concerned, particularly Great Britain and France, are ready to proceed with the Disarmament negotiations.

Davis is somewhat confused by conflicting information received as to the procedure, and the desire to tackle the problem. For instance, some 2 weeks ago the attitude of the French as reported to him was that in order to avoid any complaint by the Germans because of delay and also in order to prepare for the reopening of the Conference, conversations should be held during the balance of July by Henderson and also perhaps between the French and the British, which Hender-

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<sup>1</sup> Not printed.

son would probably insist upon, and then resumed at the beginning of the second week of September starting with a continuation of the Anglo-American-French conversations. The French were informed that this procedure would be agreeable to Davis. Later, Henderson informed Marriner <sup>4</sup> that he saw no reason for separate Anglo-French conversations.

Although Davis is not in a position to judge of the desirability of Anglo-French conversations, he was in hopes that if they are to take place, it could be earlier than September 18th, as after this, it may be necessary to have talks with the Germans and the Italians in order to prepare the way for the opening of the Conference, and the time would be very limited. If, however, the Anglo-French conversations should take place Davis will be glad to be present if it is desired, and if it is felt that his presence would in any way be helpful.

Mail cipher copy to Amembassy, Paris.

PHILLIPS

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500.A15A4 General Committee/578: Telegram

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

LONDON, August 16, 1933—4 p. m.

[Received August 16—1:20 p. m.]

241. I discussed Department's 212, August 2, noon, with Eden who has just returned from holiday and will be in London for the next 2 weeks. He stated situation remained as outlined to me in my telegram 224, July 27, 5 p. m.,<sup>5</sup> which is apparently further confirmed by telegram from American Embassy, Paris, to the Department, No. 360, August 8, 1 p. m.<sup>5</sup> Eden indicated today that the Anglo-French disarmament conversations set for September 18th were by invitation of the French and that much as he personally would welcome Norman Davis' presence in Paris at that time he did not feel that he could invite Davis to be present at the conversations, but this suggestion should come from Boncour.<sup>6</sup> Eden feels the initiative of the conversations having been taken by the French, together with the fact that the French Treasury would welcome any economic relief, there is a possibility that an opening may arise, upon any statement by the French of their point of view, for Eden to reply that no progress in disarmament can be looked for without considerable modifications of the proposed convention.

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<sup>4</sup> Counselor of Embassy in France.

<sup>5</sup> Not printed.

<sup>6</sup> French Minister for Foreign Affairs.

Eden particularly pointed out the Prime Minister's and his own personal predilection for close cooperation with Davis in matters of disarmament and was anxious that Davis should understand their hope he would be in Paris if not on September 18th, the opening date for the Anglo-French conversations, at least shortly after these conversations had started.

BINGHAM

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500.A16/290

*The British Embassy to the Department of State*

AIDE-MÉMOIRE

Recent reports in the United States press regarding the policy which will be followed by Mr. Norman Davis on his return to the Disarmament Conference at Geneva included one published in the English press to the effect that there is "good reason to believe that the United States Government is now prepared to accept a scheme for the supervision and control of armament manufacturers by a joint international commission on the lines proposed by France".

In this connection His Majesty's Government recall that when the French proposals for (1) supervision and (2) control of armaments were presented to the Disarmament Conference the United States Delegation indicated general support but were opposed to the application of any special measures to the private manufacture of armaments.<sup>6a</sup>

Mr. Osborne<sup>7</sup> is instructed to enquire whether there is any change in the policy of the United States Government on these two questions.

WASHINGTON, August 28, 1933.

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500.A16/290

*The Department of State to the British Embassy*

MEMORANDUM

The State Department has considered the British Embassy's *aide-mémoire* of August 28, quoting press reports concerning the policy which it was suggested would be followed by Mr. Norman Davis on his return to the General Disarmament Conference at Geneva. Attention was called in particular to one quotation which read that there was "good reason to believe that the United States Government is now

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<sup>6a</sup> See telegram No. 688, June 6, 8 p. m., from the Chairman of the American delegation, p. 185.

<sup>7</sup> Francis D. G. Osborne, British Chargé.

prepared to accept a scheme for the supervision and control of armament manufacturers by a joint international commission on the lines proposed by France".

The Department believes that an erroneous impression has probably been derived from this quotation by the inclusion of the word "manufacturers", the more so as with respect to the general subject of the control of manufacture of arms, there has been no fundamental change in the American position.

To be more explicit, the American Government to a large extent shares the views of the French Government with regard to the necessity for an adequate system of supervision and control of *armaments* through the Permanent Disarmament Commission. While this Government is not prepared to commit itself in advance more than it has heretofore done as to the proper measure of supervision and control which should be established over the *manufacture* of arms, both public and private, it is sympathetic with the idea of some supervision and a system of licensing.

Mr. Norman Davis, who is sailing for England today, is prepared to consider this subject in detail at the conversations in which he will participate on his arrival in Europe.

WASHINGTON, August 30, 1933.

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500.A15A4/2196a

*President Roosevelt to the Chairman of the American Delegation  
(Davis)*<sup>7a</sup>

WASHINGTON, August 30, 1933.

DEAR NORMAN: Here are the letters <sup>7b</sup>—(1) the letter to you for the French, with a postscript at the end so that you can show the whole thing to Daladier; <sup>7c</sup> (2) the letter to you which you can show to MacDonald and other Britishers; (3) a personal note for you to give to MacDonald.

The letter for you to take to Italy,<sup>7d</sup> I will send over in a day or two so that you will get it in plenty of time before going to Rome. It is so late tonight that it simply cannot be written in time.

Bon voyage and all the good luck in the world. If you pull off disarmament they will bury you in Arlington when you die if that is any comfort to you now!

Very sincerely yours,

[File copy not signed]

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<sup>7a</sup> Photostatic copy obtained from the Franklin D. Roosevelt Library, Hyde Park, N. Y.

<sup>7b</sup> *Infra.*

<sup>7c</sup> Not found; presumably similar to the letter to Mr. Davis, *infra*, to be shown to the British.

<sup>7d</sup> Not found.

500.A15A4/2196a

*President Roosevelt to the Chairman of the American Delegation  
(Davis)*<sup>70</sup>

WASHINGTON, August 30, 1933.

DEAR NORMAN: On your departure for Europe I wish not only to reiterate my deep interest in the success of the Disarmament Conference but also to express to you my concern for the future of European peace in the event of failure. Nothing would so help a better world psychology or promote immediate and permanent economic welfare as agreement on immediate, substantial reduction of armaments under adequate supervision and control.

I realize, of course, the technical and political problems involved, but I am satisfied that a sufficient will to solve them will solve them. Looking into the future, it seems to me clear that the risks involved in making such concessions as may be required to secure an agreement are slight in comparison with the risks involved if no agreement is reached.

I hope that our more or less detached position and impartiality in the United States may make it possible for you and your associates to render helpful and effective service. You have done this already.

I feel that if the United States and Great Britain make a joint and earnest effort it will be possible to achieve success. It was for the same reason that I authorized you to support in general the so called MacDonald plan. As you know, the original plan contained several provisions not to our liking without certain modifications, but I felt that broad cooperation between the British and ourselves was possible and practical. I suggest, therefore, that you confer again with Mr. MacDonald and those of his colleagues who are handling the disarmament question with a view of considering the next steps.

Furthermore, I have the feeling that if Messrs. MacDonald, Daladier, Mussolini, and Hitler could get together the perplexing problems could be solved. If as a result of the preliminary conversations you have in Europe you think that a meeting of these Heads of States is feasible I shall be glad to have you, if necessary, use your good offices to bring this about.

One further matter seems at this distance to be fairly clear—the crux of the problems seems to lie mainly between France and Germany. Obviously neither the United States nor Great Britain would want France to disarm if this would mean that Germany would later take advantage of this to seek revenge. Neither do we want to have Germany assert the right to re-arm as a result of failure on the part

<sup>70</sup> Photostatic copy obtained from the Franklin D. Roosevelt Library, Hyde Park, N. Y.



of the heavily armed nations to take immediate, substantial and constructive steps towards general disarmament. Controlled disarmament and international supervision form the only answer.

Please let me remind you that in offering to go along with such supervision and control I will encounter many objections in the United States. Nevertheless, I am confident that the overwhelming majority of Americans will support me in this if England and the European nations will accept what has today become a necessity.

If the European nations can be freed from the tyranny of fear that now grips them, the whole world will experience a confidence and tranquillity that will lead to a definite and rapid solution of economic and other problems.

I wish you every success in your important mission.

Very sincerely yours, [File copy not signed]

P. S. If you think it advisable, I have no objection to your showing this personal letter to you to Mr. MacDonald or his disarmament colleagues.

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500.A15A4/2196b

*President Roosevelt to the British Prime Minister (MacDonald)*<sup>72</sup>

WASHINGTON, August 30, 1933.

MY DEAR MR. MACDONALD: I am asking Norman Davis to hand this to you for it gives me not only the opportunity of thanking you for your note from Lossiemouth<sup>73</sup> but also to tell you of my grave concern for the success of the Disarmament Conference.

Like you, I am concerned by events in Germany for I feel that an insane rush to further armaments in Continental Europe is infinitely more dangerous than any number of squabbles over gold or stabilization or tariffs. The latter do not arouse the passions or fears of the average citizen but drilling and arming when carried on on a national scale excite whole populations to frenzies that end in war.

As you know, England and the United States think along parallel lines on this. The United States has gone very far and is honestly unselfish in working for European peace. You and Great Britain, however, have an even greater influence in the European situation than we have—and, therefore, a greater responsibility.

Do, please, for the sake of peace, do all you can. I do not have to urge you to this, I know, but I do want you to realize how much we count on British influence to bring about a definite success.

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<sup>72</sup> Photostatic copy obtained from the Franklin D. Roosevelt Library, Hyde Park, N. Y.

<sup>73</sup> See letter of August 5 from the Prime Minister, p. 747.

I hope much that you have had a bit of a holiday at home. Give my best wishes and those of Mrs. Roosevelt to Ishbel.<sup>7a</sup> Keep yourself fit and keep up the good fight.

Always sincerely yours, [File copy not signed]

P. S. When you see M. Daladier, I wish you would be good enough to extend to him my cordial greetings. Tell him that I wish much I could have the opportunity of seeing him in person. I am very certain that we entertain the same hopes and ideals and I count greatly on his cooperation in the cause of world peace. A success in the Disarmament Conference will do much to help solve the less pressing economic problems of the world.

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500.A15A4/2319

*The Chairman of the American Delegation (Davis) to the Secretary of State*

PARIS, September 22, 1933.

[Received October 3.]

DEAR CORDELL: FOR your information I am enclosing copies of memoranda of recent conversations with Messrs. MacDonald, Daladier and Paul-Boncour, and also a copy of a letter which I have written to the President.

I have been somewhat disturbed by the action which seems to have been taken by the British Admiralty<sup>8</sup> in giving out information regarding the questions raised by the British Government. I am inclined to believe that the Admiralty did this most deliberately, realizing that if it became known at home that they had in effect protested, it would make it more difficult for us to modify our program even if we were disposed to do so and that this would help to cinch for the Admiralty authorization for similar cruisers.

With best wishes [etc.]

NORMAN H. DAVIS

[Enclosure 1]

*The Chairman of the American Delegation (Davis) to President Roosevelt*

PARIS, September 22, 1933.

MY DEAR MR. PRESIDENT: I am enclosing memoranda of recent conversations with Messrs. MacDonald, Daladier and Paul-Boncour which will give you more detailed information than was contained in my official telegraphic despatches.

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<sup>7a</sup> Miss Ishbel MacDonald, daughter of the Prime Minister.

<sup>8</sup> For correspondence on naval questions, see pp. 380 ff.

While the atmosphere here is very tense and some of the speeches in Germany glorifying war have been disturbing, I feel more hopeful of the possibility of agreement on disarmament than I did a few days after my return here.<sup>9</sup> The seriousness of the situation and the realization of what a failure would mean is having a very sobering effect. The French instead of holding back as heretofore are now eager to reach an agreement without further delay because if it is not possible to get an agreement they wish to take preventive measures to protect themselves. The result is that a big game of European politics is being played in the effort on the part of France, England and Italy to bring about an appeasement of the political situation if possible, and to decide which way to jump if it is not possible.

I was sorry to hear from press despatches that you were suffering from a cold, and I hope that you are entirely recovered again.

With warm regards [etc.]

NORMAN H. DAVIS

[Enclosure 2]

*Memorandum by the Chairman of the American Delegation (Davis)*<sup>10</sup>

Mr. Davis mentioned that press inquiries had been made of him on the boat regarding an alleged British naval building program. Sir John Simon stated that no program had been decided upon and none existed. He was glad, however, that Mr. Davis had raised this question since he wished to tell him in the utmost friendliness and frankness that the fact that we were building 10,000 ton six inch gun cruisers, even though it was tonnage permitted under the Treaty, was creating a new type of six inch cruisers of greater broadside capacity and thus would tend to counteract the efforts which the British had been making to reduce the size of unit cruisers. He went on to say that once the unit for six inch guns was established at 10,000 tons it would be difficult to prevent the British Admiralty and other Admiralties from following that pattern. Mr. Davis said that he appreciated this frankness on Sir John Simon's part, that he was not fully informed regarding the details of our building program, that the President had seen an opportunity in the reconstruction program of getting an appropriation without a great deal of talk and devoting this appropriation to naval purposes. In the ticklish situation with Japan it was well to have our unbuilt tonnage completed as we would be in a better position in 1936 to negotiate with Japan if we had

<sup>9</sup> Mr. Davis left New York, August 30; in London, September 6-17; in Paris, September 18-23; arrived Geneva, September 24.

<sup>10</sup> Of a conversation held at the Foreign Office, London, September 6, 1933. Present were Sir John Simon, Secretary of State for Foreign Affairs; Alexander Montagu George Cadogan, Adviser on League of Nations Affairs; Mr. Davis; and Hugh Wilson, American delegate.

afloat the tonnage permitted to us. Sir John stated that in any case he would like to talk further with Bellairs<sup>11</sup> and Craigie<sup>12</sup> to get the facts on the matter as he had an impression that there was some sort of an understanding either in the Treaty of London<sup>13</sup> or during the discussions to the effect that this type of vessel would not be constructed.

Sir John and Mr. Davis both recited their information regarding the proposed discussions on disarmament and it resulted therefrom that Eden will go to Paris about the 17th to consult with the French. After he has had the consultations with the French it will be determined what his subsequent movements are to be and it will probably be time then for him to continue to Geneva to attend the Council.

Sir John explained that a Cabinet had sat yesterday and that it had been decided not to give Eden binding instructions but to let him speak to the French saying that they had invited this meeting and he was anxious to ascertain just what they had in mind. First, did they really want a disarmament treaty; second, if they did want a treaty what were they prepared to do in order to make it possible to have one.

Then followed a discussion of the French and German attitudes but it was apparent that none of the parties had any information later than that of the last three-cornered conversation<sup>14</sup> and Mr. Henderson's conversations.<sup>15</sup>

Mr. Davis showed Sir John and then Cadogan the personal letter from the President to Mr. Davis which Sir John found of high interest. Mr. Davis said he intended to show this letter to the Prime Minister and that he also had a personal letter to deliver to the Prime Minister. Sir John explained that the Prime Minister was going to Balmoral and that he believed he was returning to his home in Scotland after that. In any event the near future was probably compromised by the condition of Viscount Grey who is at death's door. In the event of his death the Prime Minister would undoubtedly have to attend the memorial services.

Mr. Davis let it be known that he desired to have a personal meeting with the Prime Minister and would bring up the matter subsequently.

As for Sir John, he is going to the country for some days and after that to Balmoral. He will probably not return to London until the latter part of next week.

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<sup>11</sup> British Admiralty representative on the League of Nations Permanent Advisory Commission on Military, Naval, and Air Questions.

<sup>12</sup> Counselor in the British Foreign Office.

<sup>13</sup> Treaty for the Limitation and Reduction of Naval Armament, signed at London, April 22, 1930, *Foreign Relations*, 1930, vol. 1, p. 107.

<sup>14</sup> See telegram No. 260, June 8, 9 p. m., from the Ambassador in France, p. 190.

<sup>15</sup> See telegram No. 713, July 25, 4 p. m., from Mr. Wilson at Geneva, p. 204.

Throughout the entire conversation Mr. Davis repeatedly raised the thought that with the present conditions on the Continent and the apprehension regarding the Hitler regime the British Government might find itself drawn so close to France that it would be unable to exercise pressure upon them in disarmament matters. Sir John replied emphatically and repeatedly that a Disarmament Convention is in his opinion essential to the peace of Europe and to preventing an eventual war. He gave every indication that British pressure would be vigorous and continuous.

[Enclosure 3—Extract]

*Memorandum by the Chairman of the American Delegation. (Davis)*<sup>16</sup>

After some general conversation at the breakfast table about conditions in general I told the Prime Minister that I was leaving for Paris at eleven o'clock to resume the disarmament discussions and that I was glad of an opportunity to have a talk with him beforehand.

I then tried to get onto disarmament but he first wanted to bring up the question of the navy. I told him about what Simon had said to me on the subject of our program for naval construction and that I had told Simon I would be glad to communicate with my Government if he could give me all the details and that he had asked me to wait, stating that the Prime Minister was more conversant with this and that he wished to talk with him and with Admiral Bellairs. I had waited and had heard nothing further until last Thursday the 14th when talking to Eden and Cadogan when I asked Cadogan, who was present at the conference with Simon, if he had cleared up this matter. Cadogan then told me that they had looked up the records, that they could find no agreement not to build any new type vessels but that in a memorandum which Mr. MacDonald had made of a conversation with Secretary Stimson<sup>17</sup> the latter had stated that although the United States had authority in the Treaty to build six inch cruisers of ten thousand tons it was not the intention of his Government at that time to build any new types of vessels; that clearly there had been no violation of the agreement and since Japan was the first to start the construction of four cruisers of 8500 tons they realized that our building program was in answer to that. He then informed me that the Foreign Office had sent a despatch on the pre-

<sup>16</sup> Of a conversation between Prime Minister Ramsay MacDonald and Mr. Davis at 10 Downing Street, London, September 18, 1933, beginning at breakfast at 8:15 a. m. and lasting until 10:20 a. m.

<sup>17</sup> For Mr. Stimson's view, see memorandum of November 3, p. 389.

ceding Monday night to their Embassy in Washington asking them to deliver a communication<sup>18</sup> to the American Government setting forth these facts and views and asking if it would have any objection to having the British Government approach the Japanese Government to see if they would agree not to construct any more of this type of vessel so as to avoid a race in a new type. MacDonald told me that he had been completely out of touch for the past week and that he did not know about that communication.

I then told him that while the British had a perfect right to communicate directly with Washington it did seem to me rather strange, in view of the fact that they had raised the question with me and asked me not to communicate with my Government until they could get more facts, for them to have sent this communication without at least advising me of what had been done. MacDonald said he thought this was very strange himself and said he would look into it. He then said that the Foreign Office had given me a correct statement; that while Stimson did not agree that we would not build any of such type vessels he had said it was not our intention then to do so and that the spirit of this he understood to mean that if we should decide to build any such new types we would at least first communicate with them in a friendly way and talk the matter over. I told him that I had not gone into the question of the naval construction, assuming that since we had gotten so much below the treaty limit there could be no question raised by anyone regarding our taking steps to bring up our strength and that, in fact, the British should look upon this construction with considerable satisfaction particularly as it was the logical consequence of the Japanese building program. He said he realized that and that the only thing which concerned him was that it gave the Admiralty in England a chance "to get their teeth in" and demand some vessels of the same type which would not only involve a considerable outlay of money which they would like to avoid now but would considerably complicate an agreement in 1935. I told him that without knowing more about it nor having authority to do so, I was not in a position to say anything more definite but that I would like to know how he himself thought we ought to look upon our own situation and the Japanese program and whether they would not really prefer to have us take steps to counteract what Japan had done. He said that he certainly wanted to see us keep up our naval strength but that he thought we might have confined ourselves for the present to building more cruisers of the present type, so as to bring up our strength without building a new type which would bring about another race to avoid which so much effort had been made. I told him

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<sup>18</sup> *Post*, p. 382.

that I could not quite understand why the Admiralty should be so disturbed over our building program as they must realize that our navy did not have Great Britain in mind in any respect whatever. I then told him that the Hillman press service had sent a despatch to America giving an account of what Simon had said to me on this subject, which was so strikingly close to being correct as to arouse curiosity and that I had been informed that Hillman got this from the Admiralty. This seemed to surprise and disturb him somewhat. After some further discussion he said that he would try the next day to get in touch with the Admiralty and that possibly Simon would be able to give me some more facts when he came to Geneva the latter part of this week.

I then told him that while all of these questions we had discussed were of importance they were of infinitesimal importance in comparison with the bigger issue of world peace to which the United States and England could contribute so much by cooperating; that we were facing a very critical situation with regard to disarmament and that it was most important for us to put our heads together. He agreed to this and said that with the Germans in their present state of mind and with the French in their state of mind it was going to be a very difficult question with which to deal and that what complicated it still further was the uncertainty of the position which Italy was going to take.

I told him that I had found suspicion in England as to Italy and I was inclined to believe it was not well founded. He said he thought that suspicion was possibly the wrong word, that what he himself felt was disappointment that Italy was not taking a more definite attitude. I told him that Grandi<sup>19</sup> had told me on last Friday that Italy found it difficult to cooperate satisfactorily with either Germany or France because neither seemed to understand friendly cooperation without an agreement which was in effect an alliance and if Italy did not agree with them on anything she was accused of being a traitor; that Italy did not want an alliance—she wants peace and to obtain disarmament; that my own belief is that it would not be difficult for England and the United States to enlist the full support and cooperation of Italy with regard to disarmament. He said that this would be very helpful and that we must try to do so.

During the course of the talk about Italy I told him I had been informed that Aloisi expressed himself as believing that the Disarmament Conference would fail and that the sooner the better because they could then proceed under the Four Power Pact<sup>20</sup> to do what the

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<sup>19</sup> Italian Ambassador to Great Britain.

Disarmament Conference was unable to do. I told him this seemed foolish to me because it would be impossible to bring about any disarmament under the Four Power Pact and that if the Disarmament Conference failed I did not believe that the Four Power Pact would last a week. He indicated his complete agreement with this.

He then said that Eden had gone to Paris without any authority, that this was done deliberately because they suspected that the French wanted to avoid a disarmament agreement now and wished to discuss the rearmament of Germany and infractions of the Treaty of Versailles<sup>21</sup> rather than actual disarmament. Therefore they thought it better for Eden to have no authority to discuss this.

I told him that while I was fearful of a change in the French attitude I was assuming that we would resume with the French the three power conversations along the lines of the one day's discussion we had in Paris the early part of June. He said that was, of course, what we ought to do. I told him that the real danger would be to have the question of disarmament slide; that at one time the Germans seemed determined to bring it to an issue, but that there were some indications of late that the Germans would be willing to avoid this on the theory that time is an asset and the longer they can drag out the stronger their case becomes for renouncing the Treaty of Versailles and rearming; and there was danger that the French, who were reluctant to disarm, would fall into their trap. I further stated that it seems to me there are only two policies possible. One is to use force to prevent Germany from rearming but that this seemed impracticable because to succeed it would mean that they must jump on Germany now and try to destroy her before she gets rearmed and I did not think it possible to get any armies to go into Germany and murder the Germans after they had been defeated. The only other wise course was to get Germany into a disarmament agreement that would provide against German rearmament and at the same time provide for the progressive disarmament of her neighbors under a system of strict supervision and control. He said he agreed with this and that we would have to see what could be done and that we could tell more about the situation in the next few days.

In substance he said that he did not want to be jockeyed into a program that would result in the French refusing to disarm. My impression was that while he agreed with my views as to disarmament and realizes the importance of it his mind is still more occupied with the Economic Conference and the naval question but that he is firmly convinced of the importance and is desirous of cooperating with the United States and remaining on most friendly terms with us.

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<sup>21</sup> *Treaties, Conventions, etc., Between the United States and Other Powers, 1910-1923* (Washington, Government Printing Office, 1923), vol. III, p. 3329.



[Enclosure 4]

*Memorandum by the Chairman of the American Delegation (Davis)*<sup>22</sup>

Mr. Paul-Boncour began by stating that France had not changed its attitude as revealed in the conversations in June<sup>23</sup> and he was anxious to know whether there was any modification of the American position. Mr. Davis replied that not only was there no modification but that as a result of numerous and lengthy conversations which he had had with President Roosevelt on the subject he could say that the President is even more interested than ever in disarmament and most desirous that something should be accomplished of a definite nature. Mr. Davis stated that he had told the President that he understood there was some impression in Europe that due to his immersion in internal affairs the Government of the United States was thinking along nationalistic lines and not interested in international questions—such as disarmament—and that the President had authorized him to state that such was not the case and that never before had he been so convinced of the necessity for success of the Disarmament Conference.

M. Paul-Boncour expressed himself as very satisfied with this news. He added that though the French thesis had not changed from the June conversations the French were more than ever convinced of the necessity for a trial period. They were firmly convinced that Germany is now rearming and at a speed much greater than the world dreams of. They are assured of this not only from French sources but from German socialists and in fact from all members of the Second International. Since, therefore, the state of affairs in Germany is such it is essential that the trial period be set up and this is the irreducible demand of the French. They will make definite commitments as to serious reduction to take place after the trial period provided the parties to the treaty live up to their contract. This program should give the Germans satisfaction in several respects. In the first place the control will be on all states alike therefore discrimination disappears. In the second place, during the trial period the transformation of the Reichswehr will be accompanied by the reduction of effectives and disappearance of professional formations in other armies. Further they will have definite commitments on the part of other powers for reductions, and substantial reductions, in matériel to take place at fixed periods after the trial period. Mr. Davis replied first with the suggestion

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<sup>22</sup> Of a conversation held at Paris, September 19, 1933. Present were Joseph Paul-Boncour, French Minister for Foreign Affairs; René Massigli, Assistant Director, Political Section, French Foreign Office; Mr. Davis; Hugh Wilson and Allen Dulles of the American delegation.

<sup>23</sup> See telegram No. 260, June 8, 9 p. m., from the Ambassador in France, p. 190.

that we adopt another name for the trial period which would be a more accurate indication of what it was to be and also less objectionable to Germany and suggested "transition period." To this M. Paul-Boncour acquiesced as he himself had thought the phrase "trial period" objectionable.

Referring to the essential nature of the French desire to obtain a trial period to the treaty, M. Paul-Boncour said that if France could not win the consent of the other states to such a provision they would have no alternative but to demand either through the Disarmament Conference or through Article 213 of the Treaty of Versailles,<sup>24</sup> an investigation of the present status of German armaments. He recognized that such action would probably cause the break up of the Disarmament Conference and perhaps the withdrawal of Germany from the League of Nations but they could not tolerate that present conditions continue.

Mr. Davis then said he felt there were two courses open now. However, the United States not being in such an exposed position, did not wish to accept the responsibility of offering advice. The first possibility was in trying to crush Germany at once. While France could easily overrun Germany she could not destroy the German people and the whole situation would have to be redigested and it would not be a permanent solution. The other pathway lay along the lines of establishing a treaty which must be fair but which at the same time must be firm. This treaty would provide for such definite control that the fear and uncertainty which now exists would be thereby eliminated. The justice of the treaty would, Mr. Davis hoped, appeal to the reasonable elements in Germany and make it more difficult for the German Government to preach any mad program. In order to reach such a treaty it seems essential that Great Britain, France, Italy and the United States should find a program which they consider just and reasonable; that they should agree upon this program and lay it before Germany. The real danger lay in procrastination wherein the present situation could continue.

M. Paul-Boncour said that he had told Mr. Henderson this morning that members of the Second International, Mr. Henderson's comrades, not French citizens, had yesterday urged that the only course he could now pursue in view of the speed with which Germany was re-arming, was a preventative war. M. Paul-Boncour stated that this was not his policy and very definitely not the policy of France; that they had definitely decided their wisest course must be to obtain a treaty of disarmament and that the only hope for peace in Europe lay through the accomplishment of such a treaty.

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<sup>24</sup> *Treaties, Conventions, etc.*, 1910-1923, vol. III, pp. 3329, 3415.

M. Paul-Boncour brought out a point which troubled him. It was perfectly feasible to provide that if the inspection provided for revealed that Germany was violating the treaty after it was signed, the obligations of the treaty would naturally fall. This, however, was not sufficient since this meant that a period of years might go by during which discussion of violations might be carried on and the same speed of rearmament continued by Germany. M. Paul-Boncour recognized that the question was extremely difficult for both Great Britain and the United States but thought that something would have to be worked out as a greater penalty for violators than a mere end of the obligations on the part of other members of the treaty. Mr. Davis replied that he had given a lot of thought to this but obviously any positive action on our part was out of the question. He had thought his declaration of our position on neutrality would have given the French much comfort on this question. M. Paul-Boncour replied very earnestly that such had been the case and that they thoroughly recognized and were gratified at our position in this connection but they had to work out somehow a more positive action to meet this eventuality.

It was apparent that M. Paul-Boncour felt that conversations on further detail could not be usefully carried on until the British had answered certain questions which the French had put to Eden. It was then decided that Massigli would keep in touch with Mr. Davis and that when replies had come through either Lord Tyrrell<sup>25</sup> or through Eden further meetings would be arranged, possibly on Thursday.

Mr. Davis told M. Paul-Boncour that before leaving America the President had written him a very personal letter expressing certain thoughts on disarmament and had asked him in this letter to convey a message to M. Daladier. He thought that courtesy demanded that he convey the message first to M. Daladier, but would like to tell M. Paul-Boncour about it afterwards. M. Paul-Boncour requested Mr. Davis to return to the Foreign Office after that message had been presented to the Premier.

Immediately after the meeting with Daladier Mr. Davis returned and read to M. Paul-Boncour the President's letter and postscript, having taken pains to explain that it was a very personal letter from the President to Mr. Davis and that, therefore, the views of the President were expressed with entire freedom and with no attempt at diplomatic phrases. Mr. Paul-Boncour expressed his appreciation of the [courtesy?] extended in acquainting him with this.

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<sup>25</sup> British Ambassador to France.

[Enclosure 5]

*Memorandum by the Chairman of the American Delegation (Davis)*<sup>26</sup>

M. Francois-Poncet, French Ambassador to Berlin, was just leaving M. Daladier's office as we entered and remarked to Mr. Davis that he would like to have a talk with him and tell him of his impressions of Germany where conditions had vastly changed since M. Poncet and Mr. Davis had discussed the situation at the time of Mr. Davis' April visit.<sup>27</sup>

M. Daladier welcomed Mr. Davis back to France. Mr. Davis said that he had appreciated the suggestion received through the French Embassy that they desired him to join with them in preliminary conversations and he was here to be of any possible help. He realized the situation had undergone a considerable change since he had left in June, a little over two months ago, but he was relieved to learn from M. Paul-Boncour, whom he had just seen, that despite the apprehension caused by Germany's attitude, France was still prepared to agree to substantial steps in disarmament provided a transition period were allowed in which to establish an effective control and provided Germany respected her obligations.

M. Daladier confirmed the general position which M. Boncour had outlined. Hitler's Germany was naturally giving them great concern and the President of the Council remarked that he was having considerable difficulty in keeping the French people calm and reasonable in the face of Germany's provocative attitude.

Mr. Davis then told M. Daladier of his talks with the President just prior to his departure, stating that the President was even more interested in the success of the Disarmament Conference than ever, and was confident that such success would contribute in a greater degree than any other single thing toward promoting peace and solving some of the economic problems with which the world is faced. M. Daladier said he thoroughly agreed that a successful disarmament agreement would bring about a general European appeasement which would permit the economic recovery that they were all striving for. Mr. Davis said that President Roosevelt in his talks with him had indicated his personal regard for the serenity and ability which M. Daladier had manifested. In a postscript to a personal letter the President had asked Mr. Davis to express to the President of the

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<sup>26</sup> Of a conversation between Edouard Daladier, President of the Council of Ministers, and Mr. Davis at the Ministry of War, Paris, September 19, 1933. Hugh R. Wilson and Allen W. Dulles accompanied Mr. Davis.

<sup>27</sup> April 9 and 10, en route from Berlin to Paris, Mr. Davis and the French Ambassador compared notes on their respective talks with Chancellor Hitler. For memorandum of conversation between Mr. Davis and Chancellor Hitler, see p. 85.

Council his regret that he had not the pleasure of knowing him personally. Mr. Davis said that while the letter in question was a very personal one to him giving the President's views as to the vital importance of the success of the Disarmament Conference he felt that it might be useful to let M. Daladier know what the President's views were in the President's own words. Mr. Wilson then translated the President's letter to M. Daladier and Mr. Davis handed him a translation of the postscript. No copy or translation of the letter was left with the Prime Minister.

M. Daladier expressed his appreciation for this opportunity to get at first hand the President's views and expressed his great admiration for the President and the work that he was doing toward economic recovery in the United States. On many phases of the President's policy he disagreed with the critical attitude of his financial advisors. He admired the boldness of the President's conception and the vigorous measures he had taken which had produced such a change in psychology and enlisted to so large a degree, on a voluntary basis, the cooperation of the people of the United States in the task of recovery. He said that he had remarked to his financial advisors that he wished that at least one of them had been brought up in the Roosevelt school since if they had they would be bringing him new and bold ideas rather than more threadworn doctrines based on past experiences, that what he was looking for was a fresher approach to the whole situation.

Turning to the question of disarmament Mr. Davis remarked that he fully realized the problem presented by Germany's conduct, in fact Germany seemed in many respects to have gone quite mad. In this situation he could appreciate that many in France might feel that of the two conceivable courses that might be taken it would be best to jump in and smash Germany, but that he still felt that it would be wiser to join with England, Italy and the United States in taking a firm but equitable position as regards disarmament along the lines of the conversations of last June. Certainly, delay which he felt the Germans were seeking, would play right into their hands. Personally, Mr. Davis felt that any effort to crush Germany would in the long run defeat itself. Doubtless France could now gain an easy military victory but you could not exterminate 65,000,000 Germans and a military victory would only create fresh problems and be no permanent solution. If on the other hand an effective system of control could be established and a transition period allowed for checking up the situation France would seem, in the long run, to have accomplished more toward securing its position than by any other course. Naturally, a decision as to France's future conduct was one of such momentous importance to them that no one would be justified in assuming the responsibility of trying to tell France how she should settle the problem. Mr. Davis suggested that a good many people felt that Hitlerism

had been in part created by the long delay of the other powers in taking steps in disarmament.

M. Daladier said that he did not feel that such was really the case. Hitlerism had come as a result of inflation in Germany which had rendered the middle class and the small *bourgeoisie* helpless and in many cases completely impoverished them. Thus instead of being the bulwark of democratic institutions this class had been a ready material for the Hitler propaganda based on an appeal to selfish nationalism. His whole policy in France had been to protect and strengthen the small *bourgeoisie*.

Mr. Davis stated that he had had a brief talk with Captain Eden following the latter's conference the day before with M. Daladier and M. Paul-Boncour and had gained the impression that Captain Eden was both satisfied and encouraged by his conference. M. Daladier said that he also had received a favorable impression from the stand taken by Captain Eden who had seemed disposed to take a more helpful attitude in the matter of supervision and control. In return for that, M. Daladier had thrown out encouragement to Captain Eden, that he might be able to go even somewhat farther in the matter of eventual reduction than had been indicated at the time of the June conversations. He reemphasized, however, that while France was prepared to take a definite commitment to carry through substantial measures of disarmament this was contingent upon a test period during which Germany's intentions and actions in the matter of armaments would be subject to examination. He was convinced that a disarmament treaty was the only possible solution and he was absolutely firm in his resolve to work toward that despite the obvious political difficulties involved for any government in following such a course. He agreed with Mr. Davis in the desirability of agreement between France, Great Britain, Italy and the United States as to their position with respect to Germany and the disarmament treaty. If Germany then refused and the Disarmament Conference failed he would take steps and would ask for an immediate appropriation of one billion francs. M. Daladier said that in order to get the French people to accept the idea of a disarmament treaty it would be necessary to have,—he would not call it a guarantee,—but at least some form of assurance of moral support from England and the United States as to their position in the event that Germany was shown up as patently violating the terms of the treaty through rearming. The mere right to denounce the treaty in that event would not be sufficient as Germany might already have gotten too long a lead. He appreciated that this was a difficult problem particularly for us. He greatly appreciated the work which Mr. Davis had done in the matter of disarmament and the stand which the President had taken as expressed by Mr. Davis had been of the greatest possible help in bringing the British to a more reasonable posi-

tion. In this connection Mr. Davis said that the American position in this general connection had been set forth in the speech which he had made last May.<sup>28</sup>

Mr. Davis told M. Daladier of his talk with Ramsay MacDonald before he returned to America in June when he had told the British Prime Minister that he felt the French position in the matter of supervision and control was logical and necessary and that Great Britain should be the last one to desire France to disarm unless there could be assurance through the system of supervision that Germany was not preparing to strike at her after she had taken steps in disarmament.

M. Daladier said in the strictest confidence he could not fully understand the British hesitation on this point. What would be the British position if by any chance France and Germany should enter into an agreement. After all, there were no serious territorial questions separating them. Austria was more Italian than a French problem, the Corridor<sup>29</sup> a Polish problem. France and Germany if they wish could divide up Continental Europe. Obviously this was not his policy, but the British should realize the inherent danger which might exist if France should ever be forced to adopt any such policy. After all, France had either to make her peace directly with Germany or obtain the greatest possible measure of protection against being overrun by Germany. England should realize this situation and do its share to help.

Mr. Davis said that in view of Captain Eden's return to London to report to the British Cabinet, he assumed that no further conversations would be held until the British answer was forthcoming. He would therefore keep in touch with M. Paul-Boncour and hold himself in readiness to meet with the French or with the British and the French at such time.

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500.A15A4 General Committee/602 : Telegram

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

PARIS, September 23, 1933—1 p. m.

[Received 2 p. m.<sup>30</sup>]

425. From Norman Davis. The French have given me in the strictest confidence memorandum<sup>31</sup> recently received from Mussolini set-

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<sup>28</sup>See telegrams Nos. 644, 646, and 649, May 19, 20, and 21, from the Chairman of the American delegation, pp. 154, 158, and 164; also telegram No. 335, May 20, to the Chairman, p. 159.

<sup>29</sup>For correspondence concerning the Polish Corridor, see pp. 448 ff.

<sup>30</sup>Telegram in four sections.

<sup>31</sup>Dated September 5.

ting forth his disarmament program together with their comments in reply <sup>32</sup> which were delivered to Mussolini only a few days ago. The fact that we have this exchange of views should not be disclosed as neither the British nor the Italians know that the French have given it to us. I understand the French have also communicated the Italian views to the British. Mussolini's program follows.

"(1) A convention to abolish all chemical and bacteriological warfare and to provide for the destruction within 2 years of all factories destined for the preparation of these types of warfare and material in stock therefor.

(2) A convention to prevent the bombardment of the civil population.

(3) An engagement to proceed to a reduction of offensive arms after a test period of a duration of at least 4 years.

(4) An agreement not to exceed during this test period the present standing of land and air armaments as well as the expenses relating thereto.

(5) The reduction and standardization of land effectives along the lines of the British plan.

(6) With regard to the preceding point the grant to the disarmed states of a quantity of defensive arms; this quantity to be worked out in stages by successive agreements.

(7) The naval question to be taken up for examination at the termination of the Washington Treaty.<sup>33</sup>

(8) The creation and the putting into operation of the permanent disarmament commission along the lines [of] the British plan.

(9) The control should take the British plan as a basis of departure but should have a periodic, permanent and automatic character.

(10) The conference will meet again on January 1, 1938 to determine the provisions applicable to the second period".

The French reply noted with satisfaction that the French are in substantial agreement with the Italian position. As regards point 1, it expressed doubt as to the effectiveness of the proposal with regard to destruction of gas factories and gas material in stock. In this connection the French reassert their view as to the necessity for sanctions in the event of violation of the convention.

Point 2. The French indicate their willingness to agree to the total abolition of air bombardment and bombardment aviation upon the condition that effective control be exercised over civil aviation. In this connection at yesterday's conference Boncour mentioned that a further expression of Italian views on air bombardment had been obtained, their position being that the Italians did not favor total abolition of air bombardment unless heavy naval units presumably battleships were also abolished.

<sup>32</sup> Dated September 15.

<sup>33</sup> Treaty for the Limitation of Naval Armament, signed at Washington, February 6, 1922, *Foreign Relations*, 1922, vol. I, p. 247.



The French reply expresses agreement with the Italian position on points 3, 4, 5, 7, 8, and 9. With regard to point 3, however, the French state that the understanding with respect to the reduction of aggressive weapons after the trial period should immediately be set forth in detail because of the different conceptions which exist as to what constitutes such weapons. In this connection see point 10 which the French state calls for no observation at the present time.

As regards point 6, *id est* granting specimen types to Germany, the French reply categorically rejects this idea but holds out the possibility that in connection with the transformation of the German Reichswehr into a numerically larger short term service army such enlarged army might be granted an additional amount of the type of material now permitted but should in no case receive any of the so-called aggressive arms (the suggestion noted in my 424, September 23, noon,<sup>34</sup> as to what might be accorded Germany after the transition period was developed by the French subject to this correspondence with Italy).

I consider the Italian memorandum extremely significant and somewhat unfortunate since it foresees the possibility of much less drastic measures of disarmament than formerly advocated by Italy, in fact Mussolini's memorandum does not go as far on many points as the French are themselves prepared to go and in proposing that the definition of actual reduction be left to a subsequent conference rather than decided now is extremely unsatisfactory. This is all somewhat puzzling as normally one would not expect Mussolini to propose a disarmament plan unless he had some reason to believe that the Germans would accept. [Davis.]

MARRINER

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500.A15A4 General Committee/615

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

No. 275

PARIS, September 25, 1933.

[Received October 3.]

SIR: I have the honor to enclose two copies of a memorandum of a Three Power conversation on the Disarmament question which took place at the Quai d'Orsay on the afternoon of September 22, 1933.

There were present, for France: M. Paul-Boncour, Minister for Foreign Affairs; M. Alexis Léger, Secretary General of the Foreign Office; M. René Massigli, Assistant Director of Political Affairs, and M. Jean Paul-Boncour, Chief of the League of Nations section of the Foreign Office;

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<sup>34</sup> Not printed.

for Great Britain: Sir John Simon, Secretary of State for Foreign Affairs; Lord Tyrrell, Ambassador in Paris, Captain Anthony Eden, Parliamentary Undersecretary for Foreign Affairs, and the Honorable Alexander Cadogan, Chief of the League of Nations section of the British Foreign Office;

and for the United States; Mr. Norman Davis, Chief of the American Delegation to the Disarmament Conference; Mr. Hugh R. Wilson, Minister to Berne; Mr. Theodore Marriner, Chargé d'Affaires ad interim in Paris, and Mr. Allen Dulles, Legal Adviser to the delegation.

The atmosphere of the conversation was friendly and the French seem to have made considerable progress since the conversations which took place in April last,<sup>35</sup> although the situation in Germany has caused them to put renewed emphasis on the question of sanctions, in case of a violation of the provisions of any Disarmament Treaty, which, as pointed out in the memorandum, raises considerable difficulties both for Great Britain and the United States.

Respectfully yours,

THEODORE MARRINER

[Enclosure]

*Memorandum of Conversation at the Quai d'Orsay, September 22, 1933*<sup>35a</sup>

M. Paul-Boncour explained that the purpose of the meeting was to summarize the results of the various conversations which had taken place during the last week and particularly to advise Mr. Davis of what had transpired at the meeting earlier that day at the British Embassy. He asked M. Massigli to summarize the position as it then stood.

M. Massigli stated that the British and the American representatives had been informed, on separate occasion, during their meetings of the past week that France, despite the situation which developed in Germany, was prepared to carry out the general program which had been outlined in June, namely, after a period of transition, and under the conditions which they had recently outlined, to proceed to a radical reduction in aggressive weapons. In fact, they were prepared to go somewhat farther than they had indicated in June. For example, provided that the destruction of heavy artillery started by taking the largest categories and worked down gradually, they would be prepared to go as low as 155 mm.; with respect to tanks

<sup>35</sup> See memorandum of a conversation with the President of the French Council of Ministers, p. 82.

<sup>35a</sup> Presumably this is a memorandum prepared in the American Embassy. There is no indication in the files that it is an agreed minute of the conversation.

they were prepared to make substantial reductions, three methods of approaching such reduction having been considered; first, that of individual tonnage, second that of global tonnage and third limitation according to the nature of the arms carried. Various details had been given in the course of the conversations as to the precise nature of the reductions which they could accept which would be unnecessary to develop further at this moment. Such reductions however could only be effected after a trial period of at least four years during which there would be an opportunity to test out the effectiveness of the system of supervision and provided first that there was meanwhile no rearmament by Germany and second that there should be an understanding as to the measures to be taken if it was found that any party was violating the treaty.

M. Massigli added that following an interchange of views with the Italian Government the French Government had given further consideration to the question as to whether any specimens of particular types of arms, not now permitted to the disarmed powers, should be accorded them. The French position was that under no conditions and at no time should the so-called aggressive arms, even in the most restricted quantities, be accorded Germany. M. Daladier had however conceived of the possibility that after the test period of four years it might be possible to accord to Germany, for example, some specimens of the type of arms which would be retained under the convention and on a permanent basis by the other powers. That is to say, there was a certain intermediate zone above the weapons now permitted to Germany under the Versailles Treaty but below the weapons of the so-called aggressive character, heavy guns, etc., which would eventually disappear from all armies. Possibly, Germany could receive, after the four year period, a few specimens of the weapons in such intermediate zone. (From the discussion it appeared that the French had in mind the possibility of eventually letting Germany have a few guns of 155 mm. and possibly a few aircraft).

Mr. Davis remarked that M. Massigli's presentation did not indicate what steps France proposed to take with regard to aircraft. M. Massigli replied that under the British Plan the French would be forced to cut their aircraft strength approximately 75% whereas the cut which other powers would take would be very much less. What the French had in mind was a substantial cut of approximately 50% of aircraft in service and in reserve on the basis of a corresponding cut by others, subject to certain adjustments where the situation required. M. Massigli pointed out that under the British Plan parity was established, for example, between the British aircraft force and that of the French but the British Dominions would also have their separate air forces whereas the French Colonies, Dependencies, etc., were al-

located no separate air force. Such a solution did not seem entirely equitable. Mr. Davis remarked that this would also raise certain difficulties for the United States. While we would have no apprehension whatever with regard to a Canadian air force it might create political problems in connection with the acceptance of a disarmament convention if there were separate quotas of this character.

In this connection M. Boncour pointed out that the existence of civil aviation caused difficulties and that while the French were prepared to do away with bombardment aviation and bombardment from the air, it was subject to satisfactory control of civil aviation. On this point they had had an exchange of views with the Italian Government which had indicated that they were not disposed to accept the complete abolition of air bombardment unless heavy naval units were abolished. Presumably the Italians had in mind the abolition of battleships.

Sir John Simon remarked that one of the questions which had been uppermost in the British-French conversations had been that of supervision and he wished to indicate the clarifications which they had given on that point. He said that the British were primarily interested in working out a convention which provided for an adequate degree of disarmament. If the only obstacle to achieving this result was that of supervision he did not feel that at that stage of the work this would constitute an insuperable difficulty. Certainly the British would give the matter, at that time, their most sympathetic consideration.

M. Paul-Boncour thanked Sir John for his reaffirmation of their present position with regard to supervision and said that he wished to make it clear that the program which he had outlined was what he would call a maximum program. It was one which he said would greatly shock French public opinion. The public's attitude was that there should be no disarmament at the present time and under present conditions in Germany, but they should wait and see how matters develop. They were prepared to proceed but they could only proceed if they knew in a definite way what would happen if the Disarmament Convention was violated.

Mr. Davis remarked that as M. Boncour undoubtedly realized this presented a particularly difficult question for the United States. We had taken a long step forward in agreeing to automatic and periodic control in connection with an agreement for effective disarmament. If in addition to that we were asked to enter into some agreement to punish a violator of the treaty, public opinion in the United States would not stand for this and there would be no hope of obtaining the acceptance of a treaty with such a provision. As he saw it, there were two questions: first, to determine clearly what a state would have the right to do in the event that a violation were determined, and

second, whether any state would join in and help the state most immediately affected by the violation. As to this latter point he wished to make it entirely clear that they should not expect any commitment whatever from the United States. Mr. Davis suggested that possibly the verification by the Permanent Disarmament Commission that a violation had taken place might be a ground for the consultation which would be provided for under Part One of the Treaty. He added that he was only throwing out this suggestion which he had not analyzed and which of course was not based on any instructions or authority from his Government. He added that, as they would recall, the United States did not propose to sign Part One of the Treaty but would handle this by separate declaration. Mr. Davis further recalled to M. Paul-Boncour that last May at the Disarmament Conference he had suggested<sup>36</sup> that the American Government, in the event of an aggression recognized as such by that Government and followed by collective action on the part of others, would not be disposed to protect its citizens in any action to trade with or aid the aggressor. Certainly this constituted a substantial step toward meeting the French position and was the limit to which the United States could go.

Sir John Simon remarked that he felt Mr. Davis' suggestion of providing for consultation in the case of a disregard of the Disarmament Convention was an extremely useful idea. For example, you might put in the Disarmament Convention a provision that any infraction of the Convention was a matter of vital concern to all of the signatories and if established, the powers parties to the Convention would meet to consult and to decide as to the measures to be taken to support the provisions of the Convention and that the consultation provided under Part One of the Convention should be applicable to such a situation.

Mr. Davis said that the question with which they were faced emphasized a difference in point of view between the Anglo-Saxons on the one side and the French on the other in that the Anglo-Saxons were not disposed to define in detail what they would do in future contingencies whereas the French desired to attempt such a definition.

M. Paul-Boncour stated that he obviously did not expect any definite statement of points of view on this difficult subject at this time. The French themselves had not yet prepared any formula which they wish to suggest. He merely desired to make it quite clear that this was a point which they would raise and which to France was of primary importance. He was glad to be able to confirm a recol-

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<sup>36</sup> See telegrams Nos. 644, 646, and 649, May 19, 20, and 21, from the Chairman of the American delegation, pp. 154, 158, and 164; also telegram No. 335, May 20, to the Chairman, p. 159.

lection which he had and which he had mentioned to the British in one of the previous conversations, namely, that Signor Mussolini appeared to be in agreement with France, that this question of action to be taken in case of violation of the Convention was a point which would have to be considered and dealt with. Sir John Simon remarked that he had really not come prepared to discuss this question as he had not gathered from the report which Mr. Eden had made that this would be raised. Mr. Eden then recalled to Sir John that the French had raised this question in their conference with them and that he had made report on it.

As the meeting broke up it was decided to resume discussions at Geneva as Sir John and Captain Eden were leaving that evening to be followed the next day by the French. Mr. Davis said he would reach Geneva either Sunday or Monday.

M. Paul-Boncour said that it was important that the communiqué of their meeting be very carefully worked out and also suggested that they agree generally not to indicate in any way to the press that there had been a discussion and a failure to agree on this question of sanctions. He hoped that the fact that they had reached so large a measure of agreement on most of the points under discussion would not be nullified by alarming press reports as to possible divergence of views regarding sanctions. It was generally agreed that there was no point in discussing this question with the press as the matter had only been gone into in a very preliminary way and the following communiqué was then prepared to be issued simultaneously at the Quai d'Orsay, British Embassy and by Mr. Davis:

"In the course of this afternoon various conversations took place on the subject of disarmament between representatives of the French, the United States and the United Kingdom Governments. M. Daladier, M. Paul-Boncour lunched at the British Embassy where they met Sir John Simon and Mr. Eden. A conversation took place after lunch at which Mr. Baldwin who was passing through Paris was also present.

Later, at the Quai d'Orsay M. Paul-Boncour received Sir John Simon, Mr. Eden and Mr. Norman Davis and a discussion ensued between the representatives of the three Governments.

All of these discussions resulted in the further elucidation of the respective points of view of the three Governments which had already been outlined in less detail at previous conversations which Mr. Davis and Mr. Eden have recently had with representatives of the French Government.

The object of this work of elucidation is to facilitate the proceedings of the Disarmament Conference on its resumption in the near future in Geneva. Substantial progress was made with this task."

As we were leaving the Quai d'Orsay M. Massigli remarked that he felt it would help to give satisfaction to the French on the question

of what action would be taken in the event of violation of the Disarmament Convention if the British would reaffirm their willingness to give full effect to the provisions of the Locarno Treaty.<sup>37</sup>

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500.A15A4 General Committee/606 : Telegram

*The Chairman of the American Delegation (Davis) to the Secretary of State*

GENEVA, September 28, 1933—5 p. m.

[Received 8:45 p. m.]

722. 1. The disarmament conversations have been going on actively since our arrival here along the lines of the discussions in Paris and I have, therefore, not attempted to report the details. Nothing has occurred which has changed the guardedly hopeful attitude which I felt on reaching Geneva, and which, in spite of the obvious difficulties still in the way, is generally shared.

2. The Italian delegation, under the guidance of Suvich,<sup>38</sup> has assumed a most active role as a friend of both France and Germany and is endeavoring to harmonize the views of these two countries. We, as well as the British, have been in constant touch with the French, German and Italian delegations with a view to assisting in preparing the groundwork for the formal resumption of the Conference. The Italian initiative while useful cannot, in my opinion, alone serve to bridge the gap between the French and the Germans, and I am keeping in particularly close touch with the British so that together we can at the appropriate time furnish the necessary impetus.

3. As regards procedure, we have had to meet on the one hand the desire of the Germans to delay action, apparently in the hope that their political situation vis-à-vis the United States, Great Britain and Italy would be improved 6 months hence, which would not force them to negotiate in their present position of semi-isolation, and on the other hand the apparent desire of the Italians to fit the disarmament work into the Four Power Pact<sup>39</sup> with a view to increasing their own prestige. The British, French and ourselves are taking a strong position against any delay. With regard to the Four Power Pact, I have made our position clear in private conversations, namely, that while we welcome any improvement in political relations here in Europe resulting from such understandings as the Four Power Pact, the solution of the disarmament problem must be sought on a broader

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<sup>37</sup> Signed October 16, 1925, League of Nations Treaty Series, vol. LIV, pp. 289-363.

<sup>38</sup> Fulvio Suvich, Italian Under Secretary of State for Foreign Affairs.

<sup>39</sup> For correspondence concerning the Four Power Pact, see pp. 396 ff.

basis if our collaboration is to be expected. The French and British likewise appear to think along the same lines as we do.

4. The private discussions are being carried forward on the general basis outlined in our telegram of September 23 from Paris,<sup>40</sup> that is to say, there would be a transition period of approximately 4 years during which there would be no increase in land war material and the gradual transformation of European continental armies to a uniform militia basis which would involve on the one hand the increase in the German army to 200,000 men and some decrease in the standing armies of the heavily-armed continental European powers. During this period the automatic supervision and control would start to function with a view to supervising the transformation of the continental armies and the carrying out of the covenant not to increase war material. The convention would provide that after this transition period the heavily-armed powers would proceed to definite and precise measures of reduction along the lines of the British plan, such reductions to be carried out within approximately 4 years after the end of the transition period. While this general scheme provides for the immediate setting up of the system of supervision prior to any drastic measures of disarmament, under present conditions this is the most we can hope for and I feel we should lend our cooperation. As to this idea of a transition period there seems to be no fundamental difference of opinion between the French and the Germans.

5. The chief difficulty arises in determining what should be the status of Germany's armaments during this transition period. The French insist that Germany should only be permitted the arms allowed by the Treaty of Versailles while the Germans claim that they should be allowed at least specimens of the types of arms which would be eventually retained by other armies but which are not now permitted to Germany under the Treaty of Versailles. They would apparently be willing to forego the type of arms which the other powers would agree to abolish by the end of the convention, such as heavy guns, heavy tanks, et cetera. The French are apparently willing to consider allowing to Germany, after the Reichswehr is transformed into a larger militia force, additional numbers of the arms permitted by the Treaty of Versailles to permit them to equip their added forces during the transition period and possibly after the transition period some of the arms which will eventually be retained by all other armies. We have taken the position, as have the British, that there should be no rearmament by Germany but the question as to exactly what would or would not constitute rearmament in view of the transformation of the German army is a question on which neither we or the British have

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<sup>40</sup> Telegram No. 425, p. 224.



taken a definite position in the conversations. So far as the Germans are concerned the question of aircraft will present the most difficulty. They take the position that unless military aviation is to be completely abolished as being an aggressive weapon they should be allowed a modest number of observation and pursuit planes even during the transition period.

6. In the conversations I have had with Neurath<sup>41</sup> and from reports of conversations he has had with others the Germans appear amenable to reason on all points with the exception of that of specimen weapons during the transition period. As indicated above they acquiesce in the automatic inspection and do not oppose the transition period.

7. The French demand for sanctions in the event of a violation of the disarmament convention constitutes another difficult hurdle. This we thought they had practically abandoned insofar as concerns the British and ourselves but they have been pressing it again, particularly with the British and Italians, on the ground that in the face of the present situation in Germany they must have something beyond mere control to reduce French apprehensions and to get approval for reductions in material. I feel that our position is entirely clear and that I have succeeded in getting the French to realize they can expect nothing from us on this point beyond the statement of our position made last May.<sup>42</sup> The British tell me that they have been equally positive in refusing to commit themselves in advance as to the action they would take if the convention were violated.

8. In the background of all our discussions is the great unknown of the Conference, namely, Japan's eventual attitude toward disarmament. Sato called yesterday and told me that his Government was reluctant to enter now into a general pact of non-aggression and that after its recent bitter experience could accept no further undertaking to consult nor agree to inspection and supervision. He raised other technical objections which showed that their conception on material was widely at variance with existing possibilities. I did not lose the occasion to point out to him that Matsuoka<sup>43</sup> had declared when Japan was withdrawing from the League of Nations that Japan nevertheless intended to continue to cooperate sincerely in movements for world betterment. This I pointed out was the first test and it would be unfortunate if Japan were to give the impression now that she is unwilling to cooperate in securing a general disarmament agreement which would contribute so greatly to world peace and progress.

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<sup>41</sup> German Minister for Foreign Affairs.

<sup>42</sup> See telegrams Nos. 644, 646, 649, May 19, 20, 21, from the Chairman of the American delegation, pp. 154, 158, and 164; also telegram No. 335, May 20, to the Chairman, p. 159.

<sup>43</sup> Japanese representative to the League of Nations.

9. We feel that we should go ahead with every effort to write a treaty, a treaty providing for real and substantial disarmament; that we should constantly maintain pressure on Japan, do the utmost to keep them in the disarmament discussions (Sato had stated that their views were so at variance with the rest in view of their special position that they might have to retire from the disarmament discussions) and eventually when a treaty is achieved do our utmost, all of us, to bring pressure upon Japan to accept it; then if necessary leave on Japan the onus of rejecting a fair disarmament agreement, it being understood of course that our ratification of any such treaty could be dependent upon ratification by Japan. Or as an alternative if Japan refuses the treaty, work out limited regional understandings applicable to the European Continent.

DAVIS

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500.A15A4 General Committee/611 : Telegram

*The Secretary of State to the Chairman of the American Delegation  
(Davis)*

WASHINGTON, September 30, 1933—1 p. m.

370. Your 722, September 28, 5 p. m. Your analysis of the general situation was particularly clear and helpful.

I have given very careful consideration to your observations on the attitude of the Japanese delegation. When you indicate that "we should constantly maintain pressure on Japan" I assume that you have reference not to the United States in particular but to all the principal powers. This Government should avoid the fact or the appearance of taking the lead in efforts which may be made to induce the Japanese to remain, against their own judgment, in a position of commitment with regard to armament which they may now or in the future consider injurious to their best interests.

Strong cases can be made both for and against letting the Japanese decide for themselves, without any advice or persuasion from others, in this matter. However, we shall proceed on the theory that everything possible and appropriate should be done by the other interested powers collectively to bring Japan into the disarmament treaty; but under no circumstances should this country act in that connection as leader or spokesman for the others. If there is any state which, at the present juncture, should bear the brunt of organizing and leading in combined persuasion of Japan in this connection, it is Great Britain, particularly since she is sponsoring the disarmament plan adopted by the conference as a basis. I therefore feel that we should be very cautious in dealing with the Japanese at the present state of negotiations and leave to others the initiative.

HULL

500.A15A4 General Committee/610 : Telegram

*The Chairman of the American Delegation (Davis) to the Secretary of State*

GENEVA, October 1, 1933—11 a. m.  
[Received October 1—10:15 a. m.]

725. For the President and the Secretary. The situation at the end of the week's discussions remains substantially as outlined in my 722, September 28, 5 p. m.

The Italians have made no appreciable headway in getting France and Germany to modify their respective positions with regard to specimen defensive weapons for Germany during the transition period but some progress had been made in defining positions. Neurath and Goebbels<sup>44</sup> have accordingly returned to Berlin for consultation; Suvich has gone to meet Mussolini, Simon is leaving for London and returning next Wednesday,<sup>45</sup> Boncour will probably remain here.

Neurath, who now understands the very limited extent to which France and even England would now consent to any rearmament for Germany during the transition period, has promised to give an answer on Tuesday as to Germany's attitude.

The crux of the problem at present is whether Germany will consent to the proposed program of a 4-year period of transition to be followed by 4 years in which real disarmament takes place with no rearmament for Germany during the first period except for the additional material of a type which would be permissible under the Treaty of Versailles and which would be required to equip the additional militia under the proposed standardization of the army or whether Germany will persist in her demand for a limited number of defensive weapons and particularly pursuit planes.

In a talk with Simon today he expressed doubt, which I also share, as to the success of the Italian efforts. He expressed the view that Italy is trying to remain too friendly with both France and Germany and that she does not carry enough weight to get them together. I also fear that Italy is really more interested in promoting certain political arrangements than in disarmament as an end in itself. Simon said that if we were going to succeed in getting agreement England and the United States would probably soon have to take the matter more in hand in which case we should together agree as to the modifications in the British plan which recent developments rendered necessary and then try to get both France and Germany to accept.

DAVIS

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<sup>44</sup> German Minister for Propaganda.

<sup>45</sup> October 4.

500.A15A4 General Committee/612 : Telegram

*The Chairman of the American Delegation (Davis) to the Secretary of State*

GENEVA, October 3, 1933—5 p. m.

[Received October 3—3:35 p. m.]

726. Your 370, September 30, 1 p. m.

1. In saying "we should constantly maintain pressure on Japan" I meant of course that the states in this Conference should maintain such pressure. Indeed what I had in mind was that concerted effort should be exercised to keep Japan in the Conference so that if she thus participates in the elaboration of a treaty, which the other states of the world could accept, the pressure of events through the cumulative feeling of isolation would cause Japan to accept. I quite agree with you and nothing was farther from my thoughts than to have this delegation take the lead in bringing pressure on Japan. I feel however that we cannot be indifferent as to what Japan does because if all of the western powers should be able to agree upon a disarmament convention it would be most unfortunate to have Japan threaten its consummation or for us to be in a position alone of making our acceptance conditional on the Japanese adherence. For that reason I have felt that as a matter of policy and strategy we should cooperate in so far as possible with all the other powers in an endeavor to get a disarmament agreement and at least endeavor to do so in such a way that if Japan should not adhere she would get the onus of failure and not the United States. As I see it therefore we must keep constantly in mind two essential points.

(1) We must not allow ourselves to be put in the position of being the one to place the onus on Japan for an eventual failure of the treaty and,

(2) More important, we must try to so shape events that we do not bring on ourselves the responsibility of a failure of the treaty in Europe because we are unable to accept such a treaty through Japan's unwillingness to sign it. In view of the above and of the forthcoming naval conference in 1935 my feeling has been that we should maintain the closest relationship with the other principal western European powers and not be left alone vis-à-vis Japan especially in the event that the latter should by refusing to participate in disarmament render more acute its isolation and the resentment over its action in Manchuria. From both of the foregoing conceptions it seems clear to me that there should be every desire to have Japan remain an active participant of the Conference and to that end all of us should bend every effort.

2. I may add to make the situation entirely clear that my conversation with Sato referred to in our 722<sup>46</sup> was of a most friendly

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<sup>46</sup> September 28, 5 p. m., from the Chairman of the American delegation, p. 232.

tone and that Sato would be the last one to characterize anything I said as exerting pressure.

DAVIS

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500.A15A4 General Committee/617 : Telegram

*The Chairman of the American Delegation (Davis) to the Secretary of State*

GENEVA, October 6, 1933—midnight.

[Received October 7—1: 12 a. m.]

727. 1. Weizsacker, German Minister at Berne, called on me this afternoon and told me confidentially that he had received a telegram by which he was instructed to call on Aloisi and Simon and acquaint them with answers which the German Government was making to certain questions which had been put to them by these two gentlemen. Weizsacker had duly conveyed this communication to Aloisi last night but not to Simon who was in London. I have learned that the German Ambassador <sup>47</sup> called on Sir John in London today and presented a communication, presumably identical, which Simon characterized as "unsatisfactory". Weizsacker had also been instructed to convey this message to me and at the same time the German Ambassador in Washington <sup>48</sup> was instructed to call on you for the same purpose.

2. Weizsacker did not give me a verbatim statement of his instructions but gave me their gist article by article. In order that you may check with any message delivered you by the German Ambassador I forward the information as follows:

(a) General observations. The German Government maintains the attitude which it has adopted since the agreement of December 1932 <sup>49</sup> in which equality of rights within the framework of security was granted. The German Government regards the British plan as the basis of the future convention. The period foreseen therein, namely, 5 years, appears to the German Government reasonable though Weizsacker intimated that the duration might be negotiated. The German Government cannot accept the provision for a period in which to determine the "good conduct" of Germany. The German Government has no objection to separating the treaty into two periods in the treatment of material but on practical grounds only. For example, there might be a division in the treaty. The first period of 2 years and the second of 3. The German Government claims even in the first period equality of status.

(b) The German Government agrees upon ratification of the treaty immediately to undertake the transformation of the Reichswehr. The

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<sup>47</sup> Leopold von Hoesch.

<sup>48</sup> Hans Luther.

<sup>49</sup> Five Power Declaration of December 11, *Foreign Relations*, 1932, vol. I, p. 527.

armaments of the short term transformed army must depend upon the armament of other similar armies and the German Government will be interested in hearing the ideas of the other powers as to what these armaments shall be.

(c) The British plan provides:

(a) A category of arms of which the use or possession is forbidden by the treaty.

(b) The category of arms permitted under the treaty but limited by number.

(c) A category of arms permitted under the treaty on which there is no limitation by number.

In respect to (a), the German Government will go gladly as far as the other powers. It will renounce claim to all weapons which the other powers will agree to scrap in not too great a delay and certainly before the expiration of the treaty. What will these weapons be?

In respect to (b), the German Government does not know exactly what arms will be limited by number. In view of their claim of equality of status they will desire a limited number of all arms thus limited. They also desire these arms in the first period. As to the number that will be subject for further discussion. In respect to (c), the German Government desires unqualified right to the unlimited acquisition of all arms on which there is no numerical limitation for other powers.

3. I informed Weizsacker that if the German position is to be as indicated in this communication it was not very promising and was more irreconcilable than the position which Neurath had taken in his talks with me; that Neurath had stated that he would not object in principle to a 3- or 4-year period of transition or to supervision and control provided there were a definite commitment for real disarmament at the end of the transition period and that the only serious question was to what extent if any Germany would be entitled to specimen weapons during the period of transition. Weizsacker stated that this was not a formal communication, did not represent an immovable point of view on the part of the Germans nor their last word.

4. Nevertheless, the reply and its tone are not encouraging. It opens up such a wide scope for discussion that it is difficult to see the real meaning or how far it forms a basis for negotiation.

5. The Germans have not informed the French delegation or the French Foreign Office of this communication but I suggested to Weizsacker that it would be wise to do so and avoid unnecessary resentment from the French.

6. Aloisi had informed me of the tone and purport which he described as intransigent before Weizsacker called. Aloisi told me he was most despondent and was leaving for Italy tonight to confer with Mussolini. Furthermore, now that Italy's effort to act as a mediator

had failed it was necessary to decide what Italy's future course would be under the changed circumstances and what steps could now be taken to deal with the question of disarmament. In discussing what the next steps might be I asked him if they were still considering the possibility of proceeding under the Four Power Pact. He said that they had definitely dismissed this idea because it did not seem practicable and also because it was not possible to get a disarmament agreement with such a limited number of powers and particularly without the cooperation of the United States.

7. As I stated above the French have not yet received this communication and in the absence of Simon and Eden I am unable to report how the British feel about it.

DAVIS

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500.A15A4 General Committee/619 : Telegram

*The Chairman of the American Delegation (Davis) to the Secretary of State*

GENEVA, October 7, 1933—9 p. m.  
[Received October 7—4:50 p. m.]

729. Simon telegraphed British delegation here the details of the German reply and asked them to inform me of them. They are essentially identical with what I reported in my 727. Simon added that he had told the German Chargé d'Affaires<sup>50</sup> that he could not comment without further study but that he saw no mention of "samples of arms", which had been the demand of Von Neurath, and this message, it seemed to him, deals with real rearmament. Boncour called this evening and said he had received this also through the British and Italians and while he thought it was a backward step he added that it was proof, if proof was needed, that the thing to do was to maintain a firm and united attitude because if one started to bargain the Germans always increased their demands.

DAVIS

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500.A15A4 General Committee/620 : Telegram

*The Secretary of State to the Chairman of the American Delegation (Davis)*

WASHINGTON, October 8, 1933—1 p. m.

372. Your 727 October 6 midnight and 729 October 7, 9 p. m. In the absence from Washington of the German Ambassador, the first

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<sup>50</sup> Prince Otto von Bismarck.

secretary (Meyer) yesterday outlined to Moffat<sup>51</sup> the German position on armaments substantially as set forth in your 727. I am seeing Luther who has asked for an appointment tomorrow morning and contemplate impressing upon him orally the following points, leaving to you any observations you may consider necessary in the technical sphere.

1. The declaration of December 11th which seems to be the cornerstone of Germany's demands provides for granting Germany "equality of rights in a system which would provide security for all nations." As I analyze the German position they stress only one half of the declaration and ignore the other. Security is as much as anything else a state of mind, which can most effectively be induced by a feeling of confidence in the intentions of one's neighbors. With political conditions in Germany unstable as they are, and with the provocative attitude of Germany's present leaders before they assumed office still fresh in people's minds, it is incumbent upon Germany to win back the trust of other nations. A few years, as provided in the first stage of the disarmament plan, wherein Germany should prove herself stable and pacific would undoubtedly restore such confidence and regain her universal sympathy. On the other hand a demand for arms at this juncture would in its very essence cast doubt upon her intentions and arouse such a feeling of uneasiness as to make disarmament exceedingly difficult.

2. I have much sympathy with the idea of ultimate equality, to be reached through gradual stages, but only if achieved through revision of armaments downward and not upward. Should Germany now ask for rearmament in any form, she would be assuming a serious responsibility in moving against the trend of world opinion. I cannot believe the German Government is prepared to let the Conference fail, and shall appeal through the Ambassador to his Government to reconsider its present position.

3. Finally, I shall probably allude to the Treaty of 1921,<sup>52</sup> which specifically accords to the United States certain rights and advantages stipulated in the Treaty of Versailles including those arising under the military and naval clauses. The concession of these rights and advantages was not imposed upon Germany by duress, but was voluntarily granted as a just and reasonable claim. It follows that any modification which may be made in these provisions should be brought about by methods of compromise and mutual agreement and not by threats or *intransigence*. If I do allude to the treaty, it will be without stressing the point.

4. Please telegraph me any comments you may wish to make before I receive Luther, as my purpose is entirely to give you support in your negotiations. Given the difference in hour between Geneva and Washington a prompt reply should arrive in good time.

HULL

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<sup>51</sup> Jay Pierrepont Moffat, Chief of the Division of Western European Affairs.

<sup>52</sup> Treaty between the United States and Germany, signed at Berlin, August 25, 1921, *Foreign Relations*, 1921, vol. II, p. 29.



500.A15A4 General Committee/621 : Telegram

*The Chairman of the American Delegation (Davis) to the Secretary of State*

GENEVA, October 9, 1933—1 p. m.

[Received October 9—9:40 a. m.]

730. Your 372, October 8, 1 p. m. The outline of your proposed oral statement to Luther should prove most helpful and will reinforce in a very timely way statements I made last night to Nadolny along very similar lines. I have the following suggestions as to minor modifications and one or two additional points you might consider.

2. Your point 1. I suggest making reference to belligerent speeches of present German officials (for example, speech of Von Papen glorifying war<sup>53</sup>) given wide publicity throughout Germany even under a system which completely controls the press. I also suggest you refer to the fact that France and other neighbors of Germany despite apprehension caused by Germany's provocative attitude are now for the first time prepared to accept genuine and most substantial measures of disarmament.

3. Your point 2. I suggest changing after "gradual stages" somewhat as follows: "but this should be sought through the reduction downward of the armaments of the heavily armed powers and not through rearmament by any such power."

4. Next sentence. Delete "in any form".

5. In suggesting these changes I have in mind that the transformation of the Reichswehr Germany will receive additional numbers of weapons now permitted her and also before the end of the treaty at least some of the defensive weapons which the other powers do not agree eventually to eliminate. Even the French are willing to concede this in principle the present difference being that Germany wishes to have such weapons immediately.

6. You might also add under your point 2 that Germany at an early stage will receive a measure of satisfaction as the Reichswehr and other European armies were standardized.

7. Your point 3. I question the desirability of stressing at least at this stage the rights accorded to us under our treaty with Germany as regards part V of the Treaty of Versailles.

DAVIS

500.A15A4/2280

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*Memorandum by the Secretary of State*

[WASHINGTON,] October 9, 1933.

The German Ambassador called and I stated to him that the one primary and paramount purpose and matter of consideration of the

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<sup>53</sup> Delivered at Muenster, May 13, before a combined Nazi and Stahlhelm audience.

United States Government was the promotion of general disarmament. I said that, naturally, any organized movement for this purpose could not logically contemplate a modified program by which some governments might proceed to rearm; that the theory of my government was that we should wage a steady contest for the disarmament of the heavily armed nations, rather than become parties to a plan for others to proceed to rearm; that this viewpoint had no reference to countries or populations anywhere in particular; that this had been the policy of the United States Government since last spring; and that our only purpose was not to have in mind the nationals of any special country or any other questions or conditions in connection with the Geneva Conference *except* the movement for disarmament.

C[ORDELL] H[ULL]

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500.A15A4/2289

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

[WASHINGTON,] October 9, 1933.

The German Ambassador came to see me this morning after leaving the Secretary's office. He said that he wished to recount his conversation with the Secretary, partly because he knew my interest in disarmament, and partly because of the dinner I had arranged for him to meet Norman Davis when the latter was here a month ago.

He said that he was completely unable to comprehend the reaction of the world to the latest German disarmament proposals. That they should be badly received in France and certain other countries which were only doing lip service to disarmament, he could readily understand, but that they should receive a bad press in other countries which genuinely desired success in disarmament, notably the United States, was to him a matter surpassing understanding.

He wished to say to begin with that if the Disarmament Conference failed, its repercussions on the Continent of Europe would be so staggering that their effects would be felt in this country where they would seriously cripple our recovery program.

He had no need to go into the details of the German position; the Secretary and myself were both familiar with these details not only from Mr. Davis' telegram but also from the talk which Mr. Meyer had had with me Saturday morning. What he wanted to say was that they represented nothing new: they were a re-statement of the position which the Germans had been maintaining for years and that they were designed to force the Allies in to some definite gesture of disarmament. The French plan for disarmament was a thinly veiled

disguise. It endeavored to set up for Germany a "trial period" at the end of which France might consent to disarm. What did this mean when analyzed? It meant that France would succeed in re-establishing the control over Germany which had been abolished and it did not commit France to do any further disarming than she has agreed to do by the Treaty of Versailles.

Germany could never consent to sign a treaty which did not produce actual disarmament. I suggested that the French had gone further and made more definite commitments than ever before, but he brushed these aside as mere words.

I then said that frankly we were unable to accept the German thesis of rearmament, in no matter how modified a form. He said he was aware of this philosophic conception and that in theory it would be better to have only disarmament downward on the part of heavily armed Powers. But in practice the others were not coming down and Germany must go up to meet them in order to be able to satisfy its own public opinion. I suggested that it would be extremely difficult for Germany to explain this while the other Powers were actually making a greater effort to go down than ever before. The Ambassador then told me that the Secretary had asked whether the Germans were still guided by the declaration of December 11. At first he was unable to understand the import of the Secretary's question, the answer seemed so clear. Finally it dawned on him that the Secretary felt that the Germans were not paying enough attention to the demand of the other Powers for "security". This to him was as incomprehensible as American reaction as exemplified by the press. He asked how Germany disarmed and living in the midst of heavily armed nations could possibly be a menace to their security. He said that the Secretary had shown him a number of newspaper clippings of alleged provocative German activities. This did not seem fair, he said, as when Polish chauvinists indulged in the same type of activities, it received no adverse comment abroad. The whole history of the past 14 years was one succession of episodes showing that Germany was not a threat to her neighbors. He himself had for years believed in the possibility of a Franco-German *rapprochement*. He had signed the Locarno Pact, but that Pact had brought with it no results. He believed that Briand was sincere but that his efforts were always checkmated by the French General Staff.

I did not feel it my place to argue the Ambassador's points. I merely said that I agreed with him as to the extremely critical phase of the negotiations mentioned; that our information from Mr. Davis was now some 48 hours overdue and that the situation was so fluid that it was difficult to know where it was at the moment. It seemed

that the critical week had at last arrived and I could only hope with him that an agreement embodying "real disarmament" would ensue.

P[IERREPONT] M[OFFAT]

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500.A15A4 General Committee/623

*Memorandum of Trans-Atlantic Telephone Conversation* <sup>54</sup>

[WASHINGTON,] October 9, 1933.

MR. DAVIS: You know I am over here trying to disarm. I thought I had better talk to you on the situation. As you know, the Italians have failed in their efforts to alleviate the situation. [They?] would like for us to go ahead along the line we have been talking. The British and I felt that that was not the thing to do, but the British have come back today; for instance, Eden was talking with Simon and Simon suggested that the British and French should now get together and decide what to do. I told Eden that I did not think that that was the way to proceed; that we must still make every effort to negotiate an agreement and not to try to impose one, because if we did, the Germans would probably take it in the wrong humor and it would have much more effect if they agreed to it voluntarily. It is all a question of whether they want an agreement or not. Today, the indications are that they want it. Without changing the position which we have taken or offering a general plan in any substantial way, we could try to make it more palatable for the Germans and also make it more difficult for them to reject it. There is a limit, you see, to what the French Government can agree to and not be overthrown. I told Eden I thought the best thing would be for them to get together on this to work it out and for us in effect to do what the Italians tried to do. I said that is all right, but we had better first talk this over with the French. We thought of saying, instead of a four year trial period, which the Germans resent very much and which they do not like—it has got down now to the point where when you speak to the Germans of a trial or test period, they say that is an insult to them. They say, "We have been waiting fourteen years for the Allies to show good faith and disarm and now they want four more years to test our (the Germans') good faith." I think if we just cut out anything like a trial period and the Germans will agree to stop talking about specimen weapons and rearmament, we can word that proposal in such a way that we can put—

PRESIDENT: Would the French go along with the elimination of any trial period?

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<sup>54</sup> Between Mr. Davis in Geneva and President Roosevelt and Mr. Hull in Washington, 1:15 p. m.

DAVIS: Yes, they will. We think they will to this effect. We will talk about a . . . <sup>55</sup> treaty, and not talk about a trial period. The trial period will exist in reality but not in name. We will actually start to destroy existing weapons at the end of four years. What we think we may do, that is, something we have been talking over and are going over more in detail with the British and French in the morning, is this:—The Germans rather complain that there is no disarmament whatever for four years. We think if they could get some disarmament, it would not be a risk at all. At the end of three years guns of 400 millimeters could be discarded. The guns are practically obsolete anyhow.

PRESIDENT: That is a start.

Mr. DAVIS: At the end of four years we will get down to 320; at the end of six, 220 millimeters, and the eighth year get down to 155 millimeter guns.

PRESIDENT: That is good sense.

Mr. DAVIS: If the Germans want an agreement, we can get it now. If they do not want it, we want to put this in such a way that they will find it difficult to reject it. I do not think it is necessary to write in that we have got to talk about German good faith or disarmament. That would actually take place on condition that there is not any grave violation by any power.

PRESIDENT: But it does set up continuous inspection?

Mr. DAVIS: Absolutely.

PRESIDENT: That is all right.

Mr. DAVIS: What France would like to do is to give her people the impression that the United States and England are with them in telling Germany what she has got to do and I thought it was wise to avoid putting us in that position.

PRESIDENT: Of course we do not want to have them blame it on us. I think that is all right.

Mr. DAVIS: Nadolny came to see me last night and had a long talk with me. He said to me finally, "We want an agreement and you can do more than anybody can on this, because we all trust the United States. You are in a unique position. We can accept things that you propose that we cannot accept from anybody else."

PRESIDENT: I think that is very good.

Mr. DAVIS: But you do agree with me that we should try to avoid any united front?

PRESIDENT: Yes. But at the same time, we must not be in a position of breaking up the solidarity.

Mr. DAVIS: Not at all.

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<sup>55</sup> Apparently a break in telephone connection at this point.

PRESIDENT: Because Germany, from all we get here, is very anxious to break up the solidarity.

MR. DAVIS: She is doing everything possible, but we are not going to break up the solidarity at all. The position I have taken with the Germans right along is this:—We cannot get disarmament if you are going to try to rearm and with all these people in Germany preaching the cause of war. It increases the suspicions that exist, and our public opinion today will not support any rearmament. They will not stand for it. We are not going into any disarmament agreement that is really a rearmament agreement. They can get a measure of rearmament anyhow when they transform their Reichswehr. They will get just the additional weapons that are permissible.

PRESIDENT: I think that is very good.

MR. DAVIS: The situation of course is quite serious, but I think we are going to get out of it. I had a long talk with Beneš today, and for the first time he has ever done it since I have been here, he tells me we can get it and have got to get it; that we cannot wait over two or three weeks.

PRESIDENT: I wish I were there with you. It is awfully interesting and you have a real chance to pull it off.

MR. DAVIS: Did Hull see Luther today?

PRESIDENT: I do not know. Cordell is on the phone.

MR. DAVIS: How did you get along with Luther?

SECRETARY: All right. I got along very well. I presented your line of arguments and I think he went away with his state of mind much quieter than it might have been.

MR. DAVIS: The Germans are realizing today definitely that they cannot break up the united opinion on this whole thing and we are feeling more hopeful tonight, and that we will be able to work out an agreement pretty soon. The situation is so serious that it might be hopeful. Talk to Luther and let him know just how we stand because they are trying in every way to break it up.

SECRETARY: All right. We will do that very thing.

PRESIDENT: Good luck.

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500.A15A4 Steering Committee/343: Telegram

*The Chairman of the American Delegation (Davis) to the Secretary of State*

GENEVA, October 9, 1933—8 p. m.  
[Received October 9—4: 25 p. m.]

732. The Bureau met this afternoon as scheduled. After statement by the President describing his visit to the various capitals this summer and the points of difficulty which he considered still existing he sug-

gested that an attempt be made between now and the meeting of the General Commission on Monday<sup>56</sup> to find a solution of these difficulties so that the General Commission would be in a position to go forward with the second reading of the British draft. Henderson also requested the British delegation to coordinate these discussions for incorporation in the British draft. The British accepted this task.

It was decided to hold the next meeting of the Bureau at 10:30 Saturday morning to prepare a program of work for the meeting of the General Commission.

DAVIS

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500.A15A4 General Committee/625: Telegram

*The Chairman of the American Delegation (Davis) to the Secretary of State*

GENEVA, October 11, 1933—noon.

[Received October 11—10:15 a. m.<sup>57</sup>]

733. 1. As we have proceeded recently in our consideration of the critical and possibly determining material problem it has been borne in on us more and more that article 16 of the British draft convention designed to change the German armed forces from the present long term professional army of 100,000 to a short term conscript militia of 200,000 means not only the revamping of the Reichswehr but the reorganization of all continental European armies on a uniform basis. Furthermore, that the logical and indeed inevitable consequence of this entirely new basis for these armies will and should involve the corollary of eventual uniformization of types and categories of equipment, that is, of material.

2. We feel that the normal consequences of these basic alterations in the military structure of the European continental states make possible a compromise settlement of the acute differences now existing between France and German opinion with regard to material. We believe that any such compromise would constitute a fair, just and workable arrangement under the MacDonald plan which would:

(a) Satisfy the reasonable demands of the French and the Germans in accordance to each reasonable provision for their defense with special reference to that of France during the transition period.

(b) Be a reasonable method of meeting the German position with respect to eventual equality of rights which we all accepted in principle in the agreement of December 11th last, and perhaps most important of all

(c) Establish thereby a yardstick for the supervised acquisition of future material based on equipment requirements per 1,000 treaty

<sup>56</sup> October 16.

<sup>57</sup> Telegram in two sections.

effectives to prevent a race in permitted but numerically unlimited arms when Germany is freed from the Versailles Treaty restrictions.

3. The fact that the draft convention we are working under provides that part 5 of the Versailles Treaty is superseded on its ratification leads to a belief generally accepted that Germany will have to be admitted upon a voluntary equality basis as to type before the termination of the Disarmament Treaty. In this way, assuming the establishment of the personnel of continental European armies to be as specified numerically in the tables attached to the British plan or approximately the same, the equipment of these armies should have a specified fixed ratio based on composite requirements for this personnel which could be estimated, it is believed, from the composite experience of the great powers.

4. This would permit full freedom of action on the part of each state for reorganization within the prescribed quotas and likewise full freedom for choice or development of the material of the permitted types. In accordance with the ratios thus fixed the signatories would be allowed to acquire by stages a permissible amount of required material *pari passu* with the progress of the reorganization of their forces and to conform to the standardization determined upon.

5. Such a solution would temporarily at least help toward avoiding the thorny question of material in stock and obviate the necessity for the inclusion in the treaty of a "good conduct" trial period, so-called, for Germany which we believe could be provided for in substance by delaying the completion of first stages of the transformation of the Reichswehr for a 3- or 4-year period.

6. We will telegraph you further on this subject as our conversations with other delegations proceed and our own thoughts crystallize. These ideas have come up in our discussions with some of the British and French who appear to regard them sympathetically.

DAVIS

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500.A15A4 General Committee/627 : Telegram

*The Chairman of the American Delegation (Davis) to the Secretary of State*

GENEVA, October 11, 1933—11 p. m.  
[Received October 12—7:47 a. m.<sup>58</sup>]

735. 1. Simon, who returned to Geneva today, advised me of the decisions of the British Cabinet which were to the effect that they would oppose qualitative rearmament by Germany during the first

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<sup>58</sup> Telegram in four sections.



stage and that the disarmament by the other powers would be effected only during the second stage.

2. Simon evidenced considerable feeling over Germany's recent reply<sup>59</sup> to the British and Italian Governments and stated that since this was made direct to them it placed the British Government in a difficult position and made it incumbent on it to meet the issues raised by the Germans. I agreed that Germany had raised a fundamental issue on which we should not give in but suggested that it would be advisable if possible not to try to force the Germans to surrender in a way that they might think humiliating because a negotiated agreement was better than an imposed one.

3. This afternoon we had a meeting with Simon and Boncour at which Simon reiterated the position of the British Government. I told them of my recent talks with Nadolny which had led me to feel that Germany is now inclined to be more conciliatory. Boncour indicated that Nadolny had maintained a much stiffer attitude in the conversation he had had with him last night reiterating the German demand for qualitative equality immediately.

4. Simon then produced a draft of a resolution which he had prepared with the view to serving as a basis for our discussions. It was Simon's idea that if the three of us could reach an agreement as to the terms of the resolution we would endeavor to obtain Italian acquiescence and then informally discuss the matter with the Germans. If the Germans could be brought around this would assure practically unanimous acceptance of the resolution by the General Commission and furnish a new basis for carrying on the work. If the Germans refused Simon expressed the opinion that it would be necessary to consider whether we should not bring the resolution to a vote on Monday to show the Germans how the other states felt with respect to their claim for immediate rearmament.

5. Simon's resolution which was in very tentative form was worked over later this afternoon by a drafting committee, Cadogan, Massigli, Wilson and Dulles, and during the drafting difficulties arose with the French as is so often the case when on this intricate subject of disarmament you attempt to commit them to any form of words. The draft which was worked out and which I quote below is unsatisfactory in certain respects and we so stated. It is only a first effort to find a basis of agreement and we made it plain we are in no sense committed by it. In its present form it would in my opinion be entirely unacceptable to the Germans. I believe that we can find a more conciliatory form in which to present the essentials on which we are all

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<sup>59</sup> See telegram No. 727, October 6, midnight, from the Chairman of the American delegation, p. 238.

agreed, namely, no German qualitative rearmament during the initial stage of the convention and thereafter substantial disarmament by others.

6. The draft follows:

“The Bureau recommends the General Commission to adopt on re-assembling a resolution to the following effect: that agreement on the general lines of the draft convention is most likely to be reached if the convention is so framed as to include *inter alia* the following features:

(1) A convention of 8 years' duration the provisions of which shall be carried out in two stages which should in principle be of equal duration.

(2) During the first stage the transformation of Continental armies contemplated in the draft convention shall proceed in accordance with a general plan. During the same stage there shall be no construction or acquisition of those types of arms the suppression of which is provided in the convention.

(3) The measures indicated above as well as the others which are to be taken during the first or second stage shall be subject to an effective system of supervision which the convention shall provide and which shall operate as from the coming into force of the convention.

(4) During the second stage the reduction of war material shall be carried out in accordance with the program precisely set forth in the convention.

(5) As regards those powers whose armaments are restricted by the treaties of peace there shall be no qualitative rearmament during the first stage. During a second stage those powers shall be entitled to such arms as are not generally renounced, in quantities to be negotiated and agreed.”

7. In paragraph 4 the French insisted upon the necessity of inserting after “second stage” the words “and following upon the loyal execution of the measures contemplated for the first stage”. We felt that this would make German acceptance doubly difficult and suggested as a possible alternative that at some point in the resolution presumably at the end there should be inserted some general provision to the effect that the carrying out of the respective measures to be provided for in the convention should be subject to the mutual and loyal compliance with its provisions.

8. The great difficulty lies in the vagueness of paragraph 4 since the actual measures of disarmament to be taken by the heavily armed powers are still left indefinite and under the conditions there is little likelihood of Germany agreeing to a transition period with no qualitative equality during that period. Our feeling is that our position in refusing German qualitative rearmament during the first stage will be stronger and more tenable if there is in the resolution itself a more definite commitment as to disarmament during the second stage.

9. Boncour left for Paris tonight for a Cabinet meeting, meanwhile the British and ourselves shall carry on the discussion with the Germans and Italians.

DAVIS

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500.A15A4 General Committee/628 : Telegram

*The Chairman of the American Delegation (Davis) to the Secretary of State*

GENEVA, October 11, 1933—midnight.

[Received October 12—7:11 a. m.]

736. 1. I have some apprehension as to the course events are taking and which I outlined to you in my 735, October 11, 11 p. m. I cannot feel that the possibilities of negotiating with the Germans have been properly tried and exhausted or will be exhausted before our Monday meeting. Until all such attempts have been made it does not seem to me the wise course to present a resolution in a form which Germany cannot accept. It is possible that with friendly negotiation we can so state our present position that while we preserve the essence of all that we have stood for we can make it more palatable to Germany.

2. If you feel that this would be the wise course to pursue I could approach the British and French and endeavor to persuade them. I feel as the President and you do that the essential thing is to preserve a unity of purpose with them as long as their purpose is to achieve a disarmament treaty. If you agree with my views I might be able to induce them not to precipitate the matter as is now contemplated.

3. When we analyze the present position we are asking Germany to accept a less favorable situation than that outlined in the MacDonald plan which has been a basis of the convention accepted by the British, Germans, Italians and ourselves. While we might possibly succeed through pressure in inducing Germany to accept eventually something along the lines of the resolution quoted in my 735 such acceptance would only be made in a bitterness of spirit and through real fear that the alternative might be preventive military measures.

DAVIS

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500.A15A4 General Committee/632 : Telegram

*The Secretary of State to the Chairman of the American Delegation (Davis)*

WASHINGTON, October 12, 1933—3 p. m.

373. Your 736, October 11, midnight. I quite agree with you that so long as a possibility exists of persuading Germany to "negotiate"

a suitable treaty which maintains the essence of our present position unimpaired but which is so phrased as to meet her susceptibilities, we should continue our endeavors to do so. To this end I gladly approve your pursuing the course of action you recommend. I suggest, however, that you exercise especial care not to let the Germans feel that (a) we are weakening on a question of principle or (b) that a difference of opinion which they can exploit exists between ourselves on the one hand and the British and French on the other.

HULL

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500.A15A4 General Committee/629 : Telegram

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

ROME, October 12, 1933—7 p. m.

[Received 9:40 p. m.]

109. My 104, September 22, 8 p. m.<sup>60</sup> On Tuesday the Head of the Government talked separately with the British and French Ambassadors. On yesterday I talked to each of them about their conversations.

Signor Mussolini told the British Ambassador<sup>61</sup> he considered most serious the situation developed as a result of the German attitude vis-à-vis the disarmament proposals. He said it was the more serious because it was necessary to deal with those whom he characterized as a dreamer in the person of Hitler and a former inmate of a lunatic asylum in the person of Goering; that they were quite irresponsible; that they could not be scared or bluffed into acquiescence because of their abnormal mentality nor could they be importuned into acceptance of the specific conditions because they lacked any fear of consequences. Mussolini is very much concerned over the impasse which he has foreseen and in seeking a way out continues to propose some compromise for a practicable solution which specifically would allow Germany to have observation airplanes and anti-aircraft guns in proportional quantities together with rifles and side arms all manufactured of course under inspection of a commission. In this way a situation could be avoided which Mussolini considers might soon develop into an outbreak of hostilities the extent of which can not be foretold though there is no present prospect that either the British or Italians would be drawn in. The Chief of the Government is satisfied that Germany will proceed to arm with or without permission and that in the latter case France and Poland will act even though the former has not agreed with Italy on sanctions to be applied.

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<sup>60</sup> Not printed.

<sup>61</sup> Sir Ronald William Graham.

The British Ambassador stated that the French had much information from Jewish exile sources to the effect that Germany had been manufacturing many guns and other armament and that the British Government felt it would take Poland at least 2 months of heavy fighting to reach Berlin in the face of the present German equipment.

A few hours later I talked with the French Ambassador.<sup>62</sup> As regards sanctions the French Ambassador said that Italy and France were practically agreed but not definitely so and that neither of them quite agreed yet with the British on that point. He also said that on the point of the trial period the position of Mussolini was that the French proposal was too favorable to Germany in that while it denied to Germany any rights for real armament during the first 4-year period at the end of that period it permitted Germany to arm up to the maximum scale; whereas France agreed to dispose of her excess armament at the end of that period. Mussolini felt that Germany should be held in greater control and that it would be a mistake for the other governments to agree now to dispense with all of their superior armament at the end of 4 years; that it would be very much more practical to allow Germany some privileges as of the present but under strict supervision and see how she acted and at the end of the 4-year period it could be better judged whether Germany was to be trusted to the extent that she might have additional armament and that then the other governments could decide further whether it would be wise to dispense with their superior weapons.

The French Ambassador also said that Mussolini said Germany would not go to war; that this generation had made one war and would not bring on another; that the Germans were more afraid of France than the French were of Germany; and that Hitler would certainly remain in power because a government which was so organized and equipped could not be overthrown by ordinary political movements. It appears that the British and French Ambassadors are not in accord in their report of their conversations with Mussolini on this particular point.

I today saw the Under Secretary for Foreign Affairs<sup>63</sup> by appointment. He said that the Italian Government viewed the present moment as one of very great delicacy and that they could only look to the future with considerable fear if Germany persisted in her demands; that the Italian Ambassador at Berlin<sup>64</sup> had an engagement today with Hitler himself and would then present to the German authorities the Italian thought that England, France, and Italy as well, could not accept the German position. He emphasized the

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<sup>62</sup> Count Charles Pineton de Chambrun.

<sup>63</sup> Fulvio Suvich.

<sup>64</sup> Vittorio Cerruti.

fact that Italy was just as opposed to the material armament of Germany as either the governments of France or Great Britain. However he said that they thought Germany ought to have some measure of armament and that the Germans were irreconcilable not only as regards the amount of armament desired but as regards the length of time to elapse before beginning to arm. Germany will not agree to the two periods of 4 years each as proposed under the present modification of the MacDonald plan but insists upon one period of 5 years and to the right in principle to equality at the beginning of that 5-year period. Suvich also said that the French were satisfied that Germany could not recede from her position because Germany already had manufactured arms and that it might be very embarrassing for her to accept a commission of inspection and to have that commission find already existing in Germany armor [*arms?*] in greater quantity than provided by her agreements. He also said that the Italian Government did not believe that Germany had a great amount of armament even though they felt that it was an excess of the quantity allowed and that Germany had made preparations in laboratories for other kinds of warfare.

Suvich said he thought there was no hope of agreement on next Monday on which day the General Conference is to convene and that he thought it a mistake to proceed with the General Conference unless there was some possibility of agreement. Consequently the Italian Government were inclined to the belief that it would be better to postpone the meeting of the General Conference for another month during which time conversations could be held which might lead to an agreement. He said that he was an optimist and that he still hoped that they would be able to get Germany to accept some modification to which the others might be induced to agree but that he must confess that the present moment was very dark.

Cipher mailed Davis, Geneva.

LONG

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500.A15A4 General Committee/630 : Telegram

*The Chairman of the American Delegation (Davis) to the Secretary of State*

GENEVA, October 13, 1933—1 p.m.  
[Received October 13—12:20 p.m.]

738. For the President and the Secretary.

1. In a brief conversation with Nadolny Wednesday night<sup>65</sup> I gathered the impression he had not succeeded as he had hoped in persuading his Government to recede from its demand for rearma-

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<sup>65</sup> October 11.

ment during the first stage of the convention. Subsequent information received by the British and French from Berlin indicated that whereas on Monday and Tuesday the German Government was prepared to concede this point and reach an agreement something had happened Wednesday to reverse this conciliatory attitude. Yesterday we began to get some indications that the British and the French had decided to bring the question to an issue and in effect impose terms on Germany.

2. In a talk with Simon late yesterday afternoon he informed me that at the meeting of the Bureau tomorrow he was contemplating making a speech with reference to the reply which the German Government had made to the British and Italian Governments in order to state the British Government's opposition to Germany's claim for the right to rearm and to take the position that this fundamental issue must be decided before proceeding further with the work of the Conference. I told him the time might come when something of the kind might be necessary and certainly we could not wait much longer without ascertaining whether or not it were possible to achieve an agreement but that my own opinion was that if the British Government thus made a public reply to a private and oral communication from the German Government the chances for negotiating an agreement would be clearly reduced. I said that I did not feel that we had as yet by any means exhausted the possibilities for negotiating an agreement. Simon replied that the British Government must answer the German reply in some way. I said that this was, of course, something for the British Government to decide and not for me but that my personal opinion was that it could find an equally effective and less risky way to do so and that a public British declaration might force the German Government as a matter of national pride either to take a still more determined stand or to surrender in a humiliating way. After some discussion he concurred in the view that it would be better to take the middle ground by explaining the British attitude as regards the fundamental questions and issues and the kind of a disarmament program Great Britain would support without making any specific mention of the German reply and without making a direct issue of it.

3. At this stage of our conversation Simon received word that Nadolny would like to see him as soon as possible. Simon then said he thought it would be well for Nadolny to see both of us together and asked me to remain. Upon Nadolny's arrival he told him I was there and asked if he wished to see Simon alone or if he would like to see us together. Nadolny said he would be glad to see us together. He began by saying that he had reported to his Government the result of his talk with Sir John on Wednesday night

in which Sir John had informed him of the decisions of the British Cabinet and of the proposals which the British Government had made. He had just received a telegram from Berlin to the effect that the British conditions were inadmissible and instructing him to return to Berlin immediately for consultation. Simon replied that he had not made any proposal or conditions; that he had merely repeated to Nadolny what he had stated to the German Ambassador in London on Tuesday in reply to a communication which in effect was a statement of the British position with regard to questions raised by the German Government in a communication to the British Government. This in substance was that the British Government thought it was neither wise nor possible to enter into a disarmament convention that would have as a condition precedent the right of Germany to begin immediately to rearm but that it was willing to agree that during the later stages of the proposed convention Germany would have a status of qualitative equality. Nadolny contended that the denial to Germany for 4 years of the right of equality status which had been agreed to in principle last December was inadmissible to his Government and a reflection on the national honor. I then explained to Nadolny our position which was substantially that of the British Government, that the equality to be granted to Germany under the December agreement was in a system of security; that it was understood that the practical application of such equality would have to be brought about through stages and that we were striving to reach a general disarmament convention which would be binding upon all nations as well as Germany and which would free Germany from part V of the Treaty of Versailles; that aside from the fact that we were opposed in principle to making the early rearmament of Germany a condition precedent to a treaty providing for the disarmament of the heavily armed powers it was simply impossible to get the Continental powers to agree to free Germany from the Treaty of Versailles and to bind themselves to disarm on any other basis than that which had been outlined to him.

4. Nadolny tried to make a case that the British were imposing conditions on Germany to which Simon replied effectively that they were not. Nadolny then said that the German reply to the British and Italian Governments was not the last word of Germany and that he had called to see Sir John before returning to Berlin in the hope that Simon would tell him that what the British Government had said to the Ambassador in London and to him did not represent the last word of the British Government. Simon told him in effect that he had informed him of a decision of the British Cabinet which he had no authority to change, that while he was satisfied that they could not alter their opinion as to the immediate rearmament of Germany they would be glad to try to work out something that would be as



acceptable to Germany as possible. He added that if the German Government modified its attitude and was really desirous of reaching an agreement then the British Government might somewhat modify its own position. But he proceeded to impress upon Nadolny as did I that we saw no possibility of an agreement on a basis that provided for immediate rearmament by Germany but that it did seem to us that the German Government on the basis proposed would be getting so much over and above what it now has that they should endeavor to reach an agreement on that basis at the earliest possible moment.

DAVIS

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500.A15A4 General Committee/631 : Telegram

*The Chairman of the American Delegation (Davis) to the Secretary of State*

GENEVA, October 13, 1933—2 p. m.  
[Received October 13—12:45 p. m.]

739. 1. Soragna, the chief Italian delegate here, called this morning and I conveyed to him what had taken place yesterday (my 738) between Simon and myself and Nadolny. After I had outlined the views I expressed to Simon, Soragna stated that his Government was in the most cordial accord and that everything must be done to make the indispensable delay in rearmament of Germany as palatable to them as possible.

2. He then informed me that he had been in constant communication by telephone with Aloisi in Rome; that Aloisi had informed him that Mussolini was bringing such pressure as he could to bear on the Cabinet in Berlin and was working through the Italian Embassy in Berlin. Aloisi continued by stating that he hoped to learn of the results of their efforts late this afternoon at which time he would again call Soragna and the latter will convey the information to me. Soragna had just seen Simon, told him of this and expressed the hope that nothing would be said in the Bureau tomorrow which would make Germany's position more difficult. In any case Soragna added the information which they hoped to receive from Berlin tonight should give us all some guidance as to how to handle the problem in the Bureau tomorrow.

3. I then turned to the delicate question of the Four Power Pact and told Soragna that it was essential that we travel closely together and this could only be done on the basis of mutual frankness; that as I saw the problem it was impossible to proceed with success in disarmament under this pact both because of the nervousness of Poland and Czechoslovakia in regard thereto and because if France is now facing trouble as she feels they will be particularly reluctant to do anything

which alienates Poland and Czechoslovakia. Soragna said that he was not in touch with his Government's views on this subject but that his own impression coincided with mine and he added that he could tell me that he knew of nothing that indicated that Mussolini now contemplated using the Four Power Pact in this connection.

DAVIS

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500.A15A4 General Committee/649

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

No. 215

ROME, October 13, 1933.

[Received October 25.]

SIR: I have the honor to refer to my telegram No. 109 dated October 12, 7 p. m., and to previous despatches on the subject of disarmament, and to inform the Department that I had a conversation this evening with the German Ambassador<sup>66</sup> and in the course of it we discussed the situation vis-à-vis the Disarmament Conference. He said that his Government was in a better position today to come to agreement than any other of its recent predecessors, for the reason that its predecessors had always had the Nazi strength in strong opposition. But now with the Nazis in complete control he said that they could make commitments for the Government which would be accepted by the people at large; that the people at large accepted the Nazi regime and had confidence in it; and that his Government as at present constituted could now make any reasonable commitments which did not involve the honor of Germany or its national dignity. He said that there was no great obstacle to be overcome as far as the periods provided in the plan for disarmament; that his Government could be induced to agree to the two periods. But he said his Government insisted upon parity of quality but not on parity of numbers. He said "parity" had become a national objective with the people at large and that his Government was committed to it and that they could not compromise on the question of the right to have armament similar to that which France had; that they were surrounded by governments allied to France, each of which was better armed and equipped than was Germany and that the self-respect of the German people demanded, and his Party had laid down as a principle, the achievement of parity of right without any desire to approximate the parity of strength.

The German Ambassador also said Mussolini is not a pacifist. He does not want war now, however, because it does not suit his purpose. Italy is not ready for war.

As regards sanctions, he said that those of a military character were entirely out of the question; that it was not possible now to occupy

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<sup>66</sup> Christian August Ulrich von Hassell.

any part of Germany without uniting all of Germany and causing it to fight with such weapons as it might have, and that if there was an attempt at a military occupation of any part of Germany there would be fighting, but of course Germany would be beaten, and beaten badly, but nevertheless that they would fight. As to other sanctions of an economic character, he indicated that he believed in their propriety but did not admit that his Government would agree to them, though it was plainly inferable from his language and manner that sanctions of some kind were a foregone conclusion.

Respectfully yours,

BRECKINRIDGE LONG

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500.A15A4 Steering Committee/344: Telegram

*The Chairman of the American Delegation (Davis) to the  
Secretary of State*

GENEVA, October 14, 1933—1 p. m.

[Received October 14—12:25 p. m.<sup>67</sup>]

742. The text of Simon's and my remarks before the Bureau this morning follow. Text of Simon's statement:

"Mr. Henderson has invited me to give some account of the conversations to which I have been a party from time to time during recent weeks both at Geneva and elsewhere and in which the participants have attempted to ascertain by means of a friendly exchange of views what are the prospects of reaching agreement on various vital matters. I will do the best I can to comply with the President's request. I feel that I should speak plainly and frankly for the time has gone by for glossing over difficulties by vague optimistic phrases. A system of agreed disarmament promptly entered into and loyally carried out would I believe be of the greatest value to the world; but I am equally clear that nothing is gained by interminable discussions which do not face essential matters on which differences may still exist.

The address which I have to render is as follows:

So far as the United Kingdom representatives are concerned we have taken part in meetings at different times with the French, German, Italian and American representatives as well as in a number of talks with the representatives of some other powers. These conversations have led me to take the view that the draft convention which the United Kingdom Government put before the General Commission over 6 months ago and which has been unanimously adopted as the general framework for the proposed agreement will require to be in some respects recast. The draft convention is at present drafted to cover a period of 5 years, the discussions which I am summarizing

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<sup>67</sup> Telegram in four sections.

indicate on the part of some powers a wish that the period should be extended to perhaps 8 years and so far as I recall no serious objection to this extension has been raised.

It was further proposed that this period of 8 years should be occupied by the fulfillment of a continuous program, designed to secure at the end of the period two essential conditions:

(a) A substantial measure of disarmament actually realized and completed on the part of the heavily armed powers, and

(b) The achievement of the principle of equality in a regime of security which, ever since December of last year, has been the declared objective not only of the powers who signed the declaration of December 11 but of the Disarmament Conference itself. But in order to attain this it is necessary to proceed by steps. Indeed the method of stages has from a very early date been adopted as the necessary method by the general vote of the Conference. And when I speak of a program which would gradually unfold in action so as to secure at the end of the period these two essential conditions I recall the language of Mr. Henderson in his report to the Bureau on October 9 last when he declared 'on some of the more important questions the approach is [*was*] manifestly influenced by the present unsettled state of Europe and the ensuing distrust, fears and alarms'.<sup>68</sup> The present unsettled state of Europe is a fact and statesmen in drawing up their plans have to face facts. The need, therefore, for modifying the draft convention so as to accomplish this purpose by a process of evolution is clearly established.

The scheme therefore which emerged for consideration as the result of a number of these interviews was one in which the proposed period of 8 years would begin with the transformation of Continental armies on the lines set out in the British draft, together with the setting up, through the medium of the Permanent Disarmament Commission, of an adequate system of supervision so that the sense of security which the due observance of the convention will afford should provide the ground-work for the practical attainment of the two ideas of disarmament and equality. Mr. Henderson has suggested that the Permanent Disarmament Commission might be set up as soon as the convention is signed without waiting for ratification. If this suggestion is found feasible it ought to be welcomed for its aims at shortening the period when actual disarmament and attained equality would be effectively reached. It is understood on all hands that the supervision contemplated would be of general application. Its purpose would be to ensure that the undertakings contained in the convention were being loyally observed. It is a matter for close consideration to determine how much of 8 years would be needed for the initial steps to which I have referred. Transformation of armies involves technical questions which will govern the time limit and in the meantime a real feeling of confidence should develop when it is seen that the whole plan is agreed to and is in due process of execution.

<sup>68</sup> *Records of the Conference, Series C, Minutes of the Bureau, vol. II, p. 179.*

Without binding myself finally to the length of this first stage I report that the period of 4 years was mentioned by several governments though others have raised the question whether it could not be somewhat shortened.

Whatever the length of this first stage may be it is essential to make clear that the convention itself would have to contain at the time of its signature the detailed scheme of disarmament provided for as the final result to be attained by the time its full period of say 8 years comes to an end. I have described that disarmament as 'substantial' and the extent of it has been the subject of detailed discussion. Since general phrases will not advance matters I add that by 'substantial' disarmament is meant either the disarmament provided for in this draft convention or some comparable variation of it. I say quite definitely that the whole scheme would not be satisfactory to my Government and we could not lend our own support to it unless the degree of disarmament by the heavily armed powers is both fully defined in the convention and really adequate. But there is another feature in the second stage of the plan which is equally definite—it is this: the results of the abolition of various kinds of armament and of prohibition against their further use will be to constitute a common list of permitted arms which would become the same for all countries and thus the differential position of the powers whose armaments were limited by the peace treaties would finally cease. Quantities and other detailed regulations would, of course, be in each case the subject of negotiation and agreement.

The Bureau will, therefore, see that the plan I have outlined is one which if it were adopted and loyally observed would bring into practical operation the principal of equality of status by the method of substantial disarmament on the one hand and the application to all countries of a common list of prohibited arms on the other hand.

But this program involves a feature which appears to me to be essential. I must state it with complete frankness to the Bureau the scheme involves the principle that the powers now under restriction of the peace treaties should not begin to increase their armaments forthwith but should express their willingness to conform to a timetable such as I have indicated. The Government of the United Kingdom take the view that agreement could not be reached on the basis of a convention which would provide for any immediate rearmament. In speaking of 'no rearmament' I do not mean to dispute the reasonableness, as the Reichswehr is transformed into a more numerous short service army, of a proportional numerical increase in its armament. And there should be from the beginning of the convention an agreement that no government will manufacture or acquire any further weapons of any of the types to be eventually abolished.

In our view, therefore, for the reasons indicated by Mr. Henderson in the passage I have quoted the attainment of the object which we all have in view at the Disarmament Conference must be in accordance with a regular program. We earnestly desire to establish by international agreement the attainment of equality of status and we point out that it is attained in a most complete and effective way by providing for disarmament through the adoption and loyal fulfillment of

such a program as I have indicated. By accepting the principle of no immediate rearmament and cooperating with the rest of us in framing a convention which is best calculated to restore the sense of confidence which has recently been so rudely shaken the necessary conditions of success can be established.

The statement I have been asked to make has necessarily involved some plain speaking and a perfectly clear declaration of our own point of view. I feel that if the General Commission which meets on Monday is now to do useful work it is most desirable to ascertain what is the view of other countries on these essential points and I sincerely trust that we may thus find a way of removing the obstacles which at present stand in the way of an agreed convention."

**Text of my statement :**

"The statement which Sir John Simon has just made contains an account of conversations in many of which I have participated. It also contains a very definite indication of the modifications which he feels should be introduced into the British draft convention to make it more generally acceptable. I am glad to be able to add my confirmation to his account of the conversations and to endorse and support the position he has taken on the important questions of substance before us for immediate decision. I am the better able to give my support to the statement which has just been made to you because as a result of the frequent and exhaustive conversations which I have had during the past few days with Sir John Simon [I have?] come to the common conclusions which he has so clearly and forcefully expressed in his statement.

It is not difficult for me to state my position in this frank and unequivocal manner. The report which has been laid before you, both in its broad outlines and in many of the points of detail, is in agreement with the position of the American Government set forth in the communication which President Roosevelt addressed to the Heads of Governments<sup>69</sup> represented at this Conference last May and with the statement<sup>70</sup> which I made in the General Commission a few days later. In these statements my Government took the position that a disarmament convention could not properly be made an instrument for rearmament and that qualitative equality in armaments should primarily be sought through the reduction in the armaments of the heavily armed powers and not through acts on the part of others to attempt to build up. Under present conditions steps are necessary in the attainment of that equality. It cannot be achieved at one stroke.

I will not attempt to restate on this or on other points the position which has been so adequately presented to you. I only wish to emphasize one point to help reassure those who are impatient or skeptical because of the long delay: from the conversations in which many of us have been recently participating I am more than ever convinced of the sincere purpose of the heavily armed countries to make effective measures of disarmament a reality and I would add that no treaty would be satisfactory as far as my Government is concerned

<sup>69</sup> *Ante*, p. 143.

<sup>70</sup> See telegram No. 644, May 19, 11 p. m., from the Chairman of the American delegation, p. 154.

or justify our participation in a system of supervision designed to ensure its faithful observance unless that treaty contained precise provisions for such measures of disarmament.”

DAVIS

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500.A15A4 Steering Committee/345 : Telegram

*The Chairman of the American Delegation (Davis) to the Secretary of State*

GENEVA, October 14, 1933—4 p. m.  
[Received October 14—1:25 p. m.]

743. 1. Following Sir John's and my declarations at the Bureau this morning the Italian delegate<sup>71</sup> stated that his Government was happy to join with the other delegations in working along the lines laid down by Sir John Simon and felt that in the program put forward by the latter a positive basis was found for the future work of the Conference.

2. Boncour while supporting on behalf of France certain of the principles brought out by Simon stressed the importance of taking into account the political situation in Europe and laid great emphasis upon the necessity for the division of the convention into two periods the first of which would be that of installation and testing of the system of supervision. France attached great importance to this principle, he explained, and its corollary that during this first period there should be no rearmament whatsoever. He added that definite engagements must be taken by the heavily armed powers to achieve equality of status through substantial reductions in the second period. France considered that 4 years were required as the duration of this first period.

3. On behalf of Germany Rheinbaben made a declaration in which he stated that his Government had always put forward two claims in respect to disarmament, (1) the real and substantial measures of disarmament must be taken by the heavily armed powers and (2) immediate and practical application of equality of status. The question of quantities would later be negotiated.

4. The Belgian, Czechoslovak and Greek delegations supported Simon statement but following the lead given by Boncour emphasized the necessity for the first period.

5. Henderson proposed that Simon report should be presented to the General Commission for its consideration and the Bureau approved.

DAVIS

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<sup>71</sup> Marquis A. Meli Lupi di Soragna.

500.A15A4/2219 : Telegram

*The Chairman of the American Delegation (Davis) to the Secretary of State*

GENEVA, October 14, 1933—7 p. m.  
[Received October 14—3:10 p. m.]

745. Henderson has circulated the following text of a telegram received from Von Neurath.

“On behalf of the German Government I have the honor to make to you the following communication.

In the light of the course which recent discussions of the powers concerned have taken in the matter of disarmament, it is now clear that the Disarmament Conference will not fulfill what is its sole object, namely, general disarmament. It is also clear that this failure of the Conference is due solely to the unwillingness on the part of the highly armed states to carry out their contractual obligation to disarm. This renders impossible the satisfaction of Germany's recognized claim to equality of rights, and the condition on which the German Government agreed at the beginning of this year to take part in the work of the Conference thus no longer exists.

The German Government is accordingly compelled to leave the Disarmament Conference.”

Henderson is calling a private meeting tomorrow morning of the representatives of Great Britain, France, Italy and the United States to discuss the procedure for Monday's meeting.

DAVIS

V. WITHDRAWAL OF GERMANY FROM THE CONFERENCE,  
OCTOBER 14—NOVEMBER 24

500.C001/821a : Circular telegram

*The Secretary of State to the Ambassador in Great Britain  
(Bingham)*<sup>72</sup>

WASHINGTON, October 14, 1933—10 a. m.

As soon as you are able to determine the attitude of the British Government toward the reported German withdrawal from the League of Nations and the Disarmament Conference and its implications, please telegraph a full analysis.

HULL

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<sup>72</sup> The same, *mutatis mutandis*, October 14, to the American diplomatic missions in France, Italy, Czechoslovakia, and Poland.



500.C001/825a : Telegram

*The Secretary of State to the Chairman of the American Delegation  
(Davis)*

WASHINGTON, October 14, 1933—10 a. m.

376. Assuming you have not already done so, please telegraph an analysis of the reaction at the League to the reported German withdrawal and an analysis of the implications of this move on European political developments as you see them.

HULL

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500.A15A4 General Committee/633 : Telegram

*The Chairman of the American Delegation (Davis) to the Secretary  
of State*

GENEVA, October 14, 1933—5 p. m.  
[Received October 14—1:40 p. m.]

744. 1. The news of Germany's decision to withdraw from the Conference and the League has just come in. This makes it essential that I should present to you in some detail the conversations which we have had in the last few days and the motives underlying the speeches of this morning which have been telegraphed you already.

Since the receipt of your 373, October 12, 3 p. m.,<sup>73</sup> I have had several exhaustive conversations with Simon who last night told me he had been completely persuaded of the wisdom of the course advocated by us and that he had accordingly redrafted the speech to be made before the Bureau today. Last night he called to go over his draft with us and made certain alterations suggested by us. This morning he made further alterations after talking with the French and after he and we had talked with the Italians so that it finally met the approval of the four although Boncour for political reasons did not in his speech at the Bureau give such unqualified indorsement as he had indicated privately. The whole purport of the changes was to keep the door open for further friendly negotiations without a weakening on any of the fundamental principles for which the British, French and ourselves have consistently stood particularly the opposition to the immediate rearmament of Germany.

2. We learned from German sources here that the German Cabinet had not reached a final decision yesterday and had postponed its meeting until today after the meeting of the Bureau and the intimation was made that if we would only keep the door open it would make it easier for the German Cabinet to decide to continue the efforts to arrive at an agreement. In the talk, however, which Nadolny had

<sup>73</sup> *Ante*, p. 252.

with Simon and me on Thursday night, see my 738, October 13, 1 p. m.,<sup>73a</sup> he tried in every way to imply and to build up the thesis that conditions were being imposed upon Germany. It is inconceivable that Simon's speech and mine and the others made in the Bureau could have caused the German Government to take the decision it has taken this morning as this decision was taken before they had the time to consider the speeches made in the Bureau. It is evident that their decision had been arrived at beforehand and for some other reason and their contention that it was because of the "ultimatum" from England, France and the United States can only be a pretext.

3. The French are convinced that the German refusal to continue the negotiations on the basis of no immediate rearmament for Germany is because the Germans know that once the first inspection takes place it will be discovered that they have built weapons prohibited under the Treaty of Versailles,<sup>74</sup> whereas, if the new treaty admits their right to qualitative equality such weapons will be permissible in their possession.

4. It now seems evident that Germany became convinced when she could neither break up the solidarity of view on fundamental principles nor postpone longer vital decisions on disarmament matters that she must either give in or withdraw and that the decision which has been announced today was arrived at previous to our last negotiations.

DAVIS

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500.A15A4 Steering Committee/346: Telegram

*The Chairman of the American Delegation (Davis) to the Secretary of State*

GENEVA, undated [*October 15, 1933?*]

[Received October 15—10:18 p. m.]

747. 1. At the invitation of Henderson two long meetings were held this morning and this afternoon to determine the future procedure of the Conference in the light of Germany's withdrawal. There were present the officers of the Conference including Beneš and Politis; Wilson and Dulles accompanied me; for Great Britain Simon, Eden and Cadogan; for France Boncour and Massigli; for Italy Soragna and Ruspoli. The 6 hours' debate can be generally summarized as follows:

2. First, that it was too early to determine the wisest course of procedure to be followed as this would require consultation by the

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<sup>73a</sup> *Ante*, p. 255.

<sup>74</sup> *Treaties, Conventions, etc., Between the United States of America and Other Powers, 1910-1923* (Washington, Government Printing Office, 1923), vol. III, p. 3329.

delegates here with their governments and possibly consultations between governments.

3. Second, that any appearance of abandoning the work of the Conference should be avoided and that at most at the present time a brief adjournment of say 10 days would be desirable, after the termination of tomorrow's meeting of the General Commission.

4. Third, that no effort should be made at tomorrow's meeting to force through acceptance of the report of the Bureau including Simon's declaration quoted in my 742, October 14, 1 p. m.,<sup>75</sup> as this might call for exceptions or arouse differences of opinion on details which would defeat the impression of unified purpose achieved last Saturday by the action of the Bureau.

5. Fourth, that a reply<sup>76</sup> should be sent to Von Neurath's<sup>77</sup> message in courteous form but categorically refuting the reasons alleged by the German Government for its withdrawal from the Conference at this time.

6. In connection with the foregoing the following tendencies were disclosed in the course of our discussions: The Italian representative,<sup>78</sup> while not modifying his support of Simon's statement, nevertheless made it clear that the position of Italy was modified by Germany's withdrawal. While Italy was quite prepared to work along the lines of the Bureau decision so long as there was a possibility of securing an agreement with Germany's collaboration on that basis, Germany's withdrawal had raised the question in the mind of the Italian delegate whether the immediate acceptance of the Bureau decision was now the wisest method of procedure under the new conditions. Italy could envisage other bases on which a treaty was possible. The French representatives were disposed to proceed immediately with the discussion of the Bureau report and apparently envisaged the possibility of proceeding promptly to the preparation of a convention even in the absence of the Germans. This seemed to be also Henderson's definite determination while Politis was sceptical as to the wisdom thereof. The British favored a long enough adjournment to permit full consideration of the situation with their Government and are sceptical of the possibility of proceeding with the elaboration of a treaty. While not taking part in this phase of the debate I expressed the view privately that if it appeared possible to write a treaty quickly and without undue difference of opinion it might be advisable to do so but that we should find out among ourselves if such agreement was possible and then consider carefully how best to proceed. Concerning the ad-

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<sup>75</sup> *Ante*, p. 260.

<sup>76</sup> For text of reply, see League of Nations, Conference for the Reduction and Limitation of Armaments, *Records of the Conference*, Series B, *Minutes of the General Commission*, vol. III, p. 646.

<sup>77</sup> Konstantin von Neurath, German Minister for Foreign Affairs.

<sup>78</sup> Marquis A. Meli Lupi di Soragna.

jourment, we took the position that certainly sufficient time should be given to consult the respective governments but that the period should not be unduly prolonged because this would certainly give the impression that the Conference was in agony.

7. While there was full recognition of the gravity of the situation everybody stressed the point the decisions should be taken calmly and after mature deliberation, that nothing should be done to indicate that the German action had thrown the rest of those into a panic or could prevent accomplishing such useful work as after full consideration the situation might seem to render possible. The very gravity of the situation made all the delegates present especially appreciate the difficulties of their colleagues and the predominating thought in the minds of all appeared to be to avoid appearance of differences among ourselves.

DAVIS

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500.C001/823 : Telegram

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

ROME, October 15, 1933—noon.

[Received 12:25 p. m.]

112. Department's circular telegram October 14, 10 a. m. Have just left Suvich.<sup>79</sup> The Italian Government is indignant at German action. It has foreseen an impasse but did not expect the sudden and drastic step taken by Germany which is characterized as foolhardy. The Italians have adopted a waiting attitude for a few days to permit public opinion to take shape and believe that after public opinion has settled they may have some suggestion to make as a *modus operandi*. They do not now suggest, but it is inferable from Suvich's conversation, that a plan would probably include invocation of the Four Power Pact.<sup>80</sup> He said that in case it should be invoked they would naturally expect the United States to participate in the deliberations. They have no desire to subordinate the Conference or the League to the Pact which they consider as purely western European but feel that with Germany's withdrawal from the Conference and her announcement of intention to withdraw from the League of Nations the Four Power Pact remains the only practical international treaty arrangement applicable to Germany. They believe that no country contiguous to Germany will make a hostile movement for the time being or until there is some provocation and feel that Germany can make no move nor can make any commitment until after her elections which they say are a useless proceeding

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<sup>79</sup> Italian Under Secretary of State for Foreign Affairs.

<sup>80</sup> For correspondence relating to the Four Power Pact, see pp. 396 ff.

since it is a foregone conclusion that the result in the controlled country will unanimously support Hitler. The Italian Ambassador at Berlin in his recent conversation with Hitler could get no specific suggestion as to the quantity of armament desired. He asked for something specific instead of the generalities contained in the German communication to England. They call attention to the fact that Germany withdrew once before from the Disarmament Conference and on her return received recognition of parity rights. While the Italians have no immediate plan they still feel that German leadership is entirely irresponsible and mentally and psychologically unbalanced.

Mailed Geneva.

LONG

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500.C001/822 : Telegram

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

PARIS, October 15, 1933—3 p. m.

[Received 3:05 p. m.]

454. Department's circular telegram October 14, 11 [10] a. m. I talked with Léger<sup>81</sup> this morning who tells me that Daladier feels that France should remain calm in the face of yesterday's events in Germany. The press, while devoting much space to the event and printing Hitler's declaration and radio speech in full, has largely adopted the "I told you so" attitude.

Léger said that France would continue its work on the Disarmament Conference and thought that the efforts there should be pushed to a conclusion of a treaty that would demonstrate to the German people what they are refusing. He felt that only in that framework could this be done as the Four Power Pact was entirely built around the League and the Disarmament Conference. Once Germany had withdrawn from those he saw no possibility of discussing matters under that agreement.

Repeated to Geneva and London.

MARRINER

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500.A15A4/2226 : Telegram

*The Chairman of the American Delegation (Davis) to the Secretary of State*

GENEVA, October 15, 1933—midnight.

[Received October 16—1:50 a. m.]

748. In the situation brought up by Germany's action in withdrawing from the Conference and the League one fact emerges

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<sup>81</sup> Alexis Léger, Secretary General of the French Foreign Office.

clearly. Now that Germany has withdrawn from the Disarmament Conference the problem of dealing with Germany becomes preeminently a European one. We have maintained under your direction a unity of purpose with France, England and Italy through the recent phases of the disarmament discussion. Wherever we have urged them to modify their position it has been on questions relating to the form of presenting our common position on the fundamentals where we are in agreement with them.

Germany's withdrawal intensifies the European nature of the problem of disarmament. Her action makes it more necessary than ever for the other powers to decide what further efforts they will make to reach an agreement and what their alternative will be if there is no agreement. While they will probably decide to make a further effort to reach agreement every move from now on will be influenced by what their position will be and what they will do in case of failure. From now on the situation as regards Germany will be influenced largely by Germany's obligations under the Treaty of Versailles,<sup>82</sup> under the Covenant,<sup>83</sup> under Locarno<sup>84</sup> as well as the reciprocal ones of France and England.

You will remember that both Boncour and Daladier emphasized in Paris that if France failed to get a disarmament treaty some form of decisive action had to be envisaged to prevent Germany's continued rearmament in violation of the Treaty of Versailles and that they mentioned specifically the possibility of taking action under Article 213 of the Treaty of Versailles. This in itself shows clearly the European nature of the problem.

Thus unless some means is found for overcoming the present impasse forms of direct or indirect pressure may well be attempted against Germany, and France and England,—since she is bound by Locarno—will doubtless make every effort to maintain that unity of effort with the United States which has already been established both for the sake of availing themselves of the additional weight which our influence would give and of having us sympathetically and benevolently disposed in case of trouble.

Up to the present two possible means of procedure are being contemplated.

(1) The powers other than Germany to agree upon the kind of a treaty which they would be willing to accept conditional upon Germany's adherence.

(2) A meeting of the five powers to avert a possible crisis and promote agreements in which event it would be necessary to keep the Conference alive so that if the five powers reach an agreement the machinery will be here with which to complete it.

<sup>82</sup> *Treaties, Conventions, etc.*, 1910-1923, vol. III, p. 3329.

<sup>83</sup> *Ibid.*, p. 3336.

<sup>84</sup> League of Nations Treaty Series, vol. LIV, pp. 289-363.

Soragna told me in confidence today that Mussolini has asked him to inform me that he thinks that Italy and the United States might now be able to exercise a very helpful and effective influence in securing an agreement and that while it would not be feasible to call a meeting under the Four Power Pact it might be possible and advisable to arrange a meeting of the five powers. It is most important that nothing be done just yet in that direction and that in the meantime such a possibility should not be mentioned.

In view of the situation as outlined in this cable I feel that we should continue our efforts to surmount the difficulties so long as there is any hope of bringing about agreement. While we could cooperate sympathetically with the endeavors which France, England or Italy may make to bring Germany back into work for disarmament, we should refrain from trying to influence their political decisions and when their effort enters fields beyond the scope of disarmament, we should make it plain that we cannot associate ourselves with them.

I hope you will feel as I do that such a policy is wise in the light of the real gravity of the decisions which France and England, particularly the former, will be called upon to face in the next few weeks. Since these decisions are of such magnitude that they may possibly even lead to some form of coercive action, I feel that we should keep free of any commitment as to the course which we will pursue.

You will understand that in the present situation it is difficult to predict how events will shape themselves. I have, therefore, confined myself to giving you such information as I can and my views of what our own attitude in this matter should be during these troublous days. I shall be glad to know if my views are in accord with your own.

DAVIS

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500.A15A4/2227 : Telegram

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

LONDON, October 16, 1933—1 p. m.  
[Received October 16—11:55 a. m.]

292. Department's circular telegram October 14, 10 a. m. Had informal meeting with Prime Minister<sup>85</sup> yesterday. He told me he had been expecting German Government would take just such action as has been taken for over a month. He mentioned the idea of trying to reach German people, giving them information as to attitude of outside world, no part of which they can know in present conditions, and was especially interested in knowing if our Government would consider an effort along this line. Perhaps he has in mind President

<sup>85</sup> J. Ramsay MacDonald.

Wilson's appeals to the German people during the war. I am convinced the British are determined to do everything possible to prevent war in Europe and that they eagerly desire our cooperation in working for peace. This has been their attitude throughout the whole discussion, but now it is augmented and accentuated to the extent I think they are ceasing to think in terms of debt settlement in the face of the grave crisis confronting them. Personally, I think Hitler is not likely to take further drastic steps until after the sham election on November 12th and I believe the hope for peace in Europe depends mainly upon working together by the British, French, Italian and American Governments to this end.

Repeated Geneva. Code text mailed Paris, Rome, Berlin.

BINGHAM

500.A15A4/2241

*Memorandum of Trans-Atlantic Telephone Conversation*<sup>86</sup>

[WASHINGTON,] October 16, 1933.

PRESIDENT: Hello, how are you?

AMBASSADOR: I have been a little busy, but I am all right.

PRESIDENT: Good.

AMBASSADOR: And, while I feel disturbed, I am not hopeless at all. We have decided to adjourn for ten days until Wednesday of next week, because most of the delegates feel they must consult their governments in view of the changed situation. They have all got to consider about three aspects—the question of disarmament, European political problems, and the maintenance of peace. I outlined that last night in a cable which I presume you have seen, No. 748.

PRESIDENT: Yes. I have it.

AMBASSADOR: Roughly, I sent it about one o'clock in the morning; I wanted to give you an idea of the policy I was trying to pursue.

PRESIDENT: I think you have got to make some kind of a statement, because over here there is a growing feeling that we are getting mixed up with the political side—with England, France and Italy.

AMBASSADOR: Yes.

PRESIDENT: I think you should make it very clear that we are in Geneva solely for disarmament purposes; that we will continue there as long as there is a possibility of carrying on disarmament negotiations; but that we are not interested in the political element, or in the purely European aspect of peace.

AMBASSADOR: That is exactly what I told all of our newspaper men this afternoon, and in view of what you say, I think it will be just as well for me to give them a formal statement.

<sup>86</sup> Between President Roosevelt and Secretary of State Hull in Washington and Mr. Norman Davis in Geneva, October 16, 1933, 1:15 p. m.



PRESIDENT: Yes. We have drafted a short statement here which I can put on the wire right away in plain English, and then you can give it out over there with such changes as you think necessary. That we are not actually sitting in in these conferences in regard to purely political European matters.

AMBASSADOR: That is perfectly true.

PRESIDENT: And that we will be willing to stay there and discuss with them again as soon as they come back to the purely disarmament phase.

DAVIS: I see you are in entire agreement with what I outlined in my cable. Now there is one thing—of course we can say we want to do anything we can to help preserve peace because [?] our interest in disarmament has got a bearing on this but that if any political question is brought up we are not going to interfere or confer with them about it.

PRESIDENT: But on the angle of preserving peace, we should take the position that that is an European matter, unless both sides—say, Germany and France—should come to us and ask us to become *amicus curiae*. I think we should stay out of relations relating to European peace.

AMBASSADOR: If we can help general agreement on disarmament, we are helping indirectly to promote peace. That is the whole point. I knew they would try in every way to begin to draw us in—particularly if they decide that they are not going ahead with disarmament.

PRESIDENT: That is right.

AMBASSADOR: In that case they will begin political maneuvers and will try to draw us in. Mussolini is very eager to keep peace and to reach an agreement. He feels it can be done and he is constantly sending me private messages to that effect. His representative here now is suggesting that during these ten days' vacation it would be very helpful if I would go down and have a talk with Mussolini, but I just want to speak to you about it.

PRESIDENT: My horseback opinion is it would be a mistake, because my general slant is that people would say we were being drawn into the Four Power Pact, which is a purely European political pact.

AMBASSADOR: They are not going to call a meeting of the Four Power Pact members, because France says it is too embarrassing to confer now for the Little Entente has not ratified the Four Power Pact, and if a meeting is called now, will not ratify it. They say that is frankly the situation. All the meetings we attended yesterday, all day long, were entirely on disarmament and nothing else.

PRESIDENT: I think you want to make that clear.

AMBASSADOR: Absolutely. There was not the slightest discussion of anything else.

PRESIDENT: I doubt very much if we should take the initiative in any way or attend meetings towards the drawing of a treaty with the idea that that would be imposed on Germany. A treaty which has to be imposed is a political and European matter.

AMBASSADOR: The British tried to get me to make a proposal, and I said, "No." Because if we made a proposal and it were not acceptable, why then it would have political implications.

PRESIDENT: That is just it.

AMBASSADOR: No, I tell you we, Wilson, Dulles and I, have all been in accord on that. We must keep absolutely free of that. One other thing. I think what you say about Mussolini might apply to the British. Today, Simon and Eden were saying that during this time we could go over to London and get the French and Italians, and we could all go over what to do and how to bring about an agreement.

PRESIDENT: I think it would be better for you to go up to Chamonix.

AMBASSADOR: All right. (Laughter.)

AMBASSADOR: I am glad to get your slant on this. It helps me to know what the reaction is at home.

PRESIDENT: We want it made very clear over here.

AMBASSADOR: I will get my press together. Are you sending me that message tonight?

PRESIDENT: Yes. I will send it in the course of the next hour.

AMBASSADOR: Good. I think the quicker I give it out, the better. The only thing is this:—as long as there is a chance of doing something with Germany, we do not want to give the idea that we are in any way getting away from these fellows in their idea to get disarmament.

PRESIDENT: Yes. That is why I would stay right there.

AMBASSADOR: So far as Germany[?] is concerned, my information today, from a good source, is that it is primarily an internal political move. Hitler has got to have some changes. There is some opposition to him, particularly in the Reichswehr, and certain elements which he could not combat and at the same time he has had to give in to, and he has lost a certain amount of prestige by it. A man came to me today direct and I will get you a cable tonight of what he said, because he only authorized me to give it to you, as to what is going to happen, and to keep the conference going until after the elections on November 12th.

PRESIDENT: Yes. That is all right.

SECRETARY: Our best impression over here is that the Germans will be intensely and completely engrossed until after November 12th with all the confusion and complications of their election and until then will not be in a very suitable situation to talk about resumption of disarmament relations at Geneva.

AMBASSADOR: I do not think we can do a thing on disarmament with them until after November 12th. The idea now of what is to be decided is whether we can come back here in a week or ten days and then decide to let the British go ahead and redraft their convention, conforming to the amendments indicated in Simon's speech of Saturday, and get that all ready; then be ready to say to the Germans, "Here is what we are ready to bind ourselves to, if you will sign it." It has this advantage. It really helps to smoke these fellows out, and they have either got to refuse to commit themselves definitely and finally to disarmament, or they have got to be put on the defensive and by their actions justify the German accusations.

SECRETARY: Of course, you know better than we do. The internal state of mind is entirely different from what it was when they went out before and different from anywhere else in the world today, and you cannot deal with them as you would ordinarily.

AMBASSADOR: That is perfectly true. My information is that Hitler is the best one of the lot and this election is probably going to get rid of some of the worst part of his group. He certainly wants to make peace with France.

SECRETARY: The only thing I have to suggest in addition is to be a little careful to avoid the appearance of being in too many conferences with three or four—the big powers, as they say over here. That makes an impression over here that there is some plan to involve us. Instead of having three or four when you talk about disarmament, see if you cannot get a dozen or two. That is all I have in mind.

AMBASSADOR: That is what I want to mention. Yesterday at the meetings—all day yesterday—there were the French, the Italians, the British, ourselves, the President of the Conference, Politis the Vice President of the Conference, and Beneš. They were all present at every meeting we had, and we did not discuss one single political question.

SECRETARY: That is good for us to know over here, so we can correct misinformation. We will keep in touch with you right along and will send you over the statement the President speaks of for you to give out.

AMBASSADOR: Any time you can flag me on anything, do it.

SECRETARY: Yes, we will send you code material principally because talking over the telephone is a very public affair.

AMBASSADOR: I won't get that text by cable until tomorrow now and will have to wait and give it out tomorrow.

PRESIDENT: What time is it there? 7:30? We can get it on the wires in plain English in twenty minutes.

AMBASSADOR: We ought to get it here by ten o'clock then.

PRESIDENT: Fine. Goodbye.

500.A15A4/2236 : Telegram

*The Secretary of State to the Chairman of the American Delegation  
(Davis)*

WASHINGTON, October 16, 1933.

377. Suggested statement for your guidance. We are in Geneva solely for disarmament purposes. While there is a possibility of successfully carrying on disarmament negotiations, we will gladly continue to do our part. We are not, however, interested in the political element or any purely European aspect of the picture. We again make it clear that we are in no way politically aligned with any European Powers. Such unity of purpose as has existed has been entirely on world disarmament matters.

Whether or not conditions are favorable to continuing the present disarmament effort is now a question for Europe, not the United States to decide. During this week there will be consultations between the capitals of Europe. We do not wish to take an active part in these as the implications are purely political.

The principles set forth last May by the President in his message to heads of States<sup>87</sup> remain the policy of the United States.

HULL

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500.A15A4/2238 : Telegram

*The Chairman of the American Delegation (Davis) to the Secretary  
of State*

GENEVA, October 16, 1933—midnight.

[Received October 16—10:15 p. m.]

754. For the President and the Secretary. Statement quoted in your 377 was given out tonight textually as sent by you, but, of course, as emanating solely from me and without reference to the fact that it had been received from Washington. Position taken in that telegram is entirely consistent not only with my own views but with the attitude I have consistently expressed here to my colleagues and to the press. All our recent discussions have been solely within the framework of the Conference and have related solely to the disarmament work.

As indicated in my 748,<sup>87a</sup> the withdrawal of Germany from the Conference injects an entirely new element into the situation and I appreciate that every move must be most carefully scrutinized to avoid any implication that we are becoming involved in European political problems resulting from Germany's present attitude.

<sup>87</sup> *Ante*, p. 143.

<sup>87a</sup> October 15, midnight, p. 270.

The position taken by me in the Bureau in support of Simon's declaration was pursuant to the line of policy outlined by you to maintain unity of purpose with the British, French and Italians for the achieving of disarmament, and was in accord with the President's message of last May<sup>88</sup> and my statement<sup>89</sup> to the General Commission given with your approval at that time. Of course, the suggestion that this particular statement had any influence on Germany's decision to withdraw is entirely unfounded.

DAVIS

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500.A15A4/2244 : Telegram

*The Secretary of State to the Ambassador in Germany (Dodd)*

WASHINGTON, October 17, 1933—7 p. m.

131. Your 170, October 17, 11 a. m.<sup>90</sup> Department's October 14, 10 a. m., was sent to countries adjacent to Germany asking for an analysis of the situation growing out of Germany's withdrawal from the League and the Disarmament Conference. We shall hope soon for your analysis of the situation in Germany from both internal and international angles.

HULL

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500.A15A4/2242 : Telegram

*The Chairman of the American Delegation (Davis) to the Secretary of State*

GENEVA, October 17, 1933—11 p. m.

[Received October 17—9:32 p. m.]

756. For the President. [1.] Schwartz, formerly head of the League of Nations Union in Germany, whom I have known for some time and in whom circles here have considerable confidence came to see me yesterday by his request. He began by informing me he is now working with and for Hitler because he is satisfied Hitler earnestly wants peace and that he offers more hope than anyone else.

2. He said that he wanted to tell me something in the greatest confidence and he must ask me not to tell anyone but you. In substance it was as follows:

Hitler found it necessary to take drastic steps to strengthen his position and to thwart plans of certain reactionary elements opposed

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<sup>88</sup> *Ante*, p. 143.

<sup>89</sup> See telegrams Nos. 644, 646, and 649, May 19, 20, and 21, from the Chairman of the American delegation, pp. 154, 158, and 164; also telegram No. 335, May 20, to the Chairman, p. 159.

<sup>90</sup> Not printed.

to his policies and that he could not, therefore, make concession on disarmament until he had strengthened his own political position. It became necessary to act quickly and the impasse over disarmament furnished the occasion. He said that Hitler had failed to get control of the Reichswehr and that accordingly it was necessary for him to abolish it; that Goering, who is a monarchist, had been entrenching himself too strongly in East Prussia and was too close to Blomberg, the head of the Reichswehr, and that Hitler found it necessary to get more direct control over the local political units. He had accordingly dissolved the Reichstag and called the elections as the first step in his plans which will enable him to eliminate some of the disloyal Nazi members and once he has gotten full control he will get rid of Von Papen,<sup>91</sup> clean out certain elements in the Foreign Office, recast the Cabinet and abolish the Reichswehr. Then he will be in a position to reach an agreement on disarmament which he wants to do as he recognizes that he must have peace in order to restore confidence and reduce unemployment.

3. He told me that the decision to withdraw from the Disarmament Conference and the League was practically decided upon on Wednesday of last week <sup>92</sup> primarily because of the opposition of the Reichswehr which precipitated the action taken. He said, however, that the final decision to withdraw was reached last Friday night and held over so that it would appear that the decision was taken as a result of the meeting of the Bureau.

4. In concluding he said that he wished me to know this in the hope that I would use my influence to keep the Disarmament Conference going until Hitler can get in a position to negotiate an agreement and that nothing be done at the Conference in the meantime to arouse German resentment, while the people are in such an agitated state of mind.

5. I cannot, of course, vouch for the accuracy of the information which Schwartz gave me but I believe he was sincere.

DAVIS

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500.A15A4/2287

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

No. 328

PARIS, October 17, 1933.  
[Received October 25.]

SIR: I have the honor to give below an analysis of the situation created for France by the withdrawal of Germany from the League of Nations and the Disarmament Conference. The conclusions which

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<sup>91</sup> German Vice Chancellor.

<sup>92</sup> October 11.

I set forth are based on the opinions of persons of varied political complexion and on a wide range of the press.

It would appear that the future holds four possibilities of action:

1. reconciliation with Germany and a direct agreement reached outside the scope of either the Covenant of the League of Nations or the Disarmament Conference;
2. a mere waiting policy keeping up the present armaments while hoping that something would intervene before Germany could have reached sufficient military strength to take action;
3. a race in armaments in order to preserve the present superiority in matériel over Germany;
4. an immediate warlike demonstration toward Germany with the possible occupation of the Rhine provinces.

With respect to the first contingency, it would seem that no bilateral agreement which could be reached directly with Germany would be sufficient to give France that security, without which the French people would never feel safe either to disarm or to permit the armaments of Germany to increase.

As I have reported, (see my telegram No. 454, October 15, 3 P. M.), the use of the Four Power Pact to obtain such guarantees does not seem sufficient to the French Government, and they would be unwilling to commit themselves far on that basis.

With reference to the second possibility of merely playing a waiting game in hopes of some well-nigh miraculous intervention that would prevent ultimate conflict, such a course is not in accordance with French mentality which always stresses over-preparation and is absolutely opposed to taking any risk.

The third possibility has not perhaps been faced as yet, namely, the continuation of a race in armaments. The French are so much occupied in attempting to balance their budget, which did not envisage the necessity of a race against Germany or an increase in armaments, that they have been as yet unwilling to direct their thoughts to the additional costs it would mean for them to increase the speed and amount of their armaments expenditures. Yet, of all the possibilities, this is the one, given the attitude of the present government, that is most likely, as its disastrous effects would be felt in France more slowly and largely through adverse financial effects on the budget.

As regards the fourth possibility, the realistic viewpoint of the General Staff is in favor of an immediate military action in Germany, basing this proposal on the fact that France has at present as much a superiority over Germany as it is likely to have in the future, no matter what race in armaments is undertaken, for the reason that, although France may be able to keep its present superiority in matériel at expenditure of vast sums, it cannot keep even a proportionate super-

iority in personnel, since the classes subject to military service in France will, due to the falling off of the birthrate during the war, be so sensibly diminished—probably by 40%—from the years 1935–40, that it will be necessary either to lengthen military service or increase the permanent corps of the army. An action taken well-nigh immediately, which would crush the Hitler regime and hamper Germany's military development for a number of years to come would, in the eyes of the General Staff, serve as a preventative of a future and greater war and save France in the end the sums to be expended in a long armaments race and lives, whose proportion to the existing man power would be greater at any time in the future than at present.

All of these possibilities are very much in the background of French consciousness. All of them, except the first, would be extremely difficult for French economy, since they all involve increased military expenditure either for matériel or personnel, or both. Nor are the intelligent Frenchmen unaware that their action with respect to debts and other questions has alienated a considerable body of opinion in the United States, and at a time like the present, when they are casting about for possible support in case of need and certainly for credit, if increased war preparation becomes necessary, they have become increasingly aware of the fact that they would have great difficulty in obtaining aid, either financial or military, in the United States.

Respectfully yours,

THEODORE MARRINER

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500.A15A4/2299

*The Ambassador in Germany (Dodd) to the Secretary of State*

No. 215

BERLIN, October 17, 1933.

[Received October 28.]

SIR: I have the honor to report that the sudden announcement of the withdrawal of the German Government from the Disarmament Conference, on October 14, appears not to have been unpremeditated, and not to have been occasioned solely by the address of Sir John Simon before the Conference, on that day. Following a brief announcement of the Government's intention, carefully prepared manifestoes were issued by the German Government and by the Reich Chancellor, the latter being communicated to the press by the Minister for Propaganda.<sup>94</sup> In the evening the Chancellor elaborated his manifesto in a radio address to the German nation. The texts of the manifestoes, as they appeared in *Wolff's Telegraphisches Buero*, with their translations, are attached hereto,<sup>95</sup> as are also the text of the Chancellor's

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<sup>94</sup> Joseph Paul Goebbels.

<sup>95</sup> Not printed.



radio address,<sup>96</sup> as it appeared in *Wolff's*, and a translation thereof, which the Embassy received from the Press Section of the Foreign Office.

After repeating the familiar expressions that Germany had faithfully carried out the terms of the Treaty of Versailles "with downright fanatical fidelity", that Germany was not responsible for the World War, and that the National Socialist movement had saved Germany, and Europe as well, from Bolshevism, the Fuehrer capped a denial of the stories of atrocities during the Nazi "revolution", by asserting that "in no country in the world are law and order better maintained than in present-day Germany". He then denounced the propaganda activities of German political refugees, and deplored the attitude of certain foreign elements towards the Reichstag incendiary trial. In this connection, he pointedly contrasted what world opinion would be if Germany were to hold "an investigation comedy" in connection with a similar case in England.

Thus far in his address, the Chancellor's expressions give rise to the suspicion that the sudden action of the Government in withdrawing from the Conference was motivated somewhat from internal considerations.

After paying a designed tribute to the expressions contained in Daladier's disarmament speech at Vichy, on October 8, 1933 (see despatch No. 197 of October 11, 1933<sup>96</sup>), the Chancellor made a bid for French *rapprochement*, and stated that Germany was prepared to "banish the idea of force from their (France's and Germany's) mutual relationships". He said further that "in future there will be for Germany no more territorial conflicts between the two countries. After a return of the Saar Basin to the Reich it would be insanity to think of a war between the two countries." The Nazi detachments, he maintained, were not intended "to demonstrate against France", but were "necessary in order to keep Communism in subjection", and this providing of the "national community with visible expression and effective protection" could not be regarded as a menace in the face of the rest of the world, armed to the teeth.

The foregoing would appear to indicate that Herr Hitler considers direct negotiations with France to offer more possibilities of success than continued negotiations at Geneva. After the return of the Saar Basin to Germany—which the Chancellor coolly treats as no longer even open to question—the latter is prepared to turn a peaceful countenance to the West. Nothing is said of Germany's Eastern policy (on which, however, Goebbels made some illuminating remarks, repro-

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<sup>96</sup> Not printed.

duced below) which to Germany is as burning an issue as the equality question, and which again would bring France into conflict, and no declaration of pure intentions was forthcoming. Perhaps the organized legions of "unarmed" Nazis are not a threat to peace, but anyone who has seen the thousands on the march, on any Sunday, in any part of Germany, doubts the correctness of the qualification "unarmed"; and considering that the training of an army begins with the "School of the Recruit", the supplying with arms of the regiments already in being is but the last relatively small step in the formation of a finished army.

As regards re-armament, the Chancellor said: "If the world sanctions certain weapons for all nations, then, on principle, we are not prepared to allow ourselves to be excluded from this as an inferior nation . . . Germany does not demand any offensive weapons, but only those defensive weapons which are not forbidden even in future but are sanctioned for all nations. And in this case, too, Germany is ready from the start to be satisfied quantitatively with a minimum . . ." <sup>97</sup>

These statements appear to indicate that Germany does propose to rearm.

In the course of his remarks to foreign press representatives, on October 16, Foreign Minister von Neurath amplified and clarified some of the statements contained in the Chancellor's radio address. A summary translation of these remarks is enclosed herewith. The Minister stated that the delegates at Geneva were not surprised by the German action, as the Germans had pointed out the consequences they would have to draw if German equality were not recognized, and that Sir John Simon's speech had been disappointing to the Germans, inasmuch as they had been led to hope that this speech would be conciliatory.

Regarding German armament, he maintained that Germany would accept any prohibition of weapons, as long as the prohibition was general, but she claimed the same number of restricted weapons as did the other Powers, and unlimited quantities of all weapons not prohibited or restricted. In this statement, the Foreign Minister far exceeded the expressions of the Chancellor.

In an address at Honnef a/Rhein, on October 16, on the occasion of the unveiling of a memorial to the German participants in the fight against the Separatist Movement, Reichsminister Goebbels declared: "The sole reason for Germany's quitting the arms conference and the League was that she is no longer willing to be treated as a second-class nation. This is not a demonstration against peace, but for peace." Germany, he continued, wanted no war, but she wanted a peace of honor; she wished to humiliate nobody, but she also did not wish to

<sup>97</sup> Omissions indicated in the original despatch.

be humiliated. She was prepared to draw a line under the past, but she wished others also to be prepared to do so. In conclusion, he said: "If we are denied honor and equality, we will not let ourselves again be seen at the conference table."

In an interview granted the Berlin correspondent of the London *Daily Mail*, Dr. Goebbels, according to *Wolff's Telegraphisches Bureau* of October 17, remarked, in reply to a question as to whether Germany was now commencing to re-arm, that this was not the case as Germany adhered to her treaty obligations. She demanded, however, that the other signatories of the treaty fulfill their obligations in a like manner. Asked concerning the contradiction between Hitler's recent remarks on relations with France and anti-French passages in the Führer's book "My Struggle", the Minister for Propaganda said that the offer of friendship which Hitler now made to France was indicative of the fact that the Nazi Party was capable of evolution. Germany's attitude towards France had changed for quite some time, and if Germany got the Saar District back she would have no further territorial differences with France. As regarded Poland, Goebbels stated that Germany assuredly could not regard the Polish Corridor<sup>88</sup> as a permanent institution, but she was of the opinion that there was no problem in Central Europe which would justify or make necessary a new war. Germany desired the return of the Corridor, but was convinced that this was a matter for negotiation. This might appear impossible at present, but many an apparent impossibility had been realized in Europe in the last few years. The rise of the Nazi Party to power, he concluded, had been one of them.

As was to be expected, German press comment concerning Germany's withdrawal from the Disarmament Conference was uniform. In general, Germany was depicted as a much-abused nation which had met only with rebuffs in her effort to assert her just rights at Geneva. Because of the definite postponement of disarmament and the one-sided treatment of Germany, there was no longer any other way out than to quit the Conference, especially since, according to the *Berliner Boersen Courier* of October 14, "in place of right, force and power moved against defenselessness." It was contended that, had Germany given way, after having categorically stated her standpoint she would have been in danger of not having been taken seriously by the world.

Sir John Simon's speech was regarded as having precipitated the German exit. England's policy was always against the strongest nation on the Continent, wrote the *Berliner Tageblatt* on October 15. In 1914, this was Germany, and England would hinder Germany's return to this status, in every way.

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<sup>88</sup> For correspondence concerning the Polish Corridor, see pp. 448 ff.

By the press in general Hitler was regarded as a master strategist who had dissipated the thick clouds of inimical diplomacy which had hung over Germany. With one blow he had shattered the foundations of international diplomacy. Also, by the withdrawal of Germany, the League had suffered the worst blow that it had ever sustained. It could now become the real ruler of small nations and take the former place of Metternich as the policeman of Europe. With Germany removed as the fictitious center of negotiations, the armed Powers now would be opposed to each other. However, Germany could not be blamed for this state of things. She desired peace most ardently, and the Führer's radio address had been an appeal to the world to heal its wounds, and not invite new ones.

Great stress was placed on the seriousness of the situation for Germany. She would be maligned and threatened on all sides, every means would be availed of in an attempt to humble her, and a struggle without precedent would begin about her. However, every German could feel an inner satisfaction at the fact that he was being led in the path of courage and honor, and it behooved him to stand steadfastly behind the Führer. In the last analysis, however, the statesmen of Europe would have to see that Germany's distress was also their distress, and that the disruption of Germany meant the disruption of all Europe as well. Germany was united as she had never been before. She was willing to enter into any disarmament negotiations which were premised on her equality and honor, but she had said her say, and it now behooved the other Powers to indicate a future course of procedure.

It is the evident desire of the German press to represent to its readers the German position as being strong. With such headlines as: "America Stays Out of Purely European Questions", and "American Policy of Complete Exclusion from European Politics", the impression is created that America is disinterested in the new development and that no pressure is to be apprehended from the United States. Similarly, reports of the allegedly "quiet reception" in Paris of the German move are intended to serve the same purpose.

In leaving the Disarmament Conference because it considered its claims to equality to have been evaded, and because it saw no disarmament convention acceptable for signature by it as a possibility of the near future, the Hitler Government has taken a step which appears to meet the approval of the German people. Not only is the revision of the Treaty of Versailles a tenet of the Nazi Party, but it has been the objective of successive German Governments since the signature of the Treaty.

A certain amount of dissatisfaction undoubtedly exists in the ranks of his party, the Reichstag fire trial has become a farce, and the long-vaunted reduction of unemployment and the improvement in economic

conditions have so far failed of great practical realization. It may thus be assumed that domestic political considerations made Hitler feel that a diversion was desirable at this juncture. Withdrawing from the Disarmament Conference offered a major step in German policy which might be regarded as involving the least menace of immediate danger. At the same time, arousing as it does the sense of honor and the nationalistic sentiment of the people, making possible an appeal by the Government to the people to rally to the support of the Fatherland and the institution of a plebiscite to which no patriot would respond in a negative sense, this step provides an excellent opportunity for the Government to consolidate its domestic position.

Also, the Chancellor may believe that, having achieved no success through multilateral negotiations at Geneva, he has the possibility of accomplishing more by direct negotiations. Perhaps considering that the Powers opposed to Germany at Geneva are not united, Hitler's conciliatory remarks concerning France may be taken to indicate that he proposes to begin along this line, at the expense of England, whose attitude is professedly regarded here as having been the direct cause of Germany's leaving the Conference.

As a practical matter, however, it is difficult to see just how such *rapprochement* with France is to be effected.

Please read this despatch in connection with despatch No. 211 of October 17<sup>99</sup> and 218 of October 18,<sup>1</sup> going forward in this same pouch.

Respectfully yours,

WILLIAM E. DODD

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500.C001/833 : Telegram

*The Ambassador in Poland (Cudahy) to the Secretary of State*

WARSAW, October 18, 1933—noon.

[Received 12:55 p. m.]

57. Department's circular telegram October 14, 10 a. m. Attitude of Polish Government undisturbed awaiting expected developments prior to German election. No action by Poland indicated. The press indicates no great emotion, enjoins restraint awaiting events following Germany's decision. Count Szembek, Acting Minister of Foreign Affairs, informed me that he had conferred with Pilsudski<sup>2</sup> and Prime Minister<sup>3</sup> and that no action is contemplated pending developments. Foreign Minister expected from Geneva 20th, after interviewing him will report to the Department.

CUDAHY

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<sup>99</sup> Not printed.

<sup>1</sup> *Post*, p. 287.

<sup>2</sup> Minister of Military Affairs.

<sup>3</sup> Col. Alexander Prystor.

500.C001/835 : Telegram

*The Chargé in Czechoslovakia (Benton) to the Secretary of State*

PRAGUE, October 18, 1933—4 p. m.

[Received 6:35 p. m.]

43. Reference Department's circular telegram October 14th. A secret session of the Council of Ministers was held on Monday to examine the situation created by Germany's withdrawal from the League of Nations and Disarmament Conference. From reliable sources I learn that this country's attitude toward those events and their implications, based largely on telephone conversations with Dr. Beneš at Geneva, is substantially as follows:

1. It is not believed that a European conflict is imminent in spite of the serious situation created by Germany's action which as a matter of fact has caused Czechoslovakia little surprise since she had always been skeptical of Hitler's repeated assurances of his peaceful intentions and has felt that sooner or later he would spring some sort of a "surprise".

2. The situation thus created, while it does have the advantage of clarifying the international horizon, is considered serious, but is viewed with equanimity and it is felt that Czechoslovakia's position is not jeopardized and is in fact probably strengthened from the political and psychological point of view since the former allies without relying too much on Italy have now seemingly formed a united front against Germany. Nevertheless, the circumstances would seem to require that Czechoslovakia's military forces be kept up to standard; and with this in view the national defense budget for 1934, now under preparation, will probably be considerably above that of 1933, instead of below, as had been planned.

3. Some sort of disarmament convention will probably be concluded before long even without Germany, and Czechoslovakia will exert every effort to that end. Considering that the Versailles Treaty is still in effect it is felt that the former allies should not lose their heads but wait and see whether Germany really intends openly to disregard existing restrictions on armament before definitely determining their line of action.

Dr. Beneš is expected back tomorrow. I will keep the Department advised of any changes in the situation.

BENTON

500.A15A4/2301

*The Ambassador in Germany (Dodd) to the Secretary of State*

No. 218

BERLIN, October 18, 1933.

[Received October 28.]

SIR: I have the honor to refer to my despatch No. 211 of October 17, 1933,<sup>4</sup> reporting evidences of renewed dissension within the Nazi Party,

<sup>4</sup> Not printed.

and suggesting that this might have been a contributory element in the German decision to leave Geneva last Saturday, and to set forth herewith what at present writing seems to have been the main determining consideration in that respect.

A great deal has been loosely spoken and written here to the effect that Sir John Simon's speech before the Bureau of the Conference on the morning of Saturday, October 14, was the immediate occasion for the German decision to quit the Conference and the League. This, however, does not seem reasonable for there was scarcely time physically for the speech to be digested here before the decision was announced, the Government's proclamation issued, and Hitler's speech delivered.

What seems more plausible is the view that Sir John Simon on Thursday, October 12, told Nadolny in private conversation<sup>5</sup> (1) that the British Government was in agreement that there should be a four-year period of control before the reaching of any accord as to actual disarmament on the part of the so-called highly-armed states or as to the amount thereof; and (2) that the equality of rights, accorded in principle in December 1932, could not be applied in the same measure to present-day Germany under a régime so different from that of last year.

Nadolny, as the Department is aware (see my telegram No. 165 of October 13,<sup>6</sup> last paragraph) flew to Berlin early Friday morning and the Cabinet, or fractions thereof, was in constant session for some twelve hours. These statements of Sir John Simon to Nadolny would appear to have determined the German Government to decide to break with Geneva but to withhold the promulgation of this decision until the next day on the remote chance that Sir John Simon in his public speech before the Bureau on Saturday morning would recede from the position he had outlined to Nadolny.

Doubtless the American Delegation to the Disarmament Conference will have been able to give the Department a fuller report of the developments leading up to the abrupt German action, but I give the foregoing as a reasonable analysis of the situation which has current credence here.

I may add that this version is largely corroborated by von Neurath's speech to the foreign press on the evening of Monday, October 16.

Since dictating the foregoing, news has reached here—in a fuller and more accurate manner than through the German press—of Sir John Simon's radio speech in London on Tuesday night, October 17. In this he refuted the statement made by von Neurath in his speech

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<sup>5</sup> See telegram No. 738, October 13, 1 p. m., from the Chairman of the American delegation, p. 255.

<sup>6</sup> Not printed.

made the day before that Simon had incorrectly represented the German position regarding disarmament and that Germany had not made fresh demands at the last minute, and stated that he (Sir John Simon) was able and ready to cite chapter and verse to prove that the Germans had made such last minute demands.

However the exact truth may lie between these two sharply conflicting assertions, the sequence of events as set forth above might still prove to be the correct one, inasmuch as whatever Sir John Simon said to Nadolny on Thursday, October 12, must have covered the existence or non-existence of these new German demands.

Please read this despatch in conjunction with my despatches Nos. 211<sup>7</sup> and 215, of October 17, going forward in this same pouch.

Respectfully yours,

WILLIAM E. DODD

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500.A15A4/2253 : Telegram

*The Chairman of the American Delegation (Davis) to the Secretary of State*

GENEVA, October 19, 1933—8 p. m.  
[Received October 19—7:47 p. m.]

758. 1. The impression seems to be solidifying that it is essential to keep the Conference going in some form or other. A continuance of the Conference and the solidarity of effort to find a solution of the disarmament question will act as a deterrent to more drastic action and will give time for realization of the grave consequences of failure to get an agreement. While it is agreed, as you indicated, that an attempt to reopen negotiations with Germany before the elections<sup>8</sup> would be premature, it is felt that a structure should exist into which Germany may return if she should desire to resume her participation in the disarmament work. Furthermore, even though Germany has gone out of the Conference Austria, Hungary, and Bulgaria remain and deserve consideration. While Germany's action has made the task more difficult it brings the situation more to a head and will force those powers which had never been completely converted to the wisdom of a genuine program for disarmament to decide upon such a program or face the alternative.

2. A number of people still feel that the Conference should carry on as before and elaborate a detailed convention. Another course has been suggested to the effect that at its next meeting on October 26 the General Commission should set up a committee or instruct the Bureau to bring British draft up to date in the light of the negotiations which

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<sup>7</sup> Not printed.

<sup>8</sup> November 12.



have been carried on and of the report to the Bureau; that the Bureau itself should be called together at some date in the latter part of November to receive a report from this committee and then decide when to fix a date for the next meeting of the General Commission. This plan would have the advantage of avoiding public sessions in which declarations would probably be made which would still further embitter the situation and at the same time offers a basis which is more adaptable perhaps for negotiations than would be the adoption of the Simon report<sup>9</sup> as a basis. Such a committee would be acting strictly within the Disarmament Conference. It is not anticipated that the work of such a committee could in itself bring Germany back but perhaps it might work out something which would be more palatable to Germany than Germany now believes would be offered her in the present state of mind of France and England. It also carries on the continuity of the Conference.

3. In thinking back over the past few weeks we are convinced that there was more promise of agreement than there had ever been in any stage of the Conference before and that this promise was not fulfilled because public opinion was so fixed that it was extremely difficult really to negotiate. The passage of time and the growing realization of the gravity of the situation may enable us to approach this matter from a more technical side and perhaps to frame a document which, while it does not surrender in essentials, would place the things which are distasteful for Germany on a basis of technical practicalities. We might thus make a by-pass around the difficulties of principles while realizing the principles through the technical application of disarmament.

4. The key of the position would seem to lie in Great Britain because France will be conciliatory or firm depending on the policy of England. As you know, there is in the British Cabinet a decided difference of opinion. A group led by Baldwin is convinced that with the present German Government it is unwise to make concessions and that Great Britain must stand shoulder to shoulder with France and if necessary see to the rigid application of the Treaty of Versailles. They feel that in 1914 they did not act fast enough and that the mistake must not be repeated. MacDonald, on the other hand, is more inclined to negotiate with Germany and believes that the working out of an agreement with Germany would in itself diminish the strained relations between that country and France and England. Simon, who arrived in Geneva a firm believer in Baldwin's policies, seemed to me to change his ideas quite radically during his stay here, and now approaches MacDonald's ideas. The British Cabinet must naturally

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<sup>9</sup> See telegram No. 742, October 14, 1 p. m., from the Chairman of the American delegation, p. 260.

decide what course they are to follow but, in the event that increasing uneasiness of the present situation causes MacDonald's views to prevail, it is possible that they may shortly be ready to take positive steps to bring about a resumption of the work.

5. I have been considering whether, if this evolution takes place in British public opinion and Cabinet, it might not be possible for the British and ourselves to work out alterations of the draft project in such a way that we could lay it before both France and Germany. Simon suggested we might consider that eventuality. I realize it could not, of course, be done in the form of a general agreement submitted to Germany but might be done as a sort of mediation between the two. I realize clearly the difficulty of urging France to change its attitude in the obscurity of the present European situation, but the situation might arise in which the French Government would turn with relief to a document which left their overwhelming military superiority intact and yet at the same time surrendered those points which Germany has considered humiliating to it.

6. Effort toward realization of such a project is premature since there must be a considerable change in public opinion in both England and France before the effort could be fruitful. But the apprehensive and sober state of mind of their representatives here is an indication that they may eventually feel constrained to make a further effort to negotiate an agreement with Germany.

DAVIS

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500.A15A4/2258 : Telegram

*The Ambassador in Germany (Dodd) to the Secretary of State*

BERLIN, October 20, 1933—5 p. m.  
[Received October 20—3:20 p. m.]

175. Department's 131, October 17, 7 p. m. For at least the last month there have been cumulative signs of increasing dissension in the upper strata of the Nazi Party over and above the ever present problem of keeping the turbulent rank and file in order. While I do not suggest that this was the primary cause of Germany leaving Geneva, I think that it may well have been a strong contributory cause to the decision of last Friday which, however, long beforehand the German leaders may have been preparing. This step seems finally to have been reached in a distinctly impetuous frame of mind. There are now signs that the Germans appear almost disappointed that their abrupt and challenging action has not aroused more direct repercussion abroad.

This is perhaps especially evident in the case of France: Daladier's cautious speech during the budget debate in the Chamber has left

the Germans somewhat discomfited and they are, I believe, hoping that he may dignify Hitler's advances by a more extended discussion of them in the forthcoming Chamber debate on foreign affairs.

Altogether then I think that Germany realizes that that part of her maneuver which she hoped would operate to create discussion among the other principal powers engaged in the Geneva negotiations has fallen rather flat.

Incidentally the role of Italy is somewhat obscure to me from here though I should report that the Italian Ambassador professes to have been entirely surprised by the German action.

Altogether, if I diagnose correctly the German psychology, this step was largely motivated by a subconscious desire on the part of the Germans to assert themselves in the sense of drawing more attention upon themselves nationally speaking; and as I indicated above there would appear to be some realization now that this has not worked out just as desired. I should be inclined to conclude further that as a result there will be a disposition to go slowly in the immediate future in spite of the flood of oratory for internal consumption and exploitation of the situation which will inevitably be loosed between now and the intrinsically artificial election and referendum of November 12th. This does not mean, however, that the German leaders are more ready than heretofore to admit the incompatibility between their speeches for foreign consumption and the definitely militaristic spirit sedulously inculcated within Germany by the present regime.

Finally I should record my belief that the mass of German opinion is with the Government.

Please see despatches 211<sup>11</sup> and 215 of October 17 and 218 of October 18 going forward in pouch by S. S. *Bremen*.

Code text mailed to London, Paris, Rome, Geneva.

DODD

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500.A15A4/2320

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

No. 558

TOKYO, October 20, 1933.

[Received November 4.]

SIR: The announcement of Germany's intention to withdraw from the Disarmament Conference and from the League of Nations caused as much surprise in Japan as it apparently did in other countries. Moreover it had a special significance for Japan in that it followed closely upon Japan's withdrawal from the League.<sup>12</sup> Japanese leaders and the press have found cause not only for rejoicing but also for

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<sup>11</sup> Not printed.

<sup>12</sup> March 27, 1933.

regrets in Germany's action and there is much speculation as to its effect upon Japan's future policy.

Criticizing the League has been a popular pastime in Japan for several months. Much has been written and spoken regarding the "failure" of that organization as evidenced by its lack of approval of Japan's Manchurian venture.<sup>13</sup> However, there has always existed the fear, on the part of the League's enemies in Japan, that it might continue to exist and to prosper in spite of Japan's absence from its deliberations. It is only natural that certain sections of the Japanese should now derive some satisfaction from the rift between Germany and Geneva. It seems to them that the organization which did much to give Japan a bad name among the nations of the world has itself now been humbled.

Many Japanese observers think that Japan has other and more real causes for rejoicing at Germany's withdrawal and the consequent apparent weakening of the League of Nations. They think of the help which that organization has extended and continues to extend to China and the encouragement which they consider that China derives from the League in its opposition to Japan. They believe that the collapse of the League will make it easier for Japan to have its own way with its continental neighbor. In recent months the Japanese have been much agitated over the appointment of Dr. Rajchmann and his committee<sup>14</sup> to aid China. They hope that Germany's action will hasten the downfall of the League and bring about the end of Dr. Rajchmann's work and other manifestations of European sympathy for China.

Some Japanese have expressed the opinion that Germany's action will force Soviet Russia to turn its face westward and to take its eyes away from Japan. This opinion has not been widely published as it does not accord with what the Japanese chauvinists would like the people to believe. In fact, it may be put to good use by the civilians in the Cabinet who are attacking the policies of the military elements. The Russians are continually represented by the Japanese military to be militant and aggressive in spite of the several occasions in which they have acceded to the Japanese viewpoint on disputed issues. Some members of the Japanese Cabinet have recently been making a serious attempt to restrict military expansion. Now, they have some grounds for minimizing fears of aggression by the Soviets.

On the other hand, if it does happen that Germany's withdrawal from the League causes the Soviets to concentrate more on their troubles with their western neighbors and to ignore Japan and "Man-

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<sup>13</sup> For correspondence relating to the Far Eastern crisis, see vol. III, pp. 1 ff.

<sup>14</sup> For further information concerning this Committee, see section entitled "Proposed International Collaboration for the Economic Reconstruction of China," vol. III, pp. 494 ff.

chukuo", the Japanese military will be able to push forward whatever plans they may have for development to the north. They will be in less danger of interference from the Soviets. Furthermore, the resulting uneasiness in Europe and the increasing tendency toward nationalism may be used by them as an argument for increasing their armaments. Consequently, Japan's relations with the Soviets and her military defense plans might be affected either way by Germany's separation from the League. It remains to be seen in which direction Japan will go.

On Monday, October 16, the day following Germany's withdrawal, Premier Saito was quoted by the press to have said that it would have far-reaching influence on the foreign relations and defense policies of Japan. The War Minister, General Araki, declared that the withdrawal of Germany emphasizes the League's loss of value but that Japan had her own problems and was not concerned with those of Europe. On the afternoon of October 16 there was a conference between the five Cabinet Ministers whose deliberations on Japan's future policy are attracting much attention now. The press stated that the Foreign Minister then explained to his colleagues the probable effect upon Japan of Germany's action. The next day there appeared in the newspapers a statement from the Foreign Office denying the "reports in the press" that Japan's policy would be in any way affected. This statement was taken to mean that the Government had not yet come to any decision on the matter.

Although the Japanese apologists derive some satisfaction from difficulties encountered by the League they have appeared worried over the possibility that the world would confuse Japan and Germany in defining their respective attitudes toward the League. The *Japan Times and Mail* says that Japan's withdrawal and that of Germany are similar in form but different in spirit and that Japan would feel "rather embarrassed if the world should lump the policies of the two nations together". The *Hochi* says that "the face-saving principle was not involved in the Japanese withdrawal, which was in pursuance of a peace policy. Japan held that the establishment of Manchukuo was necessary for maintenance of the peace of the Far East".

The Japanese Foreign Office described as "absurd" the rumors that Germany had a previous understanding with Japan with regard to withdrawal from the League. An unnamed official interviewed by a press correspondent said that, as the Hitler regime stands for pressure on different races, it is not probable that Japan and Germany will be concertedly active in international affairs at this moment. He did state later, however, that Germany's political and military standpoints against Great Britain, France, the United States, and the Soviet Union are very much the same as those of Japan against these powers.

Parenthetically, mention should be made here of a report published in the Tokyo *Nichi Nichi* of October 19 that the German Government has formally decided to treat the Japanese "on the same basis as other colored races". The despatch went on to mention a number of cases in which the Japanese in Berlin have recently been insulted. This would seem to be another instance of German tactlessness and the unnecessary wounding of the feelings of foreign peoples, of which so many examples occurred during the course of the World War. The Vice Minister for Foreign Affairs<sup>15</sup> has stated that this situation is causing the Japanese some concern.

The Japanese press unites in terming Germany's withdrawal the death knell of the League of Nations. The *Asahi* points out that after Japan's withdrawal the League had the appearance of a European organization but that with Germany's withdrawal it has ceased to be European both in name and substance. The *Asahi* evidences a tone of regret in saying that "Germany's withdrawal is a severe blow to efforts for international peace and conciliation". Its editorial goes on to state that war is, however, not inevitable because Germany cannot count on the support of Italy or any other Great Power in Europe.

The Japanese press has made extensive comments upon the European situation and the effects of Germany's action upon it. There follow below some of the statements made by the principal newspapers.

*Hochi*. "Germany's move means the decline of the League and a tendency on the part of the nations of the world to form blocs. The United States and the Soviets will be forced to support the League in order to check Germany. Germany and Hungary will form another bloc."

*Asahi*. "The refusal of the League to face facts cost the membership of Japan and has now cost that of Germany."

*Jiji*. "Germany's withdrawal has brought the Disarmament Conference to its inevitable crisis. It was the natural outcome of the attitude of the victorious powers. . . .<sup>16</sup> The Disarmament Conference aims only at securing the position of the Powers which already have large armaments. . . . Uncertainty in Europe depends on Franco-German relations. . . . Because the League showed no skill in handling the situation Germany was forced to quit, dealing a death blow to the peace organization of Europe."

*Nichi Nichi*. "Germany's withdrawal has shocked the world . . . the effects upon the world situation will be profound. . . . The questions are whether Germany will re-arm; if so, whether France will increase her armaments; and whether Britain and Italy will cooperate with France."

*Yomiuri*. "The real cause for Germany's decision was the Treaty of Versailles. The demand for arms equality was part of the plan

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<sup>15</sup> Mamoru Shigemitsu.

<sup>16</sup> Omissions indicated in the original despatch.

for abrogation of that treaty. It is doubtful whether concessions on arms to Germany would have helped much."

*Chugai.* "Hitler was drastic enough in reforming internal affairs but he failed to be very spectacular in foreign policy. At last, though, he has taken the bull by the horns.

Relations between France and Germany are bound to become worse. Great Britain will follow its traditional policy of trying to maintain the balance of power in Europe, and in this it is likely to cooperate with the United States. Because its influence, especially in the economic sphere, has declined, however, it is problematical whether Britain will be able to accomplish much.

Whether the United States likes it or not, its economic interests will force it to play a role in European politics. It may now recognize the Soviet Union earlier than expected."

Respectfully yours,

JOSEPH C. GREW

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500.A15A4/2270 : Telegram

*The Secretary of State to the Chairman of the American Delegation  
(Davis)*

WASHINGTON, October 21, 1933—2 p. m.

381. Nationwide editorial reaction to recent events in Geneva combines a wide resentment against the Hitler Government (as distinguished from the German people) together with a unanimous opinion that we must not allow ourselves to become involved in European political developments. Your statement of the 16th<sup>17</sup> has been praised by papers of all shades of opinion as striking the exact note which the American policy should follow.

Your suggestions contained in telegram No. 758<sup>17a</sup> are based largely on future contingencies which have not yet taken place; it is accordingly not possible to formulate specific replies. In general, however, we question the advisability of cooperating with any one Power in working out a new draft project unless specifically requested to do so by both France and Germany on their own initiative. From our point of view, the main thing is to avoid any speeches or decisions at the meeting of the General Commission on October 26 which might have unfortunate repercussions in Germany. I have never felt that there was the possibility of constructive progress before mid-November at the earliest and if the decision of the General Commission should be a further postponement until the German elections, we should not be averse.

HULL

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<sup>17</sup> See telegram No. 377, October 16, to the Chairman of the American delegation, p. 277.

<sup>17a</sup> October 19, 8 p. m., p. 289.

500.A15A4/2271 : Telegram

*The Chairman of the American Delegation (Davis) to the Secretary of State*

GENEVA, October 22, 1933—8 p. m.

[Received 8:12 p. m.]

759. Your telegram No. 381, October 21, 2 p. m.

1. I am glad that the statement of October 16 which gave public notice of the policy which we have persistently pursued has met with such general approval at home. I believe that the statement has also done good here. It has served to dispel any hope that we might be induced to join in enforcing the military provisions of the Treaty of Versailles for the reason that we enjoy the rights of that treaty under our bilateral treaty with Germany and this should increase the incentive to negotiate a treaty with Germany.

2. Concerning the matter of adjournment of the Conference I entirely agree that, (a), provocative speeches should be avoided and, (b), that there is no possibility of negotiating with Germany before the elections in that country. What I fear above all things is that adjournment of the Conference pure and simple until, say, November 25 would be but a prelude to a series of further adjournments in which the Conference would die a lingering death. It now seems to me vital that in some form or other the Conference should be carried on but without public meetings and the more I consider the matter the more I think that the safest and perhaps the most useful path to follow would be that sketched in paragraph 2, my telegram No. 758 beginning "another course has been suggested".

3. From the conversations which I have had over a period of time with the Italians I am inclined to think that their insistence on adjournment is with the lingering hope of acting under the Four Power Pact once the Disarmament Conference has failed. For a number of reasons I am convinced that they cannot deal successfully with disarmament under the Four Power Pact:

(1) The Pact is not ratified by Germany or France.

(2) The Pact involves action as permanent members of the Council of the League of Nations and Germany has withdrawn from the League of Nations.

(3) Any steps taken on disarmament under the pact would be by that very fact unpalatable to Czechoslovakia, Poland and other states of Central Europe and,

(4) France is definitely determined that the disarmament work shall be carried on within the Conference itself which was set up by the League of Nations. They cannot consider disarmament in any of its phases outside of the structure of the League.

4. All things considered it seems to me wiser not to adopt in advance a rigid attitude but to try to work out with the other delegates when



they arrive some interim procedure for carrying on the Conference work in such a manner that will not be provocative to Germany and which will carry over until after the German elections.

5. The French definitely want to continue the Conference. One of the most insistent reproaches which the Germans have made is that the heavily armed powers and France in particular have never stated clearly, definitely and publicly, what they are willing to do in the way of disarmament nor have the French stated publicly that the treaty should eventually accord qualitative equality to Germany. These reproaches leave France somewhat on the defensive and there are indications that they are feeling now that they must publicly write down what they are willing to do conditional on Germany's adherence to the treaty.

DAVIS

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500.A15A4/2281 : Telegram

*The Secretary of State to the Chairman of the American Delegation (Davis)*

WASHINGTON, October 24, 1933—3 p. m.

383. I assume that with the fall of the French Government<sup>18</sup> any new developments in disarmament will automatically be delayed.

Frankly I feel that the course of action you have suggested in your 759, October 22, 8 p. m., of setting up a committee to bring the British draft up to date in the light of recent negotiations has certain dangers. It might well be construed in Germany as part of an effort to prepare a treaty to be presented on a "take it or leave it" basis, and if thus construed would not facilitate matters at this juncture. In any event I continue to feel that it would be inadvisable to sponsor such a course of action and that our wisest policy would be to maintain a passive attitude in line with the second part of your statement of October 16 until the situation in Europe has clarified itself further.

HULL

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500.A15A4 Steering Committee/349 : Telegram

*The Chairman of the American Delegation (Davis) to the Secretary of State*

GENEVA, October 25, 1933—6 p. m.

[Received October 25—2:45 p. m.]

761. 1. Acting upon Henderson's suggestion the Bureau this afternoon decided to make the following recommendations to the General Commission:

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<sup>18</sup> October 24, Edouard Daladier (First Ministry); succeeded on October 27 by the First Ministry of Albert Sarraut.

(1) To entrust the Bureau to carry on the work of the Conference so as to enable the draft convention revised and brought up to date to be put before the General Commission in second reading at its next meeting.

(2) To adjourn the General Commission until December 4th, the President and the Bureau being authorized at that time further to postpone the meeting if it was then considered sufficient progress had not been made.

2. Henderson made it clear that the Bureau should accept the responsibility for negotiating the points of difficulty still outstanding and should decide how these negotiations were to be carried on.

3. The suggestion for continuing the work of the Conference was supported by France and England and accepted without much discussion save as regards certain hesitations on the part of Holland and Switzerland concerning the future date for the meeting of the General Commission.

4. After the meeting of the General Commission tomorrow the Bureau will again be convened to decide upon the future procedure and what form the negotiations in preparation for the second reading should take. In proposing this Massigli stated that the French Government felt these negotiations should take place in Geneva. He also said that the changes in the French Government do not alter France's desire that the Conference should continue since, on October 16, the Chamber of Deputies had by a three-fourths majority voted that the work of the Conference should proceed.

5. I took no part in the discussions this afternoon.

DAVIS

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500.A15A4/2292 : Telegram

*The Secretary of State to the Chairman of the American Delegation  
(Davis)*

WASHINGTON, October 28, 1933—2 p. m.

384. Your recent telegrams satisfy me that you are right in that in the present political crisis we must exercise especial care not to put pressure on the principal European Powers to reduce their armaments against their better judgment lest it be charged that we were assuming a moral commitment toward them. The recent speech of Sato<sup>19</sup> is significant and should put us on our guard against finding ourselves in a position where we might have to block a disarmament agreement which would result in European appeasement by making our ratification dependent upon Japanese adherence. For these reasons we con-

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<sup>19</sup> Delivered October 26 in a meeting of the Bureau; for summary, see *Records of the Conference*, Series C, *Minutes of the Bureau*, vol. II, p. 191.

tinue to feel that we should observe a distinctly passive role for some time to come.

In the circumstances, do you not think that an exchange of views with the President and the Department would be helpful. Your return to this country for a few weeks would also emphasize to public opinion abroad the fact that we are leaving to Europe the responsibility of continuing the European disarmament movement without American pressure. Wilson could, of course, continue to represent us at the Bureau meetings. If you agree we should of course wish that any initiative toward your return should come from you as well as recommendations regarding date of sailing.

HULL

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500.A15A4/2291 : Telegram

*The Chairman of the American Delegation (Davis) to the Secretary of State*

GENEVA, October 28, 1933—3 p. m.

[Received October 28—3 p. m.]

768. For the President and the Secretary. While there has been an overwhelming opinion that the Conference should continue, there is not yet a unity of opinion as to what the Conference should attempt to do. Some, including France, would like to write a convention modifying the British draft to conform to the French thesis of two periods of 4 years each and agree to accept this conditional upon Germany's adherence. Others, including Italy and now perhaps the British Government, are opposed to committing themselves definitely to something which they know Germany will not accept without modification. There is apparently a growing feeling, particularly on the part of the British, that an agreement is possible in spite of the difficulties that have arisen but that it would be a mistake to push too fast or to adopt a dried and cut program until they can see their way more clearly.

I invite attention to the fact that Henderson has repeatedly emphasized that the work must follow the lines of the British draft. He has adopted this course because the British draft has been accepted as the basis of the convention by all parties including Germany. Therefore, there should be nothing provocative to Germany in following this path. Furthermore, if something is eventually worked out and we start again negotiating with Germany, a certain limit of sacrifices to be demanded of the armed powers has already been established by the fact that Germany could again accept the British draft as the basis for a treaty. Henderson, furthermore, thinks it would be a mistake

now to attempt to prepare a compromise plan with a view of meeting Germany's wishes because this would be construed by Germany as weakness and cause her to increase her demands. This, of course, does not exclude the necessity for keeping the German position in mind in all the moves made to advance the work. It is felt that as long as the Conference is at work seeking a solution in a way that is not provocative to Germany it will lessen the risk of Germany repudiating the Treaty of Versailles with its attendant consequences.

While certain elements in France and in the French Government may still harbor the hope of preparing with the approval of the British, Italians and also the United States, in spite of our clearly expressed attitude, something to present to Germany as a take it or leave it proposition which would involve the probability of coercive measures in case of Germany's rejection, I am told that French public opinion is apparently turning more against any military adventure. Time alone can determine which of the two conflicting trends will prevail.

While we can probably tell better after the next meeting of the Bureau the probabilities are that for several weeks to come such work as the Bureau will do will be similar to that done by the Bureau last autumn in which case my own presence would be unnecessary and perhaps from a strategic point of view inadvisable. Thus, if the major decisions have been taken, and I should reach the conclusion that this type of work will continue for some time, I shall consult you as to the advisability of returning home for consultation.

DAVIS

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500.C001/872

*The Consul General at Berlin (Messersmith) to the Secretary of State*

[Extract] <sup>21</sup>

No. 1714

BERLIN, November 3, 1933.

[Received November 20.]

SIR: I have the honor to transmit the following comment on the action of the German Government in withdrawing from the League of Nations and from the Disarmament Conference, and on the elections to be held on November 12, 1933, in consequence of this action.

While the action of the German Government came as a surprise to the League and to the Disarmament Conference, it is I believe interesting and significant to note that it came as a surprise as well to the German people and even to most of those in the immediate entourage

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<sup>21</sup> The omitted portion of the despatch referred to the forthcoming elections of November 12.

of the Chancellor, Mr. Hitler. The proceedings at the Disarmament Conference were watched with the greatest interest by a considerable part of the thinking people in Germany, as the recognition of so-called equality is undoubtedly something in which all thinking Germans are interested. This issue has been pushed into the foreground by the present Government as it knew that it would find a responsive echo in practically every German. The agitation which has been continuously carried on for months to stimulate interest in so-called air protection in Germany, and the very general feeling which has been aroused even among intelligent people that the country is being threatened by air attacks from every side and is defenseless against it, and the emphasis by the Government on the fact that France and certain other countries have not only increased their armaments but are planning to further increase them, have aroused a feeling of resentment and injustice, and one may say I believe with correctness that in this one question the German people are a unit, irrespective of what their attitude towards the present Government and the National-Socialist party may be. From my conversations I am of the opinion that the German people as a whole do not desire war and that, if the activities of the present Government have for their basis the desire to stimulate an offensive, war-like attitude of the German people, they have so far failed. On the other hand, if the Government has been deliberately planning its propaganda within the country in order to prepare the people for such action as the withdrawal from the League and the Disarmament Conference, it has been eminently successful. It was obvious, however, from the conversations which I have had during the past few months that the thinking people had great hopes that some form of recognition of equality would be arrived at with authorization to make some slight increases in the military equipment of the country.

What the leaders of the National-Socialist party and of the Government have actually had in mind, I am not in a position to say, but there is much reason to believe that among the inner groups of the party the question of withdrawal from the Disarmament Conference has been a live issue and in their minds as the most effective means of either forcing action in their favor by other countries, or of relieving Germany of any obligation which they may have, so as to enable the party and the Government to go ahead with the rearmament of Germany. That there has been such pressure towards rearmament cannot be doubted, but it has come from a very small group within the party and there is much reason to believe that certain of the industrialists of the country have been urging such action in order to stimulate the groups of industry which they control.

From the information which is available, however, to me I do not believe it is likely that the German delegation went to Geneva

with the object of withdrawing from the Disarmament Conference and the League. When the final impasse was reached at Geneva and the German delegation realized that it could not carry away from Geneva the satisfactory results which they hoped to get, the situation was still perhaps not entirely lost, but I am informed that it was the conversation which Sir John Simon had with Dr. Goebbels the afternoon of the departure of the latter, which really precipitated the crisis. In this conversation Sir John Simon is said to have informed Dr. Goebbels that under no circumstances could the British Government support any increase in armaments of Germany until it could feel satisfied that it could place greater confidence in the promises of the present German Government. It is said that Sir John made it clear to Dr. Goebbels that up to now the British Government could not approve of the acts of the Hitler regime and could not depend upon its assurances with respect to its will for peace, but that the British Government would have to await more favorable developments in the German situation. It seems that the conversation was very frank and direct and unequivocal on the part of Sir John, and that Dr. Goebbels himself said very little, but that he left the conversation furious with anger and resentment. He immediately determined to go to Berlin by plane although he distrusts air travel and avoids it whenever possible. I happened to have been on the Tempelhof field in Berlin awaiting the arrival of Senator McAdoo in the plane from Russia, and a few minutes before the arrival of his plane that of Dr. Goebbels arrived from Geneva. The usual crowd was gathered to meet him, but I was informed the next day by one of my National-Socialist friends who was there to meet him, that Dr. Goebbels was evidently in a very bad frame of mind and hardly paid any attention to his friends who were there to meet him, but immediately hurried to a conference with the Chancellor. I am informed by responsible persons that the decision to leave the League and the Disarmament Conference was arrived at already that evening in the conference between the Chancellor and Dr. Goebbels.

I believe that in order to appreciate the rapidity with which this decision was reached, one must not fail to consider the extraordinary mentality, fanaticism and precipitateness of both the Chancellor and Dr. Goebbels. Dr. Goebbels is more in accord with the Chancellor on the Jewish and certain other primary questions of the National-Socialist movement than any other of the primary leaders of the party. They are both exceedingly prejudiced and are capable of deep-seated animosities. Both of them are exceedingly narrow-minded and ignorant of real conditions in the rest of the world and of the mentalities of other peoples than the German. They are both inclined to be passionate and fanatic. It is unquestionable that Dr. Goebbels suffered keenly as a result of the conversation with Sir John

Simon. Anyone who knows him realizes that it would be intolerable to him that a Jew should speak to him as Sir John is said to have done and should transmit to him the attitude of Great Britain. He would feel that the attitude on German equality was being determined by a Jew supported by what he chooses to call a world-wide movement of the Jews against Germany. As this question is also one on which the Chancellor feels exactly the same and has the same fundamental resentments and prejudices, it is understandable that Dr. Goebbels would find a willing ear. (While I am not personally aware whether Sir John is a Jew or not, he has been constantly referred to as such by the controlled press in Germany, and on the basis of conversations which I have had with people in the Government and in the party, I take it that he is obviously considered by them as such.) I am not able to vouch for the entire correctness of the statement, but as I have already said I am reliably informed that the decision to leave the League was formed the same evening of the arrival of Dr. Goebbels from Geneva. The actual conversations with Mr. von Neurath, the Foreign Minister, did not take place until the following day.

As an interesting sidelight on this decision I may mention that I have been informed by a most reliable source that when the Italian Ambassador here called on the Chancellor to convey a message on behalf of Mussolini, the interview was on the part of the Chancellor a stormy and extraordinary one. It seems that the precipitate departure of Dr. Goebbels from Geneva disturbed the Italian delegation which knew what advice Dr. Goebbels was going to give to the Chancellor. Immediately, the Italian Ambassador in Berlin was instructed by Mussolini to call on Hitler and to state that the German action in leaving the League and the Disarmament Conference would be looked upon with the greatest regret and concern by the Italian Government. It seems that Hitler immediately became furious and reproached the Italian Ambassador that Mussolini was deserting him, that he was jealous because fascism had never had world influence and that National-Socialism was the real fascism which was having an influence throughout the world. He is said to have alternately wept and shouted during the interview, and the Italian Ambassador when he left the room is said to have declared to the people in the anteroom: "Children, I don't know whether you know it, but your chief is unbalanced." I do not have this story directly from the Italian Ambassador, but I have it from a practically first hand and unimpeachable source. I have only recited it to indicate that there is much reason to believe that the decision to leave the League and the Disarmament Conference was made on the basis of prejudices and in the heat of anger and resentment.

In this connection it is further interesting to note that several days after the decision had been announced, one of my friends who is important in the party councils asked me what my reaction was over Germany's action. I told him that an official reaction I could not give him because I did not know the attitude of my Government and had no authority to speak for it and that my personal reaction was not worth anything. He insisted on having my personal reaction; so I told him that in my opinion it was very unwise for them to leave the League and that the action in leaving the Disarmament Conference was taken much too hurriedly and precipitately, and apparently at a time when those who made it were not in a position to reflect. To this my friend replied: "But the Chancellor had every reason to be angry and upset." To this I replied that it was all none of my concern, but that I would view it a grave danger to my own country if decisions of such great moment were made by our chief of state in the heat of passion, and that it did not seem desirable that decisions affecting so seriously the future of sixty-five millions of people should be made so quickly. To this my friend could reply in no other way than by saying that Hitler had had a right to be angry. To those in the entourage of the Chancellor anything which he does is right.

The declaration of the withdrawal, however it may have been arrived at, was met with popular approval. If Dr. Goebbels persuaded the Chancellor to take this action without due consideration, he has certainly also assisted him in putting the action before the German people in a way so as to arouse practically unanimous approval. I have not heard a single German, even among those who are directly opposed to the National-Socialist party, who does not approve of the action of the Government. The way had already been carefully prepared for such action, and the proclamation of the Government and the first appeal of the Chancellor which appeared in the papers of October 14, showed the clever head of Dr. Goebbels and assured from the outset popular approval. Simultaneously with the publication of the German action appeared articles derogatory of Sir John Simon and attacking him in various ways. It is understood that Dr. Goebbels had issued instructions that Simon was to be attacked, but that England was to be treated gently. The instructions to attack Simon were very quickly recalled by the Propaganda Ministry. I mention this as it has an interesting bearing on the assumed fact, and apparently tends to substantiate that Goebbels was largely influenced in his action by personal resentment against Sir John. Dr. Goebbels is a great exponent of "the truth" and speaks always loudly and long about it, but it is the one thing which he cannot bear to have told to him.

. . . . .



The question as to the action which Germany will take in actually increasing its armaments as a result of the November 12 elections, is one which I hope to be able to cover in another despatch in the near future.

Respectfully yours,

GEORGE S. MESSERSMITH

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500.A15A4/2381 : Telegram

*The American Delegate to the Bureau of the Conference (Wilson)  
to the Acting Secretary of State*

GENEVA, November 16, 1933—6 p. m.  
[Received November 16—5:20 p. m.]

785. For the Under Secretary.

1. It may be of interest to summarize the impressions resulting from a number of conversations here at Geneva.

2. While affairs in Geneva are moving with exceptional slowness and while the Conference of disarmament qua conference appears to be limping badly there are real indications that activity exists both on disarmament and other political questions among the principal states of Europe.

3. It is interesting to contrast the declarations of Von Neurath and Mussolini with those of Boncour and Sarraut<sup>22</sup> as well as with those of MacDonald and Simon. All parties seem to feel the necessity for consultation at this period but there is a fundamental difference in the way in which they envisage this consultation. The Germans appear to insist that the League and the Conference be put to one side. Even in their approaches to France regarding the Saar they indicate a marked preference for dealing directly with France and putting to one side the machinery for the disposition of the Saar provided under the Treaty of Versailles. Italy seems to have the same conception though I question whether the conception is based on the same reason. France on the other hand has responded to overtures from the Germans by making it plain that both in the question of disarmament, the Saar, and any other matter they are willing to talk but only with the understanding that the talks are to facilitate an agreement which shall be reached at Geneva. The British situation is not entirely clear. That there is a considerable body of opinion in England which is endeavoring to force the Government to support the League is evident. Henderson's threat of resignation may play an important part in forcing the Government's hand in this direction. That the British Government is cognizant of this public opinion we also know. The British decision may well be the determining factor.

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<sup>22</sup> Premier of France.

4. In other words there cuts across the whole picture in Europe, both regarding disarmament in the forefront at the moment and regarding territorial adjustment more in the background, the question of the manner of dealing with such vital matters affecting world peace. On the one hand the French, while willing to facilitate agreement by bilateral conversations and the like away from Geneva, insist that while so doing they must keep in contact with their allies and eventually conclude any agreements within the framework of the League. On the other hand Germany, and in large measure Italy, are trying to eliminate Geneva as much as possible if not entirely to exclude the League with respect to the conclusions of such vital agreements. They desire to operate on an independent basis.

5. These apparently are the important maneuvers now occupying the Governments of France, Germany, Italy and Great Britain, namely, whether the vital problems of European peace are to be settled in the last analysis by the League which Germany and Italy and possibly other governments consider a bulwark of French supremacy on the Continent or to be settled by direct negotiations on a basis free from League influence.

6. The interest of governments, press and public in the four countries is so deep that something will probably be attempted within the relatively near future. While we continue to mark time in Geneva events are shaping themselves in such manner that perhaps sooner than we expect the jam may be broken and events move with great rapidity. It is impossible to foresee what will occur. The Disarmament Conference is now subordinate to the major political question of whether the European problems are to be dealt with by League machinery or otherwise. Thus the Conference may receive immediate stimulus through a decision to carry on by present methods or it may be adjourned in order to leave more freedom for other lines of action. The one thing that stands out clearly in my mind is that appearances at Geneva notwithstanding, the situation is not static and that at any moment it may move.

WILSON

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500.A15A4 General Committee/660: Telegram

*The Acting Secretary of State to the American Delegate (Wilson)*

WASHINGTON, November 17, 1933—6 p. m.

390. Your 786, November 17, 4 p. m.<sup>23</sup>

(1) If the President of the Conference invites you to attend a meeting for the purpose of consulting with him and the officers of the

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<sup>23</sup> Not printed.

Bureau as to the course to be followed by the conference, we agree that you should accept.

(2) In case there is a tendency to limit conversations to a group of only five or six Powers, it is well to bear in mind that while the chief immediate obstacle to progress in disarmament is in Europe, the problem nevertheless is a world problem and conversations, if they are to succeed, should be extended as soon as possible so as to include Russia and Japan, as well as other interested European States.

PHILLIPS

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500.A15A4/2366 : Telegram

*The American Delegate (Wilson) to the Acting Secretary of State*

GENEVA, November 18, 1933—6 p. m.

[Received 8:20 p. m.]

787. 1. I have just had a talk with Simon and Eden. Simon said that he understood that the French were desiring to pursue a path along which he did not feel he could go; that the French apparently considered that a convention should be written adopting the program of modifications that was acceptable last October to France, Great Britain, Italy and the United States. Simon said that it was clear that such procedure was no longer acceptable to Italy nor did the British now think it wise to continue in this direction. He asked me for the views of my Government thereon.

2. I said that I had had no instructions on this point since the departure of Mr. Davis; that indeed the work we had been doing here the past several weeks was of such a nature that I had had no need to ask for instructions; that my personal thought was that we had all considered the proposed modifications of the British project with the hope that these modifications might be the means of bridging the difficulty between France and Germany; that that endeavor to find such a bridge had failed with Germany's withdrawal; that Germany clearly would not accept such modifications and that I personally doubted the wisdom of writing a convention containing modifications which we knew in advance Germany would not take. I stated, however, that even if my Government was of the same opinion as Simon I felt that they would not desire in the present situation to bring pressure on France. The French ran the most risk and there was nothing we could do in the way of guarantee to minimize that risk; that therefore the French must make their own decision without pressure at least on the part of the United States. I added that I could give no more than my personal opinion until I had consulted my Government which I would do at once.

3. Simon said that he and Eden had seen Henderson this morning and had found that he also shared the opinion that we should not endeavor to modify the British draft in the sense of the ideas prevalent in October.

4. The British draft convention, Simon said, seemed to be the only possible platform. Doubtless it would have to be changed, indeed all states would probably insist on certain amendments, but Germany had accepted this draft as well as most of the rest of the world and it seemed that the only practical thing to do was to get back to it. Simon seemed to cherish the hope that the Italians, British and ourselves would make it clear to the French that the modifications, while some of them may be adopted, could not be considered as binding upon us since Italy no longer considered them binding and since Germany had left the discussions.

5. I said that news from Paris both from the declarations of Boncour and leading articles in the *Temps* seemed to make it clear that the French would adopt a rigid attitude and would insist upon the maintenance of all the modifications as a maximum of concession. Simon had the same impression but added "they, the French, had better give second thought to that decision."

6. I would greatly appreciate the expression of your views as urgently as possible as to what our attitude should be. After this expression of the British attitude and from what we know to be the Italian attitude I should be inclined to say to the French when the moment arrives that we fell in with the modifications of October in the hope that a compromise between France and Germany could be reached; that the Germans having refused and withdrawn the situation had altered. We could not see a useful purpose in drafting a convention containing such modifications as we are convinced Germany would refuse. On the other hand since France bore the brunt of the present decision we do not feel at liberty to urge them to take a step in any direction which they felt unwise and that as far as the United States was concerned no pressure would be exerted upon France to change its decision. Indeed the immediate phase of the disarmament discussions is of a primarily European aspect and our policy had been clearly outlined in Mr. Davis' statement of October 16th and we would hope for a speedy clarification of the situation.

7. Simon and Eden left me to see Boncour with whom they had an appointment. It was understood that we would continue this conversation at a later date and Simon said that he would be deeply interested to learn the views of my Government.

500.A15A4 General Committee/661 : Telegram

*The American Delegate (Wilson) to the Acting Secretary of State*

GENEVA, November 18, 1933—7 p. m.

[Received November 18—4:20 p. m.]

788. For the Under Secretary. Since sending my 787 I am informed that Henderson is inviting the representatives of certain great powers including ourselves with the officers of the Bureau to a "tea party" tomorrow afternoon. I shall accept in line with your 390.

I should appreciate an expression of your views for my general guidance.

WILSON

500.A15A4/2368½ : Telegram

*The Acting Secretary of State to the American Delegate (Wilson)*

WASHINGTON, November 19, 1933—6 p. m.

391. Your 787, November 18, 6 p. m. did not reach us until nearly midnight, too late to permit an answer last night. The apparent divergence of views between the British and French is very disturbing to us, not only for its immediate consequences on the disarmament conference but also for its possible political effects in Europe. Your conversation with Simon, which set forth our general thesis but did not accept any form of joint pressure on France, accurately reflects our views.

Similarly, your proposed expression of opinion to the French follows the right line, though perhaps your approach that "we fell in with the modifications of October in the hope that a compromise between France and Germany might be reached" could be turned more constructively. Thus our attitude in October was based on a sincere belief that the modifications agreed to would lead to a real accord on disarmament which would promote a sense of security in Europe. Now, the decision which France will soon have to make is whether it feels its security can best be assured by reliance on armed power or by a negotiated agreement. We shall not put pressure on France in making this decision, but if it elects the latter, we stand ready to assume our full share in the discussions on disarmament.

PHILLIPS

500.A15A4 General Committee/662 : Telegram

*The American Delegate (Wilson) to the Acting Secretary of State*

GENEVA, November 19, 1933—11 p. m.

[Received November 20—1:48 a. m.]

789. My 788. 1. The meeting this afternoon at Henderson's invitation was attended, in addition to the host, by Avenol,<sup>24</sup> Beneš,

<sup>24</sup> Secretary General of the League of Nations.

Aghnides<sup>25</sup> for the Bureau, Simon and Eden for England, Boncour for France, Soragna for Italy, each accompanied by a colleague. I was accompanied by Mayer.<sup>26</sup>

2. Henderson reviewed recent conditions and expatiated upon the necessity of agreement among those powers, whom he had called together otherwise there would be no convention. He stated repeatedly the need to work with Germany and laid emphasis on the importance for present decision with respect to the Conference's ability to go forward. In fact he brought the situation pretty well back to where it was, when Germany withdrew and the problem of continuing the Conference was uppermost. How were we to proceed; what kind of a convention should be drawn up, et cetera? Simon then spoke after a long pause which became so awkward that Henderson had to cover the silence by serving tea.

2. [*sic*] Simon took a more guarded position than he had indicated to me yesterday. He said there was no misunderstanding as to the relation between the discussions leading up to the October 14th position and the British draft convention. The British draft was the basis and must remain the basis on which we were proceeding being the basis to which Germany had adhered and on which we were trying to build. The October suggestions were an effort to develop and adjust this draft. There was no question of going back to March or June but we must face the fact that the October 14th position was not likely to lead to general agreement. We should not adopt a rigid or pedantic attitude of standing on that position but should carry on more elastically and in not too precise a manner. He was unreservedly a partisan of the view that work must continue and the result be "enshrined at Geneva." It was not clear that the present method of day by day work would lead to results. Was there not an intermediate stage of useful "parallel" work designed to get at the diplomatic and political questions involved? For instance, there was talk of direct negotiations between France and Germany. Perhaps there was also something to be done at London or Rome.

3. Boncour then spoke showing himself strongly in favor of maintaining the present procedure. There was no doubt that if the Conference could succeed the importance of Franco-German relations regarding disarmament would necessitate conversations between France and Germany.

Boncour then spoke at some length to the effect that the reason for the understandings arrived at in Paris culminating in the October position were the events which were taking place in Germany. The attitude there has not altered. Therefore he could see no reason for a change of position among the powers who had joined in the October

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<sup>25</sup> Chief of the Disarmament Section of the League of Nations.

<sup>26</sup> Adviser to the American delegation.

14 statements.<sup>27</sup> Whatever form of work was decided upon France basically could not but maintain the essentials of the discussions made manifest on October 14. The facts which demanded the precautions envisaged in the modifications to the British plan still dominated the European situation. A disarmament convention was the best way to solve this difficulty but the League must take the present situation into account and if a convention was impossible the only alternative was to put the League face to face with these responsibilities. France was prepared to confront this state of affairs.

4. Soragna generally subscribed to Simon's position. He emphasized especially Italian disquietude with the present method of carrying on the work here at Geneva which he felt was not conducive to success. Soragna threw out a hint of an adjournment as short as possible but sufficient to permit the success of "parallel" efforts as suggested by Simon. He felt that the Conference must be saved at any cost and favored the maintenance of the present community of view which he considered as existing basically. The departure of Germany came as a surprise and a shock to his Government which felt there was nothing in the October position to warrant this. Perhaps there had been a misunderstanding on Germany's part which could be cleared up.

5. I then spoke much more briefly than any of the other speakers, introducing my remarks with the statement that while all others present had had a chance to consult their governments I had had no such opportunity. In view of the present fluid and complex condition of affairs I could not get instructions in time to speak authoritatively. Speaking therefore in a personal capacity only I could say that the problem to my mind was world wide. The United States was as eager as any other power to find a positive and successful result. However the present phase was peculiarly European, as the discussion this afternoon showed, and I wished to recall Mr. Davis' statement of October 16th<sup>28</sup> which I need not go into in detail as all present would have it in mind. I would therefore limit myself to saying that the work done and the considerations given to the modifications of the British draft, culminating in the statements of October 14th had been in order to find if possible a way to general agreement on a convention. This had proven illusory. If Germany had stayed at Geneva and had not refused to agree to the propositions then expressed, would we not have tried to negotiate with her? Did not the principle underlying such a procedure hold good for the present state of affairs? In the business world if a solution was not arrived at

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<sup>27</sup> See telegram No. 743, October 14, 4 p. m., from the Chairman of the American delegation, p. 264.

<sup>28</sup> For text of statement, see telegram No. 377, October 16, to the Chairman of the American delegation, p. 277.

effort was made to reexamine the matter and try to find a more promising path.

6. In view of the lateness of the hour Henderson at this stage of the meeting suggested that we adjourn until tomorrow afternoon. It was decided to continue the session at that time with the indication that there might be additional meetings. I then brought up the idea of enlarging the participation in view of the interest so many governments had in the successful termination of our work in line with the suggestion in your 390.<sup>28a</sup> Henderson objected to this as leading inevitably to general participation. As there was no support for my suggestion I dropped it for the time being.

WILSON

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500.A15A4 General Committee/664 : Telegram

*The American Delegate (Wilson) to the Acting Secretary of State*

GENEVA, November 20, 1933—9 p. m.  
[Received November 20—8:30 p. m.]

791. My 789, November 19, 11 p. m.

1. The same group met this afternoon at the Secretary General's official residence in order to have freedom from newspaper observation, et cetera.

2. Henderson, in opening the discussion, dwelt principally upon the necessity for reconsidering present methods of work, the necessity for letting bygones be bygones and doing everything possible to get Germany back to cooperating on disarmament.

3. In the course of his remarks Henderson expressed satisfaction with the preliminary talk yesterday and intimated that he would be glad to have authoritative confirmation of the American and Italian statements if the respective representatives could give it. I therefore observed that my statement yesterday was in harmony with my Government's point of view, that it went without saying that my Government would not wish to exert any pressure on any nation which was bearing a heavy burden of responsibility in these decisions. Parenthetically I took occasion to tell Massigli privately more in detail our point of view as set forth in your 391, November 19, 6 p. m.

4. Soragna for his part confirmed the fact that his statement of yesterday was in conformity with the views of his Government.

5. Boncour then discussed the question of the maintenance of our work on the present status of committees and *rapporteurs*. His general case was the desire which he felt imperative to avoid any action at this time which could be considered a rupture of the proceedings

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<sup>28a</sup> November 17, 6 p. m., p. 307.



and thereby give Germany the satisfaction of believing that the action of one power could stultify the Conference. Attention should be paid to the reaction of the loyal powers who had continued in the Conference. They should not be given ground to believe that the work in which they were now engaged was to be altered in order to give satisfaction to the one power which had left the Conference. He felt that the League's position was very much concerned with this point. Furthermore any delay at this time meant the acceleration of the rhythm of rearmament in Germany which would work contrary to our hopes for success since Germany's interest in disarmament would be less and less as she achieved equality outside of the Conference.

6. On the other hand Boncour expressed the opinion that German participation was of course desirable as her signature was necessary. He favored negotiation with Germany in the sense of speaking with her in the hope of having her back but not to let her think that her departure ruined the Conference. To permit Germany to have such a feeling might be fatal. As a matter of fact he did not have such hope of Germany's renewed participation.

7. After expressing the sympathy with which the United Kingdom delegation shared many of the preoccupations which Boncour had just expressed with regard to giving a preferential position to Germany Simon stated that there were certain practical considerations which he felt to be most important. He implied that the considerations were decisive. Could we expect in the circumstances to be ready in 2 weeks time to have a general commission meet with profit? He was violently opposed to adjournment pure and simple and had no such idea in his mind. He felt rather that the best possible use should be made of "parallel" work by communications among the various states concerned. Simon emphasized the practical aspect of the situation. When he spoke of parallel methods of negotiation he was not thinking so much of discussion with Germany as of consultation among the other powers, for example, between London and Paris, London and Rome, et cetera, in order to get matters decided which must be determined between France, Great Britain and Italy.

8. During the interval for tea Simon made a rough draft of a formula for procedure in essence as follows:

That the Bureau should meet shortly when the President would state that he had ascertained that the work of the Conference would be assisted by parallel and supplementary effort between the various powers. It was therefore proposed that the efforts should at once be undertaken with energy. The President with the officers of the Bureau should decide how far the work of *rapporteur* and committees should be carried on meanwhile. The General Commission should meet after the January meeting of the Council at such a date as the President and officers of the Bureau should decide.

9. There was general agreement with this suggested formula, it being understood that definite decision should await a final draft which was to be finished by 12 o'clock tomorrow when there would be a further and presumably final meeting of the present group.

10. It was decided to issue a brief communiqué to the effect that the President after continuing the conversation of Sunday would call a meeting of the Bureau for Wednesday.

11. As the Department will observe the discussion today swung away from the question so seriously considered at yesterday's meeting as to the binding force of the modifications arrived at in the Paris conversations as confirmed at the Bureau meeting of October 14. Discussion today was almost entirely centered on the efficacy and adequacy of the present committee *rapporteur* form of procedure. When the French showed themselves strongly partisan of continuing the present method Simon made no further objection although the draft he submitted was undoubtedly designed to attenuate the present mandatory character of the committee *rapporteur* procedure. It seemed probable that Simon felt that yesterday's meeting as well as doubtless private conversations which had ensued sufficiently refuted any idea of the maintenance of the binding character of the position taken by Great Britain and the other powers concerned in respect to the September and October modifications.

12. Nothing definite was said respecting the details of the "parallel" work, whether these were to be solely between the chancelleries of the powers interested to head up eventually in the President of the Conference, et cetera, or to be participated in by him as these negotiations should progress.

WILSON

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500.A15A4 General Committee/668 : Telegram

*The Acting Secretary of State to the American Delegate (Wilson)*

WASHINGTON, November 21, 1933—5 p. m.

392. Your recent telegrams. The compromise solution suggested of combining a continuation of the present form of conference procedure with a system of "parallel" political work seems to possess several advantages. At any rate it is agreeable to us as we could not, of course, accept the responsibility of discouraging such parallel work, whether it assumed the form of four power conversations or other direct negotiations.

There has been a tendency in the press recently erroneously to refer to your role in the past few days as that of observer. For your strictly confidential guidance, we shall not participate in any phase of

the work as "observers". We shall either not participate or else be regularly represented.

May I caution you to condense your telegraphic reports whenever possible? For instance, your 789 and 791 might have been considerably abridged.

PHILLIPS

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500.A15A4 General Committee/667: Telegram

*The American Delegate (Wilson) to the Acting Secretary of State*

GENEVA, November 21, 1933—11 p. m.

[Received November 22—2: 33 a. m.]

794. My 791, November 20, 9 p. m. [1.] With the exception of Simon who left last night for London and Avenol who had departed for Rome to attend the funeral of Scialoja, the same group met in the office of the Secretary General under Henderson's chairmanship at noon today. After an hour's discussion the meeting was resumed at 5 o'clock this afternoon and continued until 7.

2. The discussion centered upon a draft of a proposed statement by Henderson at tomorrow's meeting of the Bureau as originally submitted by him [as] follows:

"I have to report that being very much concerned with the present position of the Conference I invited into consultation the representatives of France, Italy, the United Kingdom, the United States and the officers of the Bureau. A full examination of the situation was made in which the difficulties and dangers were considered. There was a unanimous opinion expressed that a supreme effort shall be made to conclude a convention and different methods were explored with a view to achieving this object. No decisions were taken as it was fully appreciated that this function rested only with the Bureau or the General Commission.

3. It was decided that under present circumstances it was inadvisable for the President to convoke the General Commission for December 4 as it has to be remembered that the work of the Commission when it met would be the second reading of the draft convention. It was recognized that the existing divergence on several important political questions were too great to encourage any hope of a successful issue from a discussion in the General Commission. In consequence of this position it was suggested that the Bureau should consider the advisability of agreeing to a postponement of the General Commission until at or immediately after the January meeting of the Council of the League of Nations and at such a date as the President in consultation with the officers considers best for the purpose.

If this postponement were agreed to by the Bureau it would have to decide if it were necessary to convoke the General Commission for the purpose of fixing its own adjournment.

The Bureau must also consider what methods should be followed with a view to making progress on important questions not yet agreed upon. It has been suggested that the work of the Disarmament Conference would at this stage best be assisted by parallel and supplementary efforts between various states and the full use of diplomatic machinery. The hope has been expressed that the efforts shall be at once undertaken with energy with a view to advancing in every way possible the work which lies before the General Commission. It has also been suggested that governments should keep the President informed of their efforts and that they should report to him on the final result of those efforts. In order to avoid overlapping it should be considered whether the decision of the last meeting of the Bureau to appoint committees on effectives and supervision and to entrust several questions to *rapporteurs* should for the moment be continued".

4. This statement was built upon the draft drawn up last night (see my 792, November 21, 8 p. m. [*a. m.*]<sup>29</sup> which I shall call the Simon draft as it originated with him yesterday (see paragraph 8 of my 789, November 19, 11 p. m.<sup>30</sup>)

5. The morning conversation was principally concerned with the last sentence of the President's statement which Boncour could not accept on the ground that it indicated a suspension of the work of the committee. Likewise it was objectionable to all as putting on the Bureau the whole matter of the continuation of the present work which would bring to light differences of method which would become serious political differences if debated in public. In these circumstances Henderson finally agreed to accept responsibility which he had previously been reluctant to do in the sense of paragraph (*c*) of the so-called draft.

6. The discussion this afternoon was with regard to the precise wording of this substitution for the last sentence. Soragna felt he could agree to this exactly as it appeared in the Simon draft. Boncour on the other hand was unable to do so feeling that the committees were not sufficiently in the picture.

7. Henderson then interpreted the way in which he would carry out any mandate such as paragraph (*d*), namely, that he would ask the committees to slow up somewhat in their work; that they should go on for a couple of weeks and then stop for the Christmas holidays and should not resume this work thereafter until he could determine how matters were proceeding. Meanwhile, the chairman of the two committees, who are *rapporteurs* for their subjects as well, could proceed with the work. In order to give more comfort to Boncour the last sentence of the President's statement now founded on paragraph (*e*)

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<sup>29</sup> Not printed.

<sup>30</sup> Reference here is evidently to paragraph 8 of telegram No. 791, November 20, 9 p. m., p. 313.

of Simon draft was amended to read that "the President in consultation with the officers and chairmen of the committees shall advise how far the work of the committees shall be carried on in the meantime".

8. The question was then debated at some length as to what would happen if questions were asked in the Bureau as Boncour felt most likely. He was agreeable to the amended text of the President's statement if Henderson were ready to give the Bureau his interpretation as set forth above.

9. This was difficult for Soragna. It subtracted greatly from the neutral character of the formula as the President would be limited in his application of it by a publicly expressed interpretation of this character.

10. Boncour then stated that he had come here with the mandate of his Government to endeavor to have the work of the committees continue. It was also his profound conviction that to do otherwise would be most unfortunate.

11. After much discussion it resulted that the President should make the statement as amended and all would hope that no questions put to the Bureau would force Boncour and Soragna to express opposing opinions as they frankly said they would be compelled to do in such circumstances with regard to the desirability of the continuation of the present form of the work.

12. There was no discussion as to the ways and means of carrying on the parallel and supplementary political and diplomatic negotiations although Henderson made a moving appeal against wasting time on differences of views regarding the relatively less important questions in regard to continuation of committee work when no consideration had been given to the greatly more important matter of the parallel negotiations.

13. The meeting ended with discussions regarding the necessity for calling the General Commission. It was decided that this was not necessary if the Bureau were unanimous on the subject tomorrow. It was, therefore, agreed to substitute for the penultimate paragraph of the proposed statement by the President quoted above the following:

14. "If this postponement were agreed to by the Bureau it would not seem necessary to convoke the General Commission for confirmation as the General Commission had agreed on October 26th that if it was found impossible to distribute the new text in time the President would consult the Bureau as to the advisability of further postponing the meeting of the Commission".

15. I have presented the foregoing at some length because after these 2 days of discussion the French and the Italians remain in fundamental disagreement with regard to the method of continuing the

work. If questions are put in the Bureau<sup>31</sup> it seems inevitable that there will be a head-on collision between the French and the Italians on this point with what unfortunate results it remains to be seen.

16. I took little part in the discussion today in view of the turn it took as between the French and Italians. It was clear that Boncour was definitely opposed to giving the Germans the satisfaction of thinking that their withdrawal was the determining factor in the method of procedure at the Conference. On the other hand Soragna seemed convinced that continuation of the work in the present form would have a most undesirable and disadvantageous reaction on the parallel and supplementary negotiations among the various powers on which Italy relied for bringing Germany back to disarmament cooperation the *sine qua non* for the successful achievement of a treaty.

WILSON

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500.A15A4 General Committee/671 : Telegram

*The Acting Secretary of State to the American Delegate (Wilson)*

WASHINGTON, November 23, 1933—3 p. m.

393. The Department is considering ordering you to this country for a brief consultation over the Christmas holidays. Before reaching a decision, however, we should appreciate receiving from you a brief synopsis of the probable nature of the parallel political work to be undertaken as well as possible European reaction to the absence of all American delegates from Geneva for a period of a month or 5 weeks.

Please also suggest what economies you think can be effected during the present lull in disarmament both by ordering members of your staff back to their posts and by cutting down office and administrative expenses.

PHILLIPS

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500.A15A4 General Committee/670 : Telegram

*The American Delegate (Wilson) to the Acting Secretary of State*

GENEVA, November 23, 1933—6 p. m.  
[Received November 23—2: 25 p. m.]

796. From conversations with Eden and Soragna it appears that a first step in parallel and supplementary activities as suggested in Henderson's statement to the Bureau approved yesterday may take the form of a meeting of Ambassadors accredited to Rome under the chairmanship of Mussolini. I gather that the participation of the

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<sup>31</sup> The Bureau accepted the statement without comment; *Records of the Conference, Series C, Minutes of the Bureau*, vol. II, p. 200.

American Ambassador<sup>32</sup> would be much desired. The other participants would be limited initially at least to the British and French Ambassadors. The purpose of these conversations would be purely exploratory in order to consider ways and means of finding the best method and subject of approach to Germany on the subject of disarmament.

WILSON

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500.A15A4 General Committee/672 : Telegram

*The American Delegate (Wilson) to the Acting Secretary of State*

GENEVA, November 24, 1933—11 a. m.

[Received November 24—7:43 a. m.]

797. Your 393, November 23, 3 p. m.

1. I shall greatly appreciate the opportunity of consultation since European and disarmament situations have markedly changed during the past few weeks.

2. My 796 gives latest information regarding possible Italian action. Possibilities of action by the other states are less well defined. Expect to be able to report further on this score in the near future.

3. I suggest better for me to take *Harding* December 14. This would afford an opportunity to have fullest information as to what is going on before I report to the Department or permit postponement of my departure if the situation regarding "parallel action" so develops. Leaving on December 14, coupled with announcement that Mayer remained in charge of the office here, would, I am sure, prevent any thought arising that the American delegation was losing its interest in disarmament.

4. I am answering second paragraph in separate telegram.

WILSON

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500.A15A4 General Committee/675 : Telegram

*The Acting Secretary of State to the American Delegate (Wilson)*

WASHINGTON, November 24, 1933—6 p. m.

394. Please repeat to Embassy Rome your 796, November 23, 6 p. m., and the first paragraphs of our 392, November 21, 5 p. m., as well as this present telegram.

For us to be represented at least in the present phase of the "parallel" conversations particularly when only European powers are participants would imply a change of policy from that enunciated by Mr. Davis in his statement on October 16. It would probably result

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<sup>32</sup> Breckinridge Long.

in our being called on to take sides in political questions of purely European scope, or even to join in putting pressure on one group or another of European States. If, therefore, the matter of our participation along the lines you indicated is broached either in Geneva or Rome, you or Long should explain orally that while we remain ready to collaborate fully in all conversations relating to actual disarmament, we do not wish to join in the present preliminary discussions which are essentially designed to meet an immediate political situation in Europe.

PHILLIPS

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500.C Covenant/102 : Telegram

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

ROME, November 25, 1933—3 p. m.  
[Received November 25—11:20 a. m.]

141. My 135, November 21, 3 p. m.<sup>33</sup> I had a conversation this morning with the British Ambassador<sup>34</sup> and asked him about the conversations in Rome centering around the visit of Mr. Avenol, the Secretary General of the League of Nations, who saw the Chief of the Government yesterday. Sir Eric said that he was sure that Avenol had no plan, as one time reported, to make changes in the structure of the League. He thought that the Fascist Grand Council would pass some resolution in connection with the League probably directed to suggesting changes to its structure in the form of amendments to the Covenant, and said he personally thought that it might be worth while to have them put their objections on record so that the matters might be specifically discussed.

The British Ambassador also said that he was certain the Italians would not withdraw from the League because if they did they would have to make an alliance and that they did not wish to do so. He said that while he was Secretary General of the League he learned in Geneva that the original reasons motivating the Italians in their plans to negotiate the Four Power Pact were that France was pressing them for an alliance on one side and Germany pressing them for an alliance on the other side and that they did not want an alliance with either of them. Consequently they initiated the movement of the Four Power Pact. And because they do not want an alliance and would be forced to make one if they left the League the British Ambassador is satisfied that they will not leave.

In discussing disarmament the British Ambassador said that he had no news and that he thought the only movement in those dis-

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<sup>33</sup> Not printed.

<sup>34</sup> Sir Eric Drummond.



cussions was between Berlin and Paris. He thought there would not be a meeting of the four powers for some length of time in the future if there was ever a meeting and that the preliminary steps to bring Germany back into the Disarmament Conference would take the shape of diplomatic negotiations rather than a conference. He thought that some negotiations might be held in Berlin and some in Rome and some in Paris and would be carried on between the Ambassadors in the different capitals in conference with the head of the government in whichever capital they happened to be. Repeated to Geneva.

LONG

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500.A15A4 General Committee/678 : Telegram

*The American Delegate (Wilson) to the Acting Secretary of State*

GENEVA, December 2, 1933—10 a. m.

[Received December 2—6:08 a. m.]

800. 1. The Committee on Control yesterday discussed the French amendments to article 75 of the British draft (Conference document 163 (1) September 22, 1933). Both according to the express declaration of the Chairman of the Committee and of members including myself, the discussion on this subject is to be entirely explanatory since the application of the principle of automatic and continuous control as it is being developed by the French delegation is new ground which all feel must be carefully worked over. Thus there is no commitment by the delegations.

2. Unless the Department instructs otherwise I shall not telegraph details at present.

WILSON

#### VI. FOUR POWER CONVERSATIONS (FRANCE, GERMANY, GREAT BRITAIN, ITALY), DECEMBER 3-30

500.A15A4 General Committee/681 : Telegram

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

ROME, December 3, 1933—10 a. m.

[Received 2:20 p. m.]

144. Suvich<sup>35</sup> told me last evening the German Ambassador<sup>36</sup> had just returned from Berlin and had reported to him the progress of conversations between Hitler and François-Poncet<sup>37</sup> which he proceeded to relate to me. In substance the situation is that very little

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<sup>35</sup> Italian Under Secretary of State for Foreign Affairs.

<sup>36</sup> Christian August Ulrich von Hassell.

<sup>37</sup> French Ambassador to Germany.

actual progress has been made but the German position is being gradually defined. The Saar basin and disarmament form the basis of the conversations.

The Germans say the Saar is certain to declare for German nationality in the plebiscite of 1935 by an almost unanimous vote which will be so overwhelming that it will carry each geographical district and preclude the idea that any part of the basin will remain under the League of Nations or express a preference for adherence to France.

Even conceding the unanimity of opinion to be expressed in the future the Germans contend France will and that Germany will engage in an extensive campaign propaganda for the election and there will be during the campaign excited words and excitable persons on each side which may easily develop an "incident" with unfortunate results. So in order to avoid possible trouble in 1935 the Germans want an agreement now regarding the Saar in the form of concession from France anticipatory of the plebiscite resulting favorably to Germany.

The Saar question is injected into the disarmament discussions which have the following salient features:<sup>38</sup> Germany (1) demands an army of 300,000. She says the French have 600,000 Continental troops not including Colonial armies. If France will reduce her armies Germany will reduce her demands but always asking one-half the number of French troops; (2) demands full arms, armament and equipment immediately for these troops in size and bore equal to the maximum permitted under the proposed disarmament convention with three collateral understandings, viz. (a) she permits the former allies to continue in possession of all armament above that limit on condition it be not replaced, (b) renounces all right to offensive armament such as heavy mobile guns, big tanks, bombing planes, et cetera and (c) accepts principle of armament inspection provided it is universal.

My informant stated this position had been informally communicated in substance to Phipps, the British Ambassador at Berlin and to the Italian Ambassador<sup>39</sup> there.

Suvich also said François-Poncet was to see Hitler again within the week and was to express the French attitude toward the German proposals. He then said the week after next "we will seek some opportunity to talk with Germany and carry the conversations to a more definite point perhaps to the extent of getting something on paper".

If I may properly inject a thought here I will emphasize the fact that the two powers carrying on these conversations are each committed to armament and not to disarmament; that these conversations are predicated upon the desire for armament; and that unless some powerful mollifying influence is soon exerted we will be back to 1914.

<sup>38</sup> See also note from the German Chancellor to the British Ambassador, December 11, p. 338.

<sup>39</sup> Vittorio Cerruti.

Suvich also said that Hitler's position in regard to existing treaties was that he recognized as justly binding those to which Germany had voluntarily subscribed, such specifically as Locarno,<sup>40</sup> but that Versailles<sup>41</sup> and others which has been forced on Germany which he characterized as "diktats" and which he was obliged to obey, he felt justified in fighting every move under their authority. The League of Nations Covenant<sup>42</sup> is considered by Hitler in the same category as the Versailles Treaty (even though Germany applied for membership under it) on the theory it is the instrument for enforcing that treaty.

As the League Covenant is being linked with Germany's position I report here my conversation with Suvich on that subject.

He said that Italy felt the time had come to look, however, at the League and to view it from several points of view; (1) that without the adherence of the United States, Germany, Russia and Japan, a majority of the great powers of the world, the League was so much of a failure it must cease to have a world application or any real influence and must practically expire; (2) that even during the cooperation of Japan and Germany the mechanism of the League has been controlled by France through the subordinate action in her support of Belgium, Poland and the Little Entente and prostitution to too much selfish interference in the local politics of European states; (3) that the inequality of influence when compared with actual power and importance was equally illustrated by the necessity for England to resort to the expedient of Dominion membership in order to gain a vote commensurate with her prestige but that that very contrivance was the incentive to others to make alliances with some and political concessions to others in a contest for votes; (4) that the League has shown its present impotence in its efforts to handle the Far Eastern difficulty;<sup>43</sup> and (5) that some of the obligations of membership were too difficult of observance such as the guarantees of article 10 (see my conversation with Sir Eric Drummond in my telegram number 135, November 21st<sup>44</sup>) for the reason that there was theoretically attached to the League a character of highmindedness, altruism, unselfishness and beneficence which it could not properly reflect because those qualities were not sufficiently present in the character of component states and it could not rise above its source.

However, Suvich felt there was so much of value in it that it should be saved and placed in a position to deal with world problems. This he thought could be done and that frank discussions of specific pro-

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<sup>40</sup> Signed October 16, 1925, League of Nations Treaty Series, vol. LIV, pp. 289-363.

<sup>41</sup> *Treaties, Conventions, etc., Between the United States of America and Other Powers, 1910-1923* (Washington, Government Printing Office, 1923), vol. III, p. 3329.

<sup>42</sup> *Ibid.*, p. 3336.

<sup>43</sup> For correspondence concerning the Far Eastern crisis, see vol. III, pp. 1 ff.

<sup>44</sup> Not printed.

posals would be helpful in achieving that end. Without being ready to make specific suggestions he thought that with a Council composed of England, France, Germany, Italy, Russia, Japan and the United States with the addition of one or two other major governments such as Poland and Spain for instance, the power of the League would be in the hands of the governments which really had the power; and that there might be subcommittees, one for the Far East, one for Europe and one for the Americas to act as the agents for the Council and to handle matters in their respective jurisdictions and to report to the League. He also thought that severance of the League from the Treaty of Versailles and the modification of some of its theoretical obligations would make it possible for a revised organization and a rejuvenated membership to constitute it a real world influence.

Of course the guiding influences suggested by Suvich are almost entirely European. The power is there because the armament is there. And that is just the trouble which the League is unable to cure and which the European Governments do not really want to cure.

It is officially announced today that the relation between Italy and the League will come up for discussion at the meeting of the Grand Council on December 5th.

The League and disarmament questions and central European political questions will be talked with Litvinov<sup>45</sup> as will also economic questions between Russia and Italy and the means of payment of the money due Italy from Russia on former credit purchases and it seems likely Italy will sponsor Russian membership in a League revised according to Italian ideas and that she will have the powerful backing of Russia and Germany to force revision or wreck the whole plan and revert to a system of alliances in which Turkey will figure on the Italian side. But I really think Mussolini wants to continue the League revised to meet practical objections and to achieve some success in disarmament.

Mailed to Paris, Geneva, London, Berlin.

LONG

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500.A15A4 General Committee/684: Telegram

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

ROME, December 5, 1933—11 a. m.  
[Received December 5—9:20 a. m.]

147. My 144, December 3, 10 a. m. Litvinov last night told me he and Mussolini were talking about subjects practically as set out in my cable under reference; that neither of them had any particular

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<sup>45</sup> Soviet delegate to the General Commission; People's Commissar for Foreign Affairs.

plan or project. They find their economic relations fairly satisfactory. They are discussing political subjects at greater length. They find themselves in agreement on many points.

As regards the League, Litvinov took practically the position outlined to me by Suvich, emphasized the desirability of divorcing the League from sanctions and from the Treaty of Versailles and declared that the one or two governments heretofore directing its policy should be prevented from doing so by changing the structure of the organization. He said that Mussolini told him he was dissatisfied with the League and while he would not withdraw now he might later. He said that Russia did not approve of it for the reasons mentioned above and would not join but that if it was changed to cure those objectionable features Russia would consider membership in the light of changed conditions; that Russia was consecrated to peace and was desirous of international cooperation to secure it; but that the League was now controlled by militarists who precluded the disarmament which was a necessary prelude to peace.

Litvinov said Mussolini had expressed interest in and sympathy with Russia in her difficulties with Japan. He said that Germany and Japan had the same psychology. Litvinov is antagonistic to both countries and believes our recognition <sup>46</sup> has helped their Far Eastern problem.

He leaves tonight for Berlin.

Suvich expects to be away from Italy for a week beginning the end of this week. I believe he is preparing to visit Berlin, Paris and probably London on League and disarmament matters but cannot confirm this yet.

Repeated to Berlin; mailed to Paris, Geneva and London.

LONG

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500.A15A4 General Committee/687 : Telegram

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

PARIS, December 8, 1933—11 a. m.

[Received 11:10 a. m.]

537. Reference telegram No. 144, December 3, 10 a. m. from American Embassy, Rome. Yesterday evening on the basis of the telegram under reference I had a conversation with Léger telling him that I had seen news reports from Italy concerning the attitude of the Fascist Grand Council toward the League of Nations and likewise had read with interest various reports emanating from Berlin concerning the talks of Hitler and François-Poncet.

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<sup>46</sup> For correspondence relating to the recognition of Soviet Russia by the United States, see vol. II, pp. 778 ff.

Léger confirmed all the indications of the German position as set forth in Ambassador Long's telegram and added that Poncet had merely listened without comment to these proposals which were accompanied by words of friendly intention.

Thus far no reply has been given but Poncet has been authorized to inform Hitler when he thinks occasion requires that France could only continue to discuss these subjects with two fundamental reservations of principle.

(1) That the question of the rearmament of Germany should be excluded as out of keeping with the efforts of the world toward disarmament in accordance with the obligations of the pact of the League of Nations and the efforts of the Disarmament Conference.

(2) That France could never consent to deprive the people of the Saar of the rights conferred upon them by a treaty to which some 50 nations were parties.

Léger said that the British to whom the same German propositions had been submitted had requested further details and clarifications, a step which he felt unwise as the principles involved seemed inadmissible. He added that the French had noted that the Germans while demanding an increase of their troops from 100,000 to 300,000 had made no mention of naval increase, a concession he felt to make the whole proposition more palatable to the British.

As for the Italian situation it is Léger's opinion that Mussolini has always been inimical to the League of Nations and having failed to wreck it from without by the Four Power Pact and independent conversations during the Disarmament Conference, he was now hoping to wreck it from within by proposals for reorganization which would bring about the sole dominance of the great European powers. However, he said that France would never change its attitude: that absolute equality among nations was the essence of the League.

Mailed to Rome, Geneva, London and Berlin.

MARRINER

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500.A15A4 General Committee/688: Telegram

*The Ambassador in Germany (Dodd) to the Acting Secretary of State*

BERLIN, December 9, 1933—1 p. m.  
[Received December 9—11:05 a. m.]

198. Yesterday the British Ambassador<sup>47</sup> called to say that he had had a second conference with the Chancellor and that a strong emphasis was placed upon two ideas; namely, that Germany should be permitted to have one-fourth of armament strength of her neighbors (see also my telegram 176 of October 20<sup>48</sup>). If that were agreed to he

<sup>47</sup> Sir Eric Clare Edmund Phipps.

<sup>48</sup> Not printed.

insisted that a 10 year pact ought to be arranged and that the general supervisory commission would be approved in Germany. My British colleague asked that I report this to Washington and express the hope that the United States might lend its support. He showed me all communications exchanged between his office and London during the past week and stated that he had requested these be forwarded to Washington also.

The Ambassador said that he raised the question of the gradual discontinuance of the S. A.<sup>49</sup> and S. S.<sup>50</sup> organizations but that the Chancellor shrugged his shoulders and restated his request for 300,000 armed regulars. I agree with the British Ambassador that the S. A. and S. S. men could hardly be dismissed under the present regime. We both think however that under international supervision, these organizations might be slowly reduced and made less belligerent.

These interviews between the British Ambassador and the Chancellor as well as the semi-approval of the British Government seem to me to indicate an improving attitude of which advantage ought to be taken.

I would like this message to be conveyed to the President.

DODD

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500.A15A4 General Committee/701

*Memorandum by the Under Secretary of State (Phillips)*

[WASHINGTON,] December 9, 1933.

The British Ambassador left with me this morning the accompanying *aide-mémoire*. He asked whether we had received from Berlin the Chancellor's proposal referred to in the *mémoire*. I told him that we had not received anything recently on the subject. Sir Ronald said that he would telegraph London that he had delivered the *mémoire* and, at the same time, he would inform his Government that we had not received a copy of the German proposal. The Ambassador asked that his communication be kept strictly confidential.

WILLIAM PHILLIPS

[Enclosure]

*The British Embassy to the Department of State*

AIDE-MÉMOIRE

His Majesty's Ambassador at Berlin has been instructed to inform the Chancellor that His Majesty's Government have carefully considered his proposals and are now in a position to convey to him their preliminary impressions.

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<sup>49</sup> Sturm-Abteilung.

<sup>50</sup> Schutz-Staffel.

There are two aspects of these proposals of which the first concerns the limitation of armaments while the other covers the wider field of political appeasement.

To begin with the second of these aspects, to which His Majesty's Government attach the utmost importance, they are in entire agreement with what appears to be the Chancellor's view, viz., that the achievement of an agreement on disarmament would be very greatly facilitated were it accompanied by political assurances of a nature to improve and consolidate good relations between Germany and her neighbours. There then arises the question how such a purpose can be attained. His Majesty's Government would be interested to receive further and more detailed advices in regard to the exact terms and the precise form of the non-aggression pacts contemplated by the Chancellor. It is self-evident that States members of the League of Nations cannot enter into any arrangement which might be inconsistent with their obligations under the Covenant. His Majesty's Government would also be grateful for further information as to the countries with which Germany might negotiate such non-aggression pacts; the preliminary list did not include all States limitrophe to Germany.

As regards the Chancellor's proposals concerning technical questions of armament strength, His Majesty's Government have two preliminary observations to offer. Their final conclusions as to the various figures and items concerned could only be reached after the consultations between the different Powers, in which Germany is herself participating, have been completed. Further, these proposals will inevitably be compared by world opinion with those contained in the draft Convention to which the Powers, including Germany, acceded in principle on its first reading.

Bearing in mind the above two considerations His Majesty's Government desire to point out that the proposed increase from 200,000 to so high a figure as 300,000 men will inevitably be considered as excessive. At the same time the suggestions in regard to aircraft and guns also appear formidable. His Majesty's Government would like it to be quite clear that the S. A. and S. S. would both be absorbed in the new army and would not continue to exist as supplementary organizations. They would also be glad if the Chancellor would confirm their assumption that the Reichswehr would disappear as a separate organization. His Majesty's Government are glad to note that the Chancellor's proposals include general supervision, but it would be better and clearer if it were specifically indicated that such supervision would be of the nature described as periodic and automatic.

The foregoing observations of His Majesty's Government are not intended to be exhaustive, for it is evident that other Governments may desire to offer or to request other observations. It is, however,



their earnest desire to make use of the present opportunity to cooperate with Germany and other States in evolving without delay a practical basis for agreement on the limitation of world armaments, to be freely entered into by all parties. It is therefore their earnest hope that the present enquiries addressed to the Chancellor may prove helpful in the prosecution of this common aim.

WASHINGTON, December 8, 1933.

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500.A15A4 General Committee/689 : Telegram

*The Ambassador in Germany (Dodd) to the Acting Secretary of State*

BERLIN, December 10, 1933—4 p. m.  
[Received December 10—1:45 p. m.]

201. For the President and Acting Secretary of State. I learned from the British Ambassador at noon today that the French refused to accede to Hitler proposal described in my telegram of December 9 and sent challenging demand to the Chancellor here. This was not delivered because Hitler purposely [?] left town for 4 days. Situation is very acute.

The British Ambassador asked me if the President could give moral support to British-German pact for 10-year peace with international armament supervision. I indicated German proposal seemed best thing offered since my arrival here and hoped French could be induced to cooperate but I then asked the Ambassador whether the British Government could not support the United States and Russia in maintaining peace in the Far East and stressed importance of British-American-Russian cooperation. He indicated personal approval, said he would wire his Government although he intimated that (did not positively assert) English had promised Japan support in Manchuria.

The English are very anxious lest France show belligerent attitude in a day or two. I reemphasized importance of preventing war in the Far East and procuring a general pact for limited armament and general supervisory commission which Hitler is willing to accept. It seems to me the opportunity for a world-wide pact is great. DODD

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500.A15A4 General Committee/693 : Telegram

*The Acting Secretary of State to the Ambassador in Germany (Dodd)*<sup>51</sup>

WASHINGTON, December 11, 1933—1 p. m.

147. Your 198 December 9, 1 p. m. and 201 December 10, 4 p. m.

1. I have talked over your two messages with the President. Although we know the general tenor of the suggestions put forward

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<sup>51</sup> This telegram bears the following notation: "Approved by the President."

by Hitler and of the French reply, we do not have the exact details. Even the British position, as explained to you by Phipps and still more as interpreted to us by Lindsay is far from definite, and would not warrant a final expression of this Government's views. While awaiting further developments from London, I submit for your guidance the following general considerations of our policy.

2. We have told the French that we would not put pressure on them to make a decision on armaments against their better judgment especially those affecting Europe primarily as we were unwilling to assume responsibility in a risk which we would not share.

3. Not only during the President's talks with MacDonalld,<sup>52</sup> Herriot,<sup>53</sup> and Schacht<sup>54</sup> last spring, but subsequently at Geneva, we have taken a strong position against immediate rearmament by Germany.

4. The present proposals resolve themselves into an attempt to adjust European armaments on an upward basis, contrary to the object for which we have participated in the Disarmament Conference.

5. The problem under discussion is in its final essence a Franco-German one, with England playing both ends against the middle. We cannot offer to participate or play the role of honest broker between them outside the Disarmament Conference, as this would inevitably draw us into the general European political picture, (see the Davis statement of October 16<sup>55</sup>).

6. The President and I are somewhat concerned over your references to the Far East. We assume, of course, that you did not convey the impression that our disarmament policy was dependent on the development of British policy in the Orient. In our view the two problems should be as far as possible disassociated.

7. More specifically, we are particularly anxious to avoid any step which might give the appearance of endeavoring to isolate Japan. During the recent visit of Litvinoff and the discussions surrounding the recognition of the Soviet Government great care was exercised not to give the impression that recognition carried with it any thought of cooperation with Russia against Japan. We spoke only in general terms of mutual effort to maintain peace throughout the world.

8. With respect to the still delicate Manchurian problem, please keep in mind two facts: (1) that we consider that treaties have been deliberately broken and (2) that there exists in Manchuria a *de facto* governmental organization. We do not feel that any move should be made by us toward either (1) condoning breaking of treaties or

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<sup>52</sup> See memorandum of a conversation between President Roosevelt and the British Prime Minister, p. 102.

<sup>53</sup> See memorandum by the Under Secretary of State, April 26, p. 109.

<sup>54</sup> See telegram No. 98, May 8, 7 p. m., to the Ambassador in Great Britain, p. 130.

<sup>55</sup> See telegram No. 377, October 16, to the Chairman of the American delegation, p. 277.

(2) bringing to bear upon Japan pressure suggestive of coercion in regard to the Manchurian situation.

9. Please repeat your two telegrams and this reply to Amdelgat Geneva.

PHILLIPS

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500.A15A4 General Committee/690 : Telegram

*The American Delegate to the Bureau of the Conference (Wilson) to the Acting Secretary of State*

GENEVA, December 11, 1933—6 p. m.

[Received December 11—3:25 p. m.]

804. For the Under Secretary.

1. We now know the general lines at least of the conceptions of disarmament being discussed among the great powers of Europe. The information contained in 144, December 3, 10 a. m. from Rome and 537, December 8, 11 a. m. from Paris as to the German attitude is confirmed in its essentials by a talk which I have just had with the German Minister to Bern. Furthermore, some idea of British tendencies is apparent from the recent speeches in the House of Commons of Simon and Baldwin.

2. Briefly the major question at issue is whether a measure of increase in armament for Germany is to be an immediate result of any convention that may be signed.

3. The British plan<sup>66</sup> itself contemplates an increase, for example, effectives doubled, unlimited number of 115's instead of limited number of 105's, tanks, antiaircraft guns, coast defense guns. The conception which Simon expressed on October 14th provided for an increase in German armament to take place during the second half of the suggested 8-year treaty period. The point on which opinion is now focusing is whether an increase in armament comparable to that which Simon envisaged for the latter half of the treaty shall take place in the early stages of the treaty.

4. From my talk with Von Weizsäcker<sup>67</sup> it appears that for the present at least the German Government is convinced that substantial disarmament of the armed powers is illusory. In the circumstances Germany is willing to [accept?] the retention without further increase or replacement by the armed powers of what is roughly termed "offensive weapons" (in other words retention of all their present material with the exception of bombing planes) provided Germany receives

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<sup>66</sup> See telegram No. 569, March 17, noon, from the Acting Chairman of the American delegation, p. 43.

<sup>67</sup> German Minister in Switzerland.

the right at once to modernize the equipment of her armed forces with the so-called "defensive weapons."

5. Since no power seems willing to force the maintenance of the Versailles Treaty provisions on Germany and since Germany has definitely taken the position that she will no longer remain in her present position of inferiority—that is if there is to be regulation of armament and not irresponsible competition in armament the treaty must be along lines which Germany will accept willingly. According to our present knowledge such a treaty must either be one of radical reduction by the armed powers reaching the Versailles Treaty level or an agreement permitting Germany to adjust her military situation in conformity with the types which all shall decide are included in the "defensive" category. Therefore the choice seems to lie between no treaty with the practical certainty that Germany will then rearm and all that this means or a treaty which while initiating limitation and providing for progressive disarmament accords at once a certain increase in armament to Germany.

6. I hope to be in a position to give you more concrete information on this subject on my arrival in Washington.

Text mailed Rome and Paris.

WILSON

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500.A15A4 Steering Committee/380

*The American Delegate (Wilson) to the Acting Secretary of State*

GENEVA, December 11, 1933.

[Received December 21.]

SIR: I have the honor to refer to my telegram No. 800 of December 2, 10 a. m.,<sup>58</sup> and to inform the Department that the Committee of the Bureau of the General Disarmament Conference on General Provisions (Supervision and Control) adjourned its meetings on December 6th until after the Christmas holidays. No definite date was set for the resumption of work. It is understood, however, from conversations last month among Mr. Henderson, Sir John Simon, Monsieur Paul-Boncour, Mr. Soragna and myself that the President of the Conference would determine early in the new year when it would be most desirable for the Bureau work to recommence.

The Committee of the Bureau on General Provisions was concerned principally with two topics. First, the question of the adoption, modification, etc., of rules of procedure of the Permanent Disarmament Commission; and, secondly, and of far greater importance, the Committee discussed supervision and control, with particular reference

<sup>58</sup> *Ante*, p. 322.

to the French amendments to Article 75 of the British Draft (Conference Document 163 (1), September 22, 1933).

Concurrently with the sessions of the Bureau Committee, in order to simplify his task as *Rapporteur*-President of the Committee, Monsieur Bourquin had three private meetings of an informal group under his chairmanship, consisting of Mr. Strang for the British, accompanied by Major Robertson; Monsieur Vienot for France, accompanied by Monsieur Aubert and Colonel Lucien; Mr. Stein for Soviet Russia; and myself, accompanied by Mr. Mayer, for the United States.

I have the honor to enclose herewith copies of minutes<sup>61</sup> which Mr. Mayer took down of the meetings of this informal group. I also enclose a copy of draft texts drawn up by the Chairman of the Bureau Committee<sup>61</sup> "resulting from the exchange of views in the Committee, account being taken of reservations in the course of the exchange of these views."

These three documents, together with the summary of the introduction to this topic made by Monsieur Vienot (my despatch of November 29, 1933<sup>61</sup>), will give the Department a picture of the meetings of the Committee, the underlying ideas of the French Delegation, who are the active protagonists of automatic, periodic and effective control, and to a certain extent the attitude of the other Delegations thereto in so far as they have crystallized at this time.

While there were many collateral features of automatic, periodic and effective control which will require careful scrutiny and serious consideration before any agreement can be reached, the discussions in the Committee and outside seem to indicate that the principal question to be resolved with regard to this form of control would be the competence of the committees of investigation which shall execute the supervision in the countries concerned.

As the Department will find from reading the minutes of the meetings of the informal group, it was this question which particularly interested those present and seemed to cut across the entire problem. The French were strongly in favor of what in effect would constitute the complete autonomy of the investigating committees. The British took very little part in the discussion, either at the small group conversations or in the Committee. From what they did say and from private remarks there seems no doubt that the British have grave fears as to the wisdom of the liberty of action with which the French would wish to endow the investigating committees, even if in the last analysis the British find themselves able to agree in principle to automatic, periodic and effective control, which has not been the case to date. The

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<sup>61</sup> Not printed.

Italians took no part in the Committee discussions, nor would they join in the small group conversations. This need not be interpreted that they are completely opposed to automatic, periodic and effective control on principle, but rather in support of the position the Italians have recently taken with regard to the pursuance of committee work at this time. After a general reservation the Japanese took no part in the discussions. The Soviet representative supported the French ideas regarding control, although, generally speaking, I should believe them less radical in their attitude toward the functioning of the investigating committees and other aspects of the application of control. My own position is indicated in various remarks reported in the minutes of the small group meetings, as well as in my telegram No. 800, December 2, 10 a. m., and my despatch of November 29th, referred to above. I followed this same line in my remarks at the last meeting of the Bureau, showing I considered that the discussion still was in a preliminary stage, was exploratory in character, committing no Government to any particular mode of application of control and as affording in the main an opportunity for inquiry and elucidation on which Governments might later take positions.

Respectfully yours,

HUGH R. WILSON

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500.A15A4 General Committee/694 : Telegram

*The Ambassador in Germany (Dodd) to the Acting Secretary of State*

BERLIN, December 14, 1933—10 a. m.

[Received December 14—9:30 a. m.]

203. Your 147, December 11, 1 p. m. Reference section 1, the following is a brief summary of translation of note <sup>62</sup> addressed by the Chancellor to the British Ambassador (full report by mail).

In view of apparent unwillingness of highly armed state to disarm the most practical method at present of rejecting any appeal to force—a step for which German Government is ready—is to conclude series of 10-year non-aggression pacts to accompany disarmament arrangements. Germany, however, cannot consider disarmament negotiations until equality has been conceded but would be prepared to make moderate use of equality of rights once principle conceded. Expressed in figures Germany must have 300,000 army as defense against 1,200,000 of France and her allies with their 9,600,000 reserves. The absorption of Reichswehr in new German army would require a few years. The political character of the S. A. and S. S. 2,500,000 strong which compose barrier against communism to be subject to proof by international commission which would also control other armaments. Ger-

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<sup>62</sup> *Post*, p. 338.

many renounces offensive and rejects idea of "sample weapons" but it must have those essential for defense, e. g. lowest limit for caliber of artillery should be not less than 15 cm. Reference sections 2 and 5, I had not for a moment supposed that United States Government would place any pressure upon France; merely that it might be possible in the course of informal inquiries as to French views to show an interest such as our experiences in 1812 and 1917 would seem to warrant and incidentally to extend moderating counsel in favor of negotiating.

Reference sections 3 and 4, the claim of Hitler that the highly armed nations will not at present disarm appeared to me correct. The importance of his demand for arms equality at least for the time being lies mainly in its appeal to the inferiority complex of his own people of which he has made such use in the past and which with a few concessions might now be turned to pacific ends. The present German army is concededly most efficient. Its reorganization would require some time and might conceivably be the subject of further negotiations.

Reference section 6, I did not intend to convey any impression of inter-dependence of policies but merely to take advantage of the conjuncture to put forward a personal and informal suggestion which I felt sure could not compromise the government and might in the future be helpful to our Far Eastern policy. I had recently heard disquieting reports from different sources as to situation in the Far East and my colleague<sup>65</sup> who was formerly Governor General of Dutch East Indies observed to me that unless the United States and Great Britain acted together in Far East his country would lose its empire.

Code text mailed Geneva.

DODD

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500.A15A4 General Committee/721

*The Ambassador in Germany (Dodd) to the Acting Secretary of State*

No. 353

BERLIN, December 14, 1933.

[Received December 26.]

SIR: Referring to my telegram No. 203 of December 14, 10 a. m. and previous communications, I have the honor to enclose herewith the text of the Hitler note to Sir Eric Phipps.

It will be noted that this communication is dated December 11. According to the press, on this same day the French Ambassador again had an interview with the Chancellor, in the course of which

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<sup>65</sup> Count Johan Paul von Limburg Stirum.

he received the latter's views for transmission to Paris for the consideration of the French Cabinet, which, however, would not as yet have taken action. According to the information given in my telegram No. 201 of December 10, which is confirmed by the telegram from the Paris Embassy to the Department, No. 537 of December 8, 11 a. m., the French Government has already reached a decision.

I may state in this connection, however, that in conversation with the Undersecretary of the Foreign Office, Herr von Bülow, the latter gave me to understand that no definite decisions would be made in this matter until after the Christmas vacation period.

The Chancellor's letter begins by reaffirming that the German Government will be willing to enter into agreements stipulating the rejection of force for the solution of all European questions, but that inasmuch as the heavily armed Powers are apparently not disposed to reduce their armaments he considers that his proposal for increasing the German army coupled with 10 year pacts of non-aggression would offer the best solution.

The note is not specific either as to German reserves or as to material. Press accounts assert that the additional 200,000 men which Germany asked for, would be subject to nine-twelve months' service only, and also refer to tanks, large field guns and military planes. The Chancellor's note, however, does not define what are the weapons "essentially necessary for the defense of the country which we therefore can not renounce and which we must accordingly insist upon as normal armament", otherwise than to give a low limit of 15 cm for the calibre of artillery.

The Department will doubtless remember that this note has as its background the intense Hitlerian propaganda against dishonorable treaties that made such a powerful appeal to the German people. Now that the Chancellor's foreign policy has been approved by a plebiscitary vote, it is natural for him to desire to show his constituents some measure of success in his foreign negotiations. It is to be presumed, however, that his principal care for the time being is really to consolidate his position at home, a process to which very serious foreign trouble might prove fatal. The stage is therefore all set for negotiations with his neighbors, for the success of which mutual concessions are essential.

I can quite sympathize with the point of view which regards this proposed increase of the German army as a step in contemplation of war. But this is in my opinion only a part of the picture. I regard it as primarily a move to satisfy the self-esteem of the Germans who have been accustomed from their youth to the idea of martial display and prestige and feel themselves slighted by the restrictions placed upon their military development.



If a concession in the size of the German army would purchase 10 years' peace and a measure of appeasement calculated to lengthen this term, I should say that it would be worth while. Be this as it may, the Hitler proposition, whatever its objections, at least seems to afford a starting point for discussions. This is probably its principal merit.

Respectfully yours,

WILLIAM E. DODD

[Enclosure—Translation]

*The German Chancellor (Hitler) to the British Ambassador in Germany (Phipps)*

BERLIN, December 11, 1933.<sup>68</sup>

YOUR EXCELLENCY: In the name of the German Government I have the honor to reply as follows to the enquiries addressed to me through Your Excellency on behalf of the British Government.

I. The German Government is ready to enter into agreements which stipulate the rejection of force for the solution of all European questions and which can thus be of service to the maintenance of world peace. In view, however, of past experiences, the German Government would propose to choose a form which makes it both possible and easier for the Governments, as well before their own consciences as also before their peoples, to accept such proposals at the earliest possible moment. This consideration leads the German Government to believe that the general agreements as to limitation of armaments should be crowned by a system of reciprocal and general non-aggression pacts, which would on principle prevent by treaty every appeal to force between the European nations, in order to lay compulsorily upon the Governments the obligation either to resolve difficult or critical problems by means of peaceful diplomatic intercourse or, in the case of such intercourse being obviously impossible or fruitless, to prolong the negotiations until the general calming of the European situation should permit of a dispassionate examination and decision. In this way the fear of the British Government that such treaties might possibly result in internal conflicts with the constitution of the League of Nations would be avoided and, on the other hand, every guarantee for the maintenance of peace would be provided.

The German Government is ready to conclude such pacts with all States surrounding Germany.

II. With a view to bringing about real disarmament, or alternatively a limitation and equalisation of armaments, the German Government is ready to enter into negotiations with all individual nations

<sup>68</sup> Received at the British Embassy December 12, 1933, 1:10 p. m.

or their Governments in regard to the various subjects and figures to be discussed. The German Government does not, however, intend to take part in any conference before the basic question of the actual equality of rights of the German Reich has been decided, or alternatively before this equality of rights has been recognised by the nations participating in the conference. For on this condition alone can the German Government be answerable to the German people for its participation in a conference. The practical issue of such a conference for Germany, as a Power to which equality of rights had not been granted in advance, would inevitably be the procedure which has been familiar to us for the last 15 years, and could only lead to identical results. This would be neither supportable for the honour of a great nation nor helpful to the cause of peace.

It is of course true that the German Government agreed to the first draft convention of the English Prime Minister MacDonald, which had disarmament as its basis for discussion. But it was not the German Government which abandoned this draft; but the other Powers, under the leadership of England, agreed amongst themselves upon a second draft. This last has, however, never been recognised by Germany.

If the German Government now allowed itself to put forward a suggestion of its own they did so out of a sense of responsibility and for cogent reasons. On the ground of its previous experience the German Government no longer believes that the highly armed States are, in fact, seriously determined to disarm. Various statements made by leading statesmen have confirmed this opinion. Without going in detail into the various reasons, there are two essential facts which cannot be neglected:

(1) A reduction of the armaments of the other European States is, in effect, only to be envisaged if it is undertaken by all nations throughout the whole world. Nobody to-day, however, believes any longer in the possibility of such a general international disarmament.

(2) The events of the last months make it appear more than doubtful whether measures of disarmament, even though they were earnestly intended by the Governments of certain countries, could be successfully laid before the parliaments of those countries for ratification.

For this reason the German Government finds itself unable any longer to cherish an illusion which is calculated rather further to confuse than to improve the relations between the peoples. Having regard to practical reality, the German Government therefore feels bound to make the following declaration:

(a) Germany is the only State which has actually carried out the disarmament obligations imposed in the Peace Treaty of Versailles.

(b) The highly armed States do not intend to disarm or feel themselves unable to do so.

(c) Apart from other considerations Germany has a right by any means to obtain her equality of rights in connexion with her security.

In order to prevent a complete breakdown of the idea of disarmament and the limitless armaments race of all against all which would inevitably follow it, the German Government feel it their duty to put forward a proposal:

- (1) Germany receives complete equality of rights,
- (2) the highly armed States engage themselves mutually to engage in no further increase in their present armaments,
- (3) Germany becomes a party to this convention with the undertaking that she will, of her own free will, only make such moderate actual use of the equality of rights granted to her as could not be regarded as constituting any danger of aggression against any other European Power.
- (4) All States undertake certain obligations for the humane conduct of war or for the avoidance of the use of certain weapons of war against civilian populations.
- (5) All States accept an equal general control, which shall examine and guarantee the observance of these engagements.
- (6) The European nations guarantee each other the absolute maintenance of peace, by means of the conclusion of pacts of non-aggression, which after the lapse of 10 years shall be renewed.

III. Under these conditions, however, the demanded increase of the figure of 200,000 men, which was accepted in the MacDonalld plan, to 300,000 is not only not considerable, but on the contrary represents rather a worse situation for Germany. According to the first draft convention of the British Government France should have received on the continent, exactly as Germany, an allotment of 200,000 men. Since France is evidently not prepared to carry through this measure of disarmament, the ratio between Germany's demands to-day and the effective strength of France and the other European armies would become even more unfavourable. A total French strength of 651,000 men, which would be increased to about 1.2 million men by the States connected by friendship to France, would be faced by 300,000 men in Germany.

In addition, the 9.6 million trained reserves in these States, to put against which Germany possesses practically nothing, represent a further security which could hardly be exceeded.

Accordingly the demands for equality in armaments for Germany are more than moderate, particularly since the German Government, for its part, is ready to renounce from the outset any offensive weapons which might conceivably appear threatening even to the enormous French defensive system. Germany, who on her side is completely defenceless, has more reason to complain of the offensive weapons of

the surrounding States than the latter have for representing the defensive weapons demanded by Germany on her side as a danger. The German Government must categorically reject any idea of so-called "sample" weapons (*Musterwaffen*). There are weapons which we renounce from the outset and which we shall therefore not manufacture and there are weapons which are essentially necessary for the defence of a country, which we therefore cannot renounce and which we must accordingly insist upon as normal armament. The lowest limit for the calibre of the artillery could therefore, for example, on no account be less than 15 cm.

IV. The German Reichswehr will, of course, be absorbed in the new army. But its absorption or remodelling cannot of course be accomplished in one year but will require a series of years.

V. The S. A. and S. S. are not military organisations. They are an inseparable component part of the political system of the National Socialist revolution and so of the National Socialist state. They include some 2½ million men ranging from the eighteenth year to extreme age. Their only task is, by means of this organisation of the Political masses of our people, to prevent forever the return of the Communist peril. Whether this system can or will ever be abandoned depends upon whether this Bolshevistic-Communitic peril remains or is removed. With military matters these National Socialist organisations, which stand in opposition to the former Marxistic Reichsbanner and the Communitic Red-Front League, have absolutely no connexion whatever. The attempt to bring the S. A. and S. S. into military connexion with the Reichsheer [*Reichswehr*], and to refer to them as military reserve formations, originates with those political circles which see in the removal of this protective organisation of the National-Socialist State the possibility of a new disintegration of the German people and thus a new advance towards the Communitic goal. Just as the German Government would never take the liberty of proposing to the English Government the dissolution of any English party or of any particular form of organisation of such a party, the German Government must reject every demand for the putting into effect of such a wish in Germany. The German Government, when taking into account the military strength of other States, does not consider, in making its demands, any other formations than those of the actual army organisation. The German Government will, also in future attach no political significance, which might affect its attitude, to such political, sportive, or post-military societies as may be considered necessary in other States.

VI. The German Government is, as has been emphasized, ready, in principle, to agree to an international, general and identic system of control, functioning periodically and automatically. In or-

der to prove the character of the S. A. and S. S. to be, as was emphasized above, that of political organisations for a general, spiritual and physical inoculation against the dangers of a Communistic upheaval, the German Government does not decline to provide proof, in the course of this control, that this definition is being accurately adhered to. In conclusion, I will add once again, in the name of the German Government, the assurance that in the event of the other nations—contrary to the expectation of the German Government—deciding upon complete disarmament, the German Government declares in advance its readiness to accede to such a convention, and similarly to disarm if necessary to the last cannon and to the last machine gun.

I avail myself [etc.]

ADOLF HITLER

500.A15A4 General Committee/704 : Telegram

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

WASHINGTON, December 15, 1933—1 p. m.

313. Your 335, December 15, 11 a. m.<sup>67</sup> Dodd has telegraphed summary of original Hitler proposals and Lindsay, in *Aide-Mémoire* dated December 8,<sup>68</sup> has furnished us with British reply requesting further clarification.

Cable brief summary of subsequent correspondence, together with your analysis of British Government's present policy and objectives.

Mail cipher text to Berlin and Geneva.

PHILLIPS

500.A15A4 General Committee/706 : Telegram

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

LONDON, December 16, 1933—5 p. m.  
[Received December 17—9:40 a. m.<sup>69</sup>]

339. Last paragraph of your 313, December 15, 1 p. m. I am sending under telegram 338, December 16, 4 p. m.<sup>70</sup> pertinent portions of the Hitler memorandum dated December 11. This is essential to comprehension of the situation.

<sup>67</sup> Not printed.

<sup>68</sup> *Ante*, p. 328.

<sup>69</sup> Telegram in two sections.

<sup>70</sup> Not printed; for text of memorandum, see p. 338.

Wilson has talked with Simon, Eden, and Henderson and this message is sent in collaboration with him.

It will be remembered at the time of the last Bureau meeting in Geneva that Simon made it clear to Boncour that he could not consider the so-called (accord) of October as binding on the participants in view of the changed situation created by Germany's departure. This, the British feel, leaves them free to explore the situation with or without French collaboration.

The British further reached the conclusion that previous attempts of a number of powers to decide among themselves the question of Germany's place in a disarmament treaty had in every case lamentably failed. It was impossible, especially with the present leaders of Germany, to do other than really negotiate with them on a real footing of equality. Instead of endeavoring to prescribe what Germany might have, the British Ambassador at Berlin was instructed to make an attempt to ascertain what Germany wants. This was done with the idea that, however extravagant Hitler's demands may be, at least it would be valuable to have a concrete statement of those demands as a point of departure for negotiations. The Conference had suffered in the past, the British believed, because, not having stated her demands, Germany was able continually to cry that what was being done was not sufficient. They have now obtained from the Germans the document transmitted under my 338, December 16, 4 p. m. They already know the French point of view and there may be a possibility of finding a compromise between the two. Such a hope, however, the British do not entertain during the life of the present precarious French Cabinet.

The French show a measure of irritation against the British both because the latter do not consider themselves bound by the (accord) of October and because the British acted directly in Berlin instead of after previous discussion with the French in Paris.

However, this direct action in Berlin of the British conforms to a strong opinion that has existed for some time among the members of the Cabinet that the policy of cooperation with France should never result in Great Britain being the tail to the French kite in negotiations with Germany. I understood that Simon intends to stop in Paris for a couple of days next week enroute to Italy and will endeavor to soothe the French temperament while the British Cabinet has not yet decided what its course of action will be, they are considering the preparation of a reply to Hitler's memorandum of December 11 (Phipps is detained in London pending Cabinet's deliberations). This reply will welcome certain phases of the memorandum, for instance, Germany's acceptance of control; will rebut certain

arguments in the memorandum; will take exception to certain demands and will ask further elucidation on detail, notably on tanks and aircraft. When this reply has been sent to Germany and presumably after the receipt of further detail, they plan to talk the matter over with the French. It is believed by members of the Cabinet that Germany's attitude cannot be greatly modified by further direct negotiations.

British have now in large measure ascertained Germany's position, they know France's position, and are considering whether at the next meeting of the Bureau or the General Commission the British Government should not present some project offering a middle course between the two theses. I repeat that this is not a Cabinet decision but is as yet merely a project of some of the members.

Unquestionably the position taken in the German memorandum December 11 is a shock to the British even though they knew that Germany was going to demand modern equipment for their army. The British are particularly concerned at the possibility of the construction of a fleet of the latest type of pursuit planes if the numbers of such a fleet are calculated, as the Germans suggest, on one-quarter the force of their immediate neighbors.

As to the general conception that the British hold of the situation; they appear to be convinced that some treaty is better than no treaty. As Simon phrased it in a recent speech, the choice in their minds is between regulated or unregulated armament. They are trying to examine the situation on a basis of what is really practical of thought and, having indulged in the luxury of hate of the Nazi regime for some months, the departure of Germany from the Conference and the League showed them the cost of a policy not based purely on reason. We do not feel, although no proof can be produced at the moment, that the British have abandoned the idea of reduction in the armaments of the heavily armed states. They recognize the increased difficulty of such reduction if Germany received a measure of immediate rearmament. But they are trying to separate for the sake of greater clarity of approach the two questions (*a*) Germany's place in a disarmament convention and (*b*) the disarmament to be applied to the armed powers.

Since my return from Washington and since Wilson's arrival here <sup>11</sup> we are both more than ever convinced of the soundness of the Department's policy that while the States of Europe are concerned with the question of the rearmament of Germany we should not play an active role or offer advice in a matter in which we cannot accept responsibility, but that if and when this problem is solved and the discussion

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<sup>11</sup> December 14.

comes back to disarmament of the great powers we will play as active a part as before.

Wilson will be able to amplify the foregoing.

Cipher text mailed to Paris and Geneva.

ATHERTON

500.A15A4 General Committee/726

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

No. 388

LONDON, December 18, 1933.

[Received December 29.]

SIR: I have the honor to refer to my strictly confidential telegram No. 341, December 18, 7 p. m.,<sup>72</sup> and to enclose a copy of a memorandum of a conversation I had with the Prime Minister this afternoon.

Respectfully yours,

RAY ATHERTON

[Enclosure—Memorandum]

LONDON, December 18, 1933.

I called on the Prime Minister at the House of Commons this afternoon at 5 o'clock at his request. Mr. MacDonald referred to my visit of last week, reported in my despatch No. 387, December 16th,<sup>73</sup> and read me the draft of a note he was intending to send to the various "rapporteurs" of the World Economic Conference,<sup>74</sup> seeking suggestions as to future effective work by this body. He then referred to the intense economic nationalism that was to be found generally in the world today, and expressed the hope that the future work of the Economic Conference might in some way be able to combat this tendency. He then referred briefly to the unsatisfactory financial situation existing in France and Italy today, but stated it was impossible to rely on any discussions with these two nations since it was very difficult to make them live up to any agreement if it were reached. I was able to gather, partly by inference, that the Prime Minister also had in mind the negotiations going on at the present time between England and France for a new commercial treaty, the conclusion of which, I am informed, may be expected at an almost immediate date. The Prime Minister asked one or two questions as to conditions in the United States, and said that the foreign exchange value of the dollar in relation to the pound at \$5.13 was causing trade losses to British

<sup>72</sup> Not printed.

<sup>73</sup> *Post*, p. 760.

<sup>74</sup> For correspondence relating to the Monetary and Economic Conference, held in London, June 12–July 27, see pp. 452 ff.



manufacturers, who, in turn, were appealing to their members of Parliament for an expression of Government policy. The Prime Minister said he realized that with the meeting of Congress in January fresh considerations must be met by the Administration, and the British Cabinet were loath at any time to "consider measures of retaliation", since any such Government policy was merely another spoke in the ultimate recovery of international trade which, he felt very strongly, was the necessary accompaniment to world recovery.

In the matter of war debts, he said that the token payment of last week,<sup>75</sup> which was not favored by the whole British Cabinet, had aroused considerable resentment in many important quarters in England, and this resentment was greater than had been anticipated, particularly in view of the less generous attitude of other countries. The Prime Minister then asked as to the feeling in America regarding the British debt payment, and we discussed whether the position set forth in the British note of about a year ago<sup>76</sup> was clearly understood. The Prime Minister went on and said that Senator McAdoo, when he visited him some time in the autumn, had laid before him a proposal that England surrender her West Indian possessions to the United States in return for debt cancellation. Mr. MacDonald added that any time a Ministry presented such a scheme to Parliament it would fall over night.

The Prime Minister then outlined British disarmament policy and objectives almost identically as outlined in the Embassy's telegram No. 339, November [December] 16, 5 p. m. He did add, however, that England today stood solidly by the British disarmament plan and that any attempt of Hitler to suggest in his memorandum of December 11th,<sup>77</sup> the text of which was forwarded to the Department in my despatch No. 386, December 16th,<sup>78</sup> that a modification of the plan had been agreed to was entirely erroneous. The Prime Minister laid stress on the fact that Sir John Simon in his Geneva discussions had merely stated that under certain circumstances certain modifications might be considered. The Prime Minister also laid stress on the fact that if England was unable to reach any agreement with Germany in the matter of rearmament it would merely mean that Germany would rearm without regulation. Consequently the British Government were continuing inquiries and conversations with the Germans based on Hitler's memorandum of December 11th but had not yet discussed the matter with France, especially since the Chautemps Ministry up to the present moment had been too engrossed to carry on such conversations. However, during the last few days Lord Tyrrell had been

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<sup>75</sup> For correspondence concerning British debts, see pp. 826 ff.

<sup>76</sup> Note of December 1, 1932; *Foreign Relations*, 1932, vol. I, p. 758.

<sup>77</sup> *Ante*, p. 338.

<sup>78</sup> Not printed.

able to make some headway in Paris and Sir John Simon would be arriving there the end of this week.

Mr. MacDonald pointed out that it must be realized England stood squarely by the League. It was evident, he pointed out, that if this disarmament question were attempted by Germany outside the League with a series of bi-lateral agreements, none of these agreements would correspond and what, for instance, would be defensive weapons in any agreement with France would be offensive weapons with Denmark and Czechoslovakia. Also a pact of non-aggression with Holland could not be in any way similar to a pact of non-aggression with Poland. Therefore, if disarmament was really to have any effective benefit it must carry through some central agency such as the League. The Prime Minister referred to M. Avenol's recent visit here and added that he could imagine there might be a certain amount of necessary redrafting of the Articles of the League, not only to win back League members who had resigned, but also possibly to gain new converts. In particular, the Prime Minister had in mind the elimination of a situation whereby the small Powers without responsibility or military strength could by vote in the League force military action upon the great armed Powers.

The Prime Minister asked several questions as to business conditions in the United States, as to Secretary Hull's immediate plans and movements, and the possibility of the return of Mr. Norman Davis to Geneva.

In conclusion, he said he would be glad if I should come to see him for a purely informal exchange of views once a month, and that he would make the appropriate arrangements with the Foreign Office that these meetings would be quite understood as informal and exploratory.

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500.A15A4 General Committee/710: Telegram

*The Ambassador in Germany (Dodd) to the Acting Secretary of State*

BERLIN, December 19, 1933—6 p. m.  
[Received December 19—3:25 p. m.]

209. Interview with the Minister for Foreign Affairs<sup>79</sup> yesterday. He gave me memorandum containing French Ambassador's questions<sup>80</sup> and German replies<sup>81</sup> and point of view regarding proposed change in German armaments. This amplifies British Ambassador's

<sup>79</sup> Konstantin von Neurath.

<sup>80</sup> See *aide-mémoire* of December 13, 1933, printed in République Française, Ministère des Affaires Étrangères, *Négociations relatives à la réduction et à la limitation des armements; Vingt-quatre pièces (14 octobre-17 avril 1934)* (Paris, Imprimerie Nationale, 1934), p. 13.

<sup>81</sup> See *aide-mémoire* of December 18, 1933, *ibid.*, p. 15.

statement, (see my telegram 147 [198?], of December 11 [9?]) full text by mail, meantime following indefinite answers to precise queries posed by the French throw light on prospects of further negotiations:

(1) As to whether 300,000 army susceptible of reduction or discussion, Germans replied that this figure rendered necessary by length of their frontier and neighbors' armament.

(2) The question as to time necessary for reforming Reichswehr answered by "several years" financial situation being also a factor.

(3) Concerning specific number of 6 ton tanks, 15 cm. guns and airplanes, Germans answered that these must conform to requirements of a modern defensive army.

(4) Tempo of growth of armament is not altered; 3 must correspond to that of increase of troops as indicated in 2.

(5) German Government agreeable to an international periodic automatically working and equal control when agreement reached on basic questions.

Minister for Foreign Affairs did not commit himself as to whether or not negotiations for 10-year nonaggression to be renewed after New Years could take place under aegis of League of Nations. In this connection he assured me that Suvich's arguments on the occasion of his recent visit were not aimed at destroying League of Nations but rather at fortifying it by limiting power of interference of smaller countries.

Quite unsolicited he referred also to grave situation in the Far East. His information was that Japanese would attack Soviets with probable success in the spring. He stressed danger of delay of solution in Europe because an outbreak in the Far East would upset everything. He considered that an economic boycott would be ineffective unless all of the greater nations had come to some general understanding beforehand. He expressed opinion that Soviets would collapse under any serious attack in the Far East with resultant chaos in Russia.

Code text mailed to Geneva, Paris and Rome.

DODD

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500.A15A4 General Committee/716: Telegram

*The Ambassador in Germany (Dodd) to the Acting Secretary of State*

BERLIN, December 22, 1933—4 p. m.  
[Received December 22—1:35 p. m.]

213. My 209, December 19, 6 p. m. British Ambassador here after conference with Neurath showed me today British Government's reply to Hitler's proposition on armament.

The Foreign Minister indicated sympathetic attitude toward the following English suggestions:

1. That 300,000 regulars be reduced by a third.
2. That details as to amount and character of defensive weapons be stated.

3. That assurances be given that various organizations now being trained were not to be allowed to arm or be trained for war.

The British Ambassador then said that Herriot was blocking all efforts at negotiation largely because of his dislike of Fascisti principles, that Sir John Simon was trying to persuade the French, and that after Christmas he would confer with Mussolini.

Religious obstruction<sup>82</sup> and under-cover political difficulties compel regime here to seek easement of foreign relations.

DODD

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500.A15A4 General Committee/717: Telegram

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

PARIS, December 24, 1933—1 p. m.

[Received 4:45 p. m.]

575. Yesterday Sir John Simon and M. Paul-Boncour compared notes on the German demands in armament. The information received by Poncet and Phipps was found to be the same in every respect. The only additional factor being the reply of Hitler to a personal question of the French Ambassador as to when the control envisaged might be expected to go into effect. The Chancellor said evasively that this was a question to be studied when an appropriate treaty should be completed. This disquieted the French.

The two Foreign Ministers agreed that every effort should be made to obtain a treaty at Geneva containing real and substantial measures of disarmament. Paul-Boncour stressed that no one could stand before the world and permit rearmament. Sir John Simon was not out of sympathy with this point of view. In fact I learn that he seems stiffer against German arms increase than at any time recently. It would appear to be the consensus of their opinion to go to Geneva and make public declarations of the steps in disarmament which they are prepared to make and await Germany's attitude.

The question of League reorganization was touched upon and Sir John gave full satisfaction to the French in agreeing that it was no time to tamper with the Covenant.

Sir John talked with the Czech Minister<sup>83</sup> in Paris who told him that the conversations with Beneš had developed along the same lines as the Franco-British.

Mailed London, Berlin, Rome and Geneva.

MARRINER

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<sup>82</sup> For correspondence concerning religious intolerance in Germany, see vol. II, pp. 292 ff.

<sup>83</sup> Štefan Osuský.

862.24/121

*The Ambassador in Poland (Cudahy) to President Roosevelt*

WARSAW, December 27, 1933.

MY DEAR MR. PRESIDENT: I am taking this first opportunity of writing direct, as you requested, after conferring with my colleagues at our diplomatic missions in Bucharest, Belgrade, Budapest, Vienna, Prague, Berlin, and Paris.

I started on my tour of these capitals with a prejudice that Germany was engaged in large-scale war preparations threatening the peace of Europe. This prejudice was entirely dissipated after my visit to that country, my conferences with the Ambassador at Berlin, members of his Staff, and our Military Attaché.<sup>84</sup> There is a unity in Germany, an intense feeling of national solidarity and patriotic buoyancy, which strikes one almost immediately. And the allegiance to Hitler borders on fanaticism. But the reports of training large bodies of troops for war, and assembling huge supplies of war materials are, in my opinion, entirely baseless.

These reports have been founded on scraps of information, such as the importation of copper, manganese, zinc, and nickel during the past six to eight months in excess of Germany's industrial needs. Also the production of airplanes in greater proportion than produced by the factories of England. But as our Military Attaché has so sensibly pointed out there is no marked evidence of an increase in muskets and small arms ammunition, nor of any accumulation of large projectiles and armament which would be impossible of concealment. This does not gainsay the fact that the country is being organized on a military basis. Besides the authorized regular army—the Stahlhelm of 100,000—there are marching clubs—the Brown Shirts (*Sturm Abteilung*), the Black Shirts (*Schutz Staffel*) and the *Arbeitsdienst*—all told nearly 2,000,000 men in uniform. Also the drilling and discipline of youth is proceeding rapidly under the Reich's *Jugend Führung*. By January 1, 1934, half the contingent of young men born in 1914 will be inducted in the labor service.

This appears menacing unless one is on the ground to realize that there is nothing essentially belligerent or alarming about these activities. They are really only a manifestation of Germany, affording an outlet for the peculiar social need of a country which loves display and pageantry. Half of the Brown Shirts are unemployed and the organization provides relief and cheap meals for the needy members. These marching clubs are essentially social. The German feels important and distinguished in a uniform, and what has been taken for

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<sup>84</sup> Lt. Col. Jacob W. S. Wuest.

a blatant display of militarism is merely an expression of the unique German gregarious instinct, accountable on the same grounds that our Elks, Eagles, Woodmen, etc., are accountable.

The present leaders of the government are well aware of the impotent military position of the country, and how success against France enforced [*reinforced?*] by Poland and The Little Entente would be unthinkable.

This attitude is not inconsistent with Hitler's ambition to achieve by political methods the *Anschluss* with Austria. The *Anschluss* is not a dead issue. The present government of Austria is in the precarious hands of a minority dictator. Probably 40 per cent. of the electorate is Nazi and the Social Democrats control 25 per cent. of the remaining votes, giving the Christian Democrats, the Party of Dollfuss, a striking minority. Upon the death or removal of Dollfuss, Austria might well go Nazi and fall under the domination of Hitler's strange hypnotic leadership. But instead of being an unsettling influence throughout Europe this should clarify the alignment against Germany by bringing Italy definitely on the side of the nations opposed to further relaxation of the Versailles Treaty in favor of Germany. Dismembered Austria has a population of only 6 million and no capital resources for war. The *Anschluss* should weaken rather than strengthen Germany's position in Europe.

The Little Entente—Rumania, Yugoslavia, and Czechoslovakia—with a combined standing army of nearly 1 million men, would unquestionably side with France in the case of hostilities with Germany; although how aggressively would likely depend upon their prospects for material benefits. Poland, regarding Germany as a constant menace to the territory she acquired by the Versailles Treaty, would likely take an aggressive part in case of such a war.

The most disturbing element at the present time is France, which regards the growing power and unity of Germany with mounting fear and distrust. It is France which has inspired in most part this propaganda of German military preparation.

Concretely, the only constructive step to allay this fear and control this agitation is for all the leading powers to concentrate on the formation of a Board of Arms Control to function under the jurisdiction of the League of Nations. Such a Board, dominated by impartial, judicial nations, such as Great Britain, the United States, Switzerland, and the Netherlands, might be a body of effective and far-reaching influence. At least it should be given a trial. It should be far more effective than any international court, for it would go upon the theory of preventing preparation for war, instead of attempting to intervene when hostile countries fully ready are determined upon force.

There are, Mr. President, other comments I have in mind as a result of my observations and discussions with my colleagues, but I fear already the length of this memorandum has trespassed upon your patience. If, in your opinion, what I have said here is of any weight or moment, I shall write further at a later time.

I am [etc.]

[File copy not signed]

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500.A15A4 Steering Committee/381 : Telegram

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

WASHINGTON, December 28, 1933—5 p. m.

320. For Atherton. Please communicate orally to Eden that both Norman Davis and Wilson would find it very inconvenient to arrive Geneva before approximately January 27. In the event therefore that negotiations have reached the stage for summoning the Bureau by the end of next month, it is hoped that Eden will bear this in mind. In any event, however, Davis does not feel that he would be justified in returning until sufficient progress has been made in the conversations now taking place between the European Powers to enable the disarmament work to continue with real promise of success. He would therefore appreciate being kept informed of developments.

PHILLIPS

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500.A15A4 General Committee/725 : Telegram

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

LONDON, December 29, 1933—1 p. m.

[Received December 29—10:15 a. m.]

346. Simon's visit to Paris has crystallized decisions which will confront the very diverse opinions held by British Cabinet members in their next scheduled meeting January 10; will the Cabinet accept the principle of Franco-British accord working rigidly within the framework of the League of Nations towards disarmament? This accord involves:

(a) Franco-British unity in determining terms of joint offer of an acceptable and just disarmament convention which will be more generous to Germany than that of October but less extensive than the Hitler memorandum. (I learn informally Foreign Office believe that rather than let the question of German rearmament drift, French are now prepared in close cooperation with British to offer a disarmament

convention which would include immediate limited disarmament by other powers than Germany, thereby rendering supervised control immediately effective and general rather than unilateral).

(b) This accord would envisage that if Germany rejects the terms of the proposed convention Britain will accept her obligations under League Covenant in penalizing Germany for violation of disarmament clauses of the Versailles Treaty.

Department's 320, December 28, 5 p. m. I shall see Eden when he returns to London about January 4 after recuperating from tonsillitis.

ATHERTON

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711.00/481 : Circular telegram

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

WASHINGTON, December 30, 1933—7 p. m.

Your 162, December 30, 8 pm.<sup>85</sup> The following excerpt from the President's speech before the Woodrow Wilson Foundation December 28th<sup>86</sup> deals with disarmament and the League of Nations:

"In the wider world field a chain of events has led, of late, away from rather than toward the ultimate objectives of Woodrow Wilson.

The superficial observer charges this failure to the growth of the spirit of nationalism, but, in so doing, he suggests a nationalism in its narrower, restrictive sense and a nationalism of that kind supported by the overwhelming masses of the people themselves in each nation.

I challenge that description of the world population today.

The blame for the danger to world peace lies not in the world population but in the political leaders of that population.

The imagination of the masses of world population was stirred, as never before, by President Wilson's gallant appeal to them—to those masses—to banish future war. His appeal meant little to the imagination or the hearts of a large number of the so-called statesmen who gathered in Paris to assemble a treaty of so-called peace in 1919. I saw that with my own eyes and heard that with my own ears. Political profit, personal prestige, national aggrandizement attended the birth of the League of Nations and handicapped it from its infancy by seeking their own profit and their own safety first.

Nevertheless, through the League directly, or through its guiding motives indirectly, the states of the world have groped forward to find something better than the old way of composing their differences.

The League has provided a common meeting place; it has provided machinery which serves for international discussion; and in very many practical instances it has helped labor and health and commerce and education, and last but not least, the actual settlement of many disputes, great and small, among nations great and small.

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<sup>85</sup> Not printed.

<sup>86</sup> For complete text, see Department of State, *Press Releases*, December 30, 1933, p. 380.



Today the United States is cooperating more openly in the fuller utilization of the League of Nations machinery than ever before.

I believe that I express the views of my countrymen when I state that the old policies, alliances, combinations and balances of power have proved themselves inadequate for the preservation of world peace. The League of Nations, encouraging as it does the extension of non-aggression pacts, of reduction of armament agreements, is a prop in the world peace structure.

We are not members and we do not contemplate membership. We are giving co-operation to the League in every matter which is not primarily political and in every matter which obviously represents the views and the good of the peoples of the world as distinguished from the views and the good of political leaders, of privileged classes or of imperialistic aims.

If you figure the world's population at approximately one billion and a half people, you will find it safe to guess that at least 90 per cent of all of them are today content with the territorial limits of their respective nations and are willing further to reduce their armed forces tomorrow if every other nation in the world will agree to do the same thing.

Back of the threat to world peace lies the fear and perhaps even the possibility that the other 10 per cent of the people of the world may go along with a leadership which seeks territorial expansion at the expense of neighbors and which under various pleas in avoidance are unwilling to reduce armament or stop rearmament even if everybody else agrees to non-aggression and to arms reduction.

If this 10 per cent can be persuaded by the other 90 per cent to do their own thinking and not be led, we will have practical peace, permanent peace, real peace throughout the world. Our own country has reduced the immediate steps to this greatest of objectives to practical and reasonable terms.

I have said to every nation in the world something to this effect:

1—Let every nation agree to eliminate over a short period of years, and by progressive steps, every weapon of offense in its possession and to create no additional weapons of offense. This does not guarantee a nation against invasion unless you implement it with the right to fortify its own border with permanent and non-mobile defenses; and also with the right to assure itself through international continuing inspection that its neighbors are not creating nor maintaining offensive weapons of war.

2—A simple declaration that no nation will permit any of its armed forces to cross its own borders into the territory of another nation. Such an act would be regarded by humanity as an act of aggression and, as an act, therefore, that would call for condemnation by humanity.

3. It is clear, of course, that no such general agreement for the elimination of aggression and of the weapons of offensive warfare would be of any value to the world unless every nation, without exception, entered into the agreement by solemn obligation. If then such an agreement were signed by a great majority of the nations on the definite condition that it would go into effect only when signed by all the nations, it would be a comparatively easy matter to determine which

nations in this enlightened time are willing to go on record as belonging to the small minority of mankind which still believes in the use of the sword for invasion of an attack upon their neighbors.

I did not make this suggestion<sup>87</sup> until I felt assured, after a hard-headed practical survey, that the temper of the overwhelming majority of all men and women in my own country as well as those who make up the world's population, subscribes to the fundamental objective I have set forth and to the practical road to that objective.

The political leaders of many of these peoples interpose and will interpose argument, excuse, befogging amendment—yes, and even ridicule. But I tell them that the men and women they serve are so far in advance of that type of leadership that we could get a world accord on world peace immediately if the people of the world spoke for themselves.

Through all the centuries and down to the world conflict of 1914 to 1918, wars were made by governments. Woodrow Wilson challenged that necessity. That challenge made the people who create and who change governments think. They wondered with Woodrow Wilson whether the people themselves could not some day prevent governments from making war.

It is but an extension of the challenge of Woodrow Wilson for us to propose in this newer generation that from now on war by governments shall be changed to peace by peoples.”

Please repeat to London, Paris, Berlin and Amdelgat, Geneva for their information.

PHILLIPS

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<sup>87</sup> Contained in message of May 16 to various Chiefs of State ; for text, see p. 143.

EFFORTS TO SECURE FROM CONGRESS AUTHORITY FOR  
THE PRESIDENT TO PROHIBIT THE EXPORT OF ARMS  
AND MUNITIONS FROM THE UNITED STATES UNDER  
CERTAIN CONDITIONS

500.A16/174a : Telegram

*The Acting Secretary of State to the American Delegate to the  
Bureau of the Disarmament Conference (Wilson)*

WASHINGTON, December 29, 1932—5 p. m.

274. Department's 257, December 3, 1 p. m.<sup>1</sup> In view of problems arising from the recent sale of arms and munitions of war by American manufacturers to certain Latin American Governments the Secretary has decided to urge Senator Borah to press for immediate favorable action on the Arms Traffic Convention of 1925.<sup>2</sup>

It would not appear that the ratification of that Convention by the United States would interfere with the plans recently under discussion at Geneva to provide for more effective supervision and control of the international traffic in arms. Such ratification would be without prejudice to eventual agreement by the United States to similar or more far-reaching provisions to be embodied in the Disarmament Convention.<sup>3</sup>

CASTLE

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811.113/202

*Memorandum by the Under Secretary of State (Castle)*

[WASHINGTON,] January 3, 1933.

The British Ambassador<sup>4</sup> called to read me a memorandum from his Government, which said that it had come to the notice of the British Government that the President was considering asking Congress to give the Executive authority to prevent the sale of arms to countries which were at war or in danger of war. The British

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<sup>1</sup> Not printed.

<sup>2</sup> *Foreign Relations*, 1925, vol. I, p. 61.

<sup>3</sup> For correspondence concerning the Conference for the Reduction and Limitation of Armaments, see pp. 1 ff.

<sup>4</sup> Sir Ronald Lindsay.

Government feels that this move is for the purpose of dealing with the trouble in the Chaco;<sup>5</sup> it has also learned that this country has been selling large quantities of arms and also aeroplanes to Bolivia. The British Government, if the President makes this proposal to Congress, would be very glad to cooperate with us in preventing the sale of arms to either Bolivia or Paraguay, not only by refusing licenses for such sale from Great Britain, but also by approaching the Italian and French Governments to get them to agree also not to sell.

I told the Ambassador that this was an exceedingly interesting suggestion, that I did not know whether the President had decided to make the suggestion to Congress, inasmuch as it would be taken by many people to be a mere prohibition of sale on the part of this country which would not help the situation since sales could be made from other countries. I said that, of course, the proposition now made by the British Government removed that particular angle to the matter. I told the Ambassador that I would be very glad to take it up with the President, through the Secretary, immediately and that it seemed to me that, under these circumstances, it might be possible to get promptly some kind of legislation which would help the situation although it was clear that, in asking for such legislation, the President could hardly say what the British Government had offered to do. The Ambassador said that this was the case, since if this announcement were made the French and Italians would look on the matter as another Anglo-Saxon common front.

The Ambassador asked whether Brazil, the Argentine and Chile were interested in the whole matter and I said they were, that it seemed possible that they might take a more vigorous interest and that there might be some method whereby they could be persuaded to restrict shipments of arms across their territory. I pointed out that this would be a very important part of any such plan since Japan might well be very glad to sell arms no matter what the other nations decided.

The Ambassador said that it would be difficult to do anything so far as Germany is concerned since Germany is supposed not to export arms in any case.

Sir Ronald Lindsay said that he would not send any telegram in the matter to his Government until he had heard further from me.

W. R. C[ASTLE,] Jr.

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<sup>5</sup> For correspondence concerning the Chaco dispute, see vol. iv, pp. 241 ff.

500.A16/175 : Telegram

*The Acting Secretary of State to the American Delegate (Wilson)*

WASHINGTON, January 11, 1933—5 p. m.

276. Your 501, December 30, noon.<sup>6</sup> The President sent a message to Congress yesterday<sup>7</sup> urging the ratification of the traffic in arms convention and also proposing that the President be authorized, in his discretion, to limit or forbid, in cooperation with other producing nations, the shipment of arms and munitions of war to any foreign state when, in his judgment, such shipment might promote or encourage the employment of force in the course of a dispute or conflict between nations.

Full text going forward by open mail.

CASTLE

811.113/221

*Memorandum by the Under Secretary of State (Castle) of a Conversation With the Chairman of the House Committee on Foreign Affairs (McReynolds)*

[WASHINGTON,] January 27, 1933.

I went to see Mr. McReynolds in connection with the bill authorizing the President under certain conditions to put an embargo on the export of arms. I went over the ground very thoroughly with him explaining that this measure did not give the President any more authority, or as much, as the Joint Resolution of 1922,<sup>8</sup> which covered the export of arms to certain countries which were having internal trouble. I explained to him that if this bill could be made promptly effective, it might be of the greatest assistance in putting a stop to the war and threat of war in South America, especially as it appeared that we would have the cordial cooperation of other arms producing nations in putting on this embargo of sale. Mr. McReynolds said that when the bill was first talked about simply giving the President authority without reference to cooperation with other nations he had been inclined to be opposed to it inasmuch as he felt that it would accomplish

<sup>6</sup> Not printed.

<sup>7</sup> *Congressional Record*, vol. 76, pt. 2, p. 1448.

On January 18, 1933, the American delegate was informed that "there seems to be no likelihood that the Arms Traffic Convention will be considered by the Senate during the present session." He was instructed to "make every effort to have provisions of the general nature of those contained in chapters I and II of that Convention incorporated in the General Disarmament Convention, or should more far reaching provisions be proposed, we are prepared to give them sympathetic consideration." (Telegram No. 279, January 18, 2 p. m., to the American delegate, p. 4.)

<sup>8</sup> 42 Stat. 361.

no valuable purpose and that it would merely penalize our own manufacturers without stopping the flow of arms. He said that, however, in its present form he was thoroughly in favor of the bill. He said that he had asked two or three days ago why the bill had not been sent over from the Senate, as he was prepared to bring it out immediately. He was then told of Senator Bingham's objection which might cause a long delay. He said, however, that if we would like him to do so, he could introduce the bill independently in the House. He explained at some length the difficulties in this, because it would under certain circumstances need unanimous consent, which probably would not be obtained and could not normally be introduced until the general consent calendar next Wednesday.<sup>9</sup> He said, however, that he fully appreciated the urgency of the matter and that he would take it up this afternoon with Mr. Garner<sup>10</sup> to see if Mr. Garner would assist him in every way in getting proper consideration of the bill. Mr. McReynolds said that he had talked it over on the train the other day with Mr. Norman Davis,<sup>11</sup> who is a great friend of his, and that Mr. Davis assured him that the bill had the sympathy of Mr. Roosevelt. He said that we could depend upon him to do everything in his power to put it through, although he expected to have trouble in his own Committee with Mr. Fish.<sup>12</sup>

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

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811.113/220

*Memorandum by the Under Secretary of State (Castle)*

[WASHINGTON,] February 2, 1933.

I reminded the French Ambassador<sup>13</sup> that he had spoken to the Secretary the other day about the proposed law giving the President authority, in cooperation with other nations, to put an embargo on arms going to countries where there was war or a threat of war and that he had expressed sympathy. He said this was quite true, that he had no definite instructions from his Government, but that he felt this law was exactly in line with what the French Government had long urged. He said, of course, there would be opposition from the same people (the *Comité des Forges*) whom I had attacked in my speech about press relations<sup>14</sup> because of their ownership of certain

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<sup>9</sup> February 1.

<sup>10</sup> John N. Garner, Speaker of the House of Representatives; Vice-President-elect.

<sup>11</sup> Chairman of the American delegation to the Disarmament Conference.

<sup>12</sup> Hamilton Fish, Congressman from New York.

<sup>13</sup> Paul Claudel.

<sup>14</sup> Delivered at Philadelphia, January 23, 1933; see Department of State, *Press Releases*, January 28, 1933, pp. 47, 49.

metropolitan papers. He said that probably I might be criticized in France, but that made no difference as I had merely stated a fact which was known to everybody. The Ambassador said that France, in this question of control of traffic in arms, was working with the League of Nations, but that he felt sure it would be only too glad to take independent action in a case such as the Chaco dispute, where such independent action would obviously be useful. I told him that I had brought the matter up because a Senator had told me last night that if he could say on the floor of the Senate that France and Great Britain were willing to cooperate with the United States in cases of this kind, the resolution would go through without any question, that unless the Senate could be assured that this would not be merely an idle gesture the law might perish through lack of reality.

The Ambassador said that he would immediately communicate with his Government and get an answer from them as to whether he might assure me, for transmission to the Senate, that France would play the game. He said he ought to have an answer very shortly except for the fact, possibly, with a change of Government the *Quai d'Orsay* was not functioning efficiently.

W. R. CASTLE, JR.

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811.113/222 : Telegram

*The American Delegate (Wilson) to the Secretary of State*

GENEVA, February 13, 1933—4 p. m.

[Received February 13—11:30 a. m.]

104. *New York Herald* and *Chicago Tribune* Paris Sunday<sup>15</sup> editions under Washington date line carry statement that Department published Saturday the full text of the Secretary's *aide-mémoire* in support of arms embargo resolution.

The newspaper articles are in part as follows:

"Referring apparently to the conflicts which have arisen over the questions of Manchuria<sup>16</sup> and Leticia<sup>17</sup> Mr. Stimson said:

"It may happen that a general investigation conducted by all the powers may designate clearly who is the aggressor. It is evident that such designation has become much easier owing to the great publicity given since the war to international incidents and international inquiries. The verdict of the League of Nations concerning recent events is a procedure which is perfectly feasible."

Please telegraph *aide-mémoire* if not too long, otherwise pertinent excerpts especially with reference to confirmation of above quotation and any statements about neutral rights.

WILSON

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<sup>15</sup> February 12.

<sup>16</sup> For correspondence concerning the Far Eastern situation, see vol. III, pp. 1 ff.

<sup>17</sup> For correspondence concerning the Leticia dispute, see vol. IV, pp. 384 ff.

811.113/222 : Telegram

*The Acting Secretary of State to the American Delegate (Wilson)*

WASHINGTON, February 13, 1933—6 p. m.

67. Your 104, February 13, 4 p. m. The Secretary's statement was not intended for publication. It was part of the notes taken with him to an executive session of the Foreign Affairs Committee of the House on February 9 and was intended only as a reminder of the points to be covered in his testimony before that Committee in support of the Joint Resolution quoted in the second paragraph of Department's 276, January 11, 5 p. m.<sup>18</sup> At the request of the Chairman he left a copy with the Committee. It leaked to certain newspapers in which it was published on the following day. Therefore access to it was given to the press on the 11th.

The full text of the memorandum follows:

"The resolution authorizes the President to join other countries in a refusal to ship arms whenever the shipment would promote war. The argument is made that action taken under this would sacrifice American neutrality and so involve us. The fact is that the developments of the past few years show that there is little or no practical danger involved and that the discussion is based on almost medieval conditions which modern experience and realities have almost wholly replaced.

"The following points should be noted:

(1) The Joint Resolution of 1922 providing for an embargo in cases of domestic violence in this hemisphere and in China has been employed with great effect and negligible friction. Nearly all the opportunities for antagonistic sentiment for charges of non-neutrality and for the expression of that resentment against our commerce or other agencies of the American people occur as much in the field of civil strife within a country as they do in foreign wars. Our experience has shown that the refusal of the United States to allow munitions to revolutionists has never provoked serious resentment among the adherents of the revolutionaries and has substantially stabilized conditions in the smaller countries and prevented a number of incipient revolts. The moral approval of a policy against the shipment of munitions has been so marked that even where there has been sympathy with the revolting elements, the friction has been negligible.

(2) In the case of a war between two foreign countries the embargo would not, of course, be employed unless there was general cooperation and united opinion among the principal world powers who could supply munitions. If there was no developed public opinion or international attitude it is obvious that the employment of the measure by this country would be fruitless and improper. If there was public opinion and general world concern leading to cooperation one of two conditions would exist—(a) The world would cooperate in refusing

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<sup>18</sup> The second paragraph of Department's 276 referred to the President's message to Congress, January 10, 1933; for text of message, see *Congressional Record*, vol. 76, pt. 2, p. 1448.



supplies to both nations; this would certainly involve no breach of neutrality by the United States as the movement would be general and the nations united in a common front; (b) There might be a situation in which as a result of investigation and consultation on a large scale there was a clear definition agreed upon by all the co-operating powers that one side or the other was the aggressor.

"It is becoming evident in recent years that this condition is much easier to realize than used to be believed. The world-wide publicity afforded since the great war on every international incident and army movement, and the means of investigation by international commissions which is rapidly gaining ground, all show that there are situations today in which there can be a general verdict far beyond previous anticipation. The verdict of the League of Nations on this subject, for example, as shown by recent events, is a perfectly practicable procedure. If the League or any other comprehensive group of important states had mutually arrived at such a verdict, the participation of the United States in a general arms embargo would be not merely practical and sound, but practically necessary to preserve our national dignity and standing as a peaceful nation.

(3) Much of the old conception that neutrality as a possibility is gone in the modern world if large nations are involved in war. We were unable, in spite of the most earnest efforts, to maintain neutrality in the World War. Today nearly all of the world except the United States and Russia are members of the League of Nations and so closely bound by agreements in the Covenant and other treaties that real neutrality in a large-scale war is almost impossible. War today involves blockade and the commerce of the neutral is as much under fire as are the participants.

(4) The view that a neutral is obligated to sell arms to a belligerent is generally criticized by modern writers. Access is always unequal (as in the case of the Allies and Germany to the United States in the World War), and impartiality never really results. Disarmament agreements have already complicated the problem.

"There is a general feeling among writers on international law that the rule of impartiality in supplying arms, if it ever was generally accepted, is subject to criticism. There never was a right in the belligerent to buy arms.

"Hyde criticizes this view in *International Law*, page 868, and Oppenheim in his *International Law* says the sale of arms to a belligerent is dictated by greed and will disappear with better standards of public morality, page 350."

CASTLE

811.113/255

*The Swedish Minister (Boström) to the Under Secretary of State  
(Castle)*

WASHINGTON, February 28, 1933.

MY DEAR MR. CASTLE: Referring to our conversation on February 9th about the Swedish Government's willingness to cooperate with the United States Government with a view to a concerted action between the arms-producing countries in a certain situation, I beg to

inform you that I have now received a telegram from my Government to the effect that my assumption was correct that it would be willing to cooperate with your and other interested Governments in the direction outlined in the resolution now before Congress.

Believe me [etc.]

W. BOSTRÖM

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793.94 Commission/876: Telegram

*The American Delegate (Wilson) to the Secretary of State*

GENEVA, March 9, 1933—6 p. m.  
[Received March 9—3: 50 p. m.]

143. Supplementing my 142, March 8, 9 p. m.<sup>19</sup> Ruspoli of the Italian delegation informs me that the Italian Government have instructed Rosso<sup>20</sup> to get in touch with the Department to ascertain if possible our attitude on embargo on arms. At the same time he was instructed to get in touch with me on the subject. Ruspoli said that they had made careful study by their jurists of the legal aspect of this question relating to Paraguay and Bolivia (see my 137, March 2, midnight<sup>21</sup>) and that their jurists were convinced that action upon an embargo taken under article 11 even behind the facade of individual action by the separate states and not as the Council would be a violation of the Covenant.<sup>22</sup>

From a practical standpoint the Italian Government is of opinion that an embargo on two parties to the dispute is almost certain to hurt the innocent party more than the guilty one since the aggressor will have taken the precaution to store up stocks of war material. The British and French are pushing hard for the establishment of an embargo against Bolivia and Paraguay but the Italian Government will not agree unless the United States also agrees.

According to Ruspoli the same unfairness results in an embargo on Japan and China. The whole action is in favor of the state which the League has just condemned.

The question of Peru and Colombia has not yet been raised in the matter of embargo since the machinery of conciliation under article 15 has not yet been exhausted and will not be exhausted until the adoption of the report provided for under paragraph 4. In any case Ruspoli points out that having attended the meetings of the Council and

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<sup>19</sup> This telegram read as follows: "British delegation had just made an appointment with me to see Sir John Simon on Saturday morning. Simon telegraphed that he desired to talk about embargo on arms to the Far East." (793.94 Commission/869)

<sup>20</sup> Augusto Rosso, Italian Ambassador in the United States.

<sup>21</sup> Not printed.

<sup>22</sup> The Covenant of the League of Nations, *Treaties, Conventions, etc., Between the United States of America and Other Powers, 1910-1923* (Washington, Government Printing Office, 1923), vol. III, p. 3336.

the informal meetings of the members of the Council he finds Great Britain certainly and France apparently much more interested in applying embargoes on arms against the two parties to a dispute than against the one obviously guilty party, namely, Peru.

Ruspoli said that his Government would be grateful for any views which I could express. I said that I did not know my Government's views on the subject but would advise him when I learned them.

WILSON

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811.113/265a

*The Under Secretary of State (Phillips) to the Italian  
Ambassador (Rosso)*

WASHINGTON, March 15, 1933.

MY DEAR MR. AMBASSADOR: When you came to see me on March 10, I promised to let you know the nature of our reply to the British Ambassador on the question of the arms embargo legislation, which was recommended by President Hoover, but which failed of enactment before the adjournment of the 72nd Congress.

We gave the British Ambassador an account of the efforts of the last administration to empower the Executive, in his discretion, after securing the cooperation of the governments of such other nations as he may deem necessary, to impose embargoes on the export of arms and munitions of war to any nation or nations which he may designate. We told him further that unless and until such legislation is passed by Congress, the Executive has no authority to impose embargoes on the export of arms and munitions of war which might be used in international conflict, and added that it was the purpose of this administration to press for the passage of such legislation. We told him also that it would be premature for this Government to decide upon the policy which it might eventually adopt in case the Executive were given the appropriate authority, but that if such authority is conferred upon the Executive, this Government will be glad to exchange views with other interested governments in regard to this question.

I am [etc.]

WILLIAM PHILLIPS

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811.113/280a

*The Secretary of State to the Chairman of the House Committee on  
Foreign Affairs (McReynolds)*

WASHINGTON, April 5, 1933.

MY DEAR MR. McREYNOLDS: I have given careful consideration to H. J. Res. 93<sup>23</sup> and I am strongly of the opinion that this legis-

<sup>23</sup> *Post*, p. 367.

lation should be enacted. I should greatly appreciate it, therefore, if you could find it possible to urge favorable action on this resolution. I hope that you will be able to succeed in having it passed in the form in which it was reported out of the Committee on Foreign Affairs and without the amendment which was introduced in the House when this legislation was being considered on the recommendation of the last administration—an amendment which would weaken its force and narrow its applicability.

The authority, which the passage of this resolution would confer upon the Executive, would be exercised by any Chief Magistrate of the United States to the sole end of maintaining the peace of the world and with a due and prudent regard for our national policies and national interests. The special circumstances of each particular case which may arise would dictate what action, if any, would be taken in that case, but the authority to act on terms of equality in cooperation with other governments when the occasion arises, should be left to the discretion of the Executive Branch of the Government which is charged, under the Constitution, with the conduct of our foreign relations. In justice to the firm convictions of the American people and to its own dignity, this Government should no longer be left in the position of being unable to join the other governments of the world in preventing the supply of arms and munitions for use in an international conflict when it is exercising its diplomacy and the whole weight of our national influence and prestige to prevent or put an end to that conflict. The enactment of this legislation would strengthen the position of this Government in its international relations and would enable us to cooperate more efficiently in efforts to maintain the peace of the world.

I am writing to Senator Pittman asking him to support this legislation in the Senate.

Sincerely yours,

CORDELL HULL

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811.113/297

*The Chairman of the Senate Committee on Foreign Relations  
(Pittman) to the Secretary of State*

WASHINGTON, May 10, 1933.

MY DEAR MR. SECRETARY: We had up in the Committee this morning for discussion H. J. Res. 93, to prohibit the exportation of arms or munitions of war from the United States under certain conditions.

I attach a copy of the resolution to this letter.

The chief objections to the resolution urged at the meeting were:

First. That it is indefinite as to what governments the President shall cooperate with. Would he have power, for instance, to place an embargo in cooperation with Nicaragua, or is it the intention that such cooperation shall be with powerful nations only?

Second. What good will be accomplished, it is urged, if the United States manufacturers refrain from shipping arms to a country or countries in question if ample munitions of war are supplied from some other country? In such a case would not our manufacturers and our producers of raw material that enter into the manufacture of munitions needlessly suffer?

Third. Under the construction of the resolution it is clear that the President will be granted the power to place an embargo upon the exportation of munitions of war to one of the warring powers or groups of warring powers. It is contended, therefore, that the exercise of such authority would have a strong tendency to involve the United States to such an extent that a condition of war might arise.

Fourth. It is urged that the passage of this resolution at this time might be accepted by Japan as aimed at her, as the Commission of the League of Nations, on which we had a member, found facts from which there is a logical conclusion that Japan has been and is the aggressor in the Sino-Japanese conflict. It is contended that the governments, parties to the finding of fact with regard to the Sino-Japanese conflict, might request the President to join them in executing the power conferred under the resolution, and that such request might develop into an embarrassing situation.

Certain amendments have been suggested to eliminate opposition to the resolution on the grounds herein stated.

It was called to the attention of the Committee that full hearings were had before the House Committee, and that a representative of your Department appeared and testified before that Committee. It seemed to be the opinion of several members of the Committee that the questions raised by the resolution are of such vital and far-reaching effect that it would be very helpful to the Committee if you could possibly find time to give the matter your personal attention, and appear before the Committee, even were it but for a few minutes. The Committee fully realizes that your time is almost continuously occupied by your extraordinary duties, and therefore I hope that you might use your own discretion as to fixing the time when you may appear before the Committee, if you find it possible at all.

While the Committee will be greatly aided by your personal advice, they desire you to express to them in writing your views with regard to the suggested questions if you find it impossible to fix an hour at which you could appear before the Committee.

With expressions [etc.]

KEY PITTMAN

[Enclosure]

*House Joint Resolution 93, April 17, 1933, 73d Congress, 1st Session*

JOINT RESOLUTION To prohibit the exportation of arms or munitions of war from the United States under certain conditions.

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That whenever the President finds that in any part of the world conditions exist such that the shipment of arms or munitions of war from countries which produce these commodities may promote or encourage the employment of force in the course of a dispute or conflict between nations, and, after securing the cooperation of such governments as the President deems necessary, he makes proclamation thereof, it shall be unlawful to export, or sell for export, except under such limitations and exceptions as the President prescribes, any arms or munitions of war from any place in the United States to such country or countries as he may designate, until otherwise ordered by the President or by Congress.*

SEC. 2. Whoever exports any arms or munitions of war in violation of section 1 shall, on conviction, be punished by a fine not exceeding \$10,000 or by imprisonment not exceeding two years, or both.

Passed the House of Representatives April 17, 1933.

Attest:

SOUTH TRIMBLE  
*Clerk*

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810.113/22

*The Secretary of State to Diplomatic and Consular Officers in the Latin American Republics*

WASHINGTON, May 13, 1933.

SIRS: In order that there may be no misunderstanding concerning the policy of this Government, in regard to the export of arms and munitions of war and in regard to the duties of American diplomatic and consular officers in relation thereto, it is deemed advisable to set forth for their information and future guidance, the following statement of the position of this Government with special reference to the export of arms and munitions to Latin America.

It is not the policy of this Government to encourage the export trade of arms and munitions of war. American diplomatic and consular officers should not, therefore, proceed on their own initiative to promote American trade in arms or munitions of war, and should not endeavor to create trade opportunities for American exporters of such articles. They should, however, in countries where normal

conditions exist, when requested to do so by American exporters or their agents, or by prospective purchasers, follow the same procedure in giving information and advice as they would follow in respect to the trade in any other commodity, but unless these inquiries or offers are in regard to such material as blasting powder, dynamite and other explosives when it is definitely known that these articles are intended by reputable concerns for industrial uses, they should decline to use official channels for the communication of such inquiries or offers.

When virtual warfare is being carried on between two countries, as is now the case between Bolivia and Paraguay<sup>24</sup> and between Colombia and Peru,<sup>25</sup> it is the policy of this Government not to further the sale of arms and munitions of war by placing its facilities at the disposal of either party to the conflict. When conflicts, such as those referred to, are in progress, American diplomatic and consular officers should bear this principle in mind, and should exercise unusual discretion in their relations with American exporters of arms or munitions of war or their agents and with prospective purchasers.

It is the policy of this Government to refrain from disposing of arms and munitions of war in its possession or under the control of the War Department or of the Navy Department to foreign governments or to persons who might be presumed to be about to transfer them to foreign governments. There are, however, certain exceptions to this general principle. In view of the special relations existing between this Government and the Cuban Government, the Secretaries of War and of the Navy, under the Act of August 29, 1916,<sup>26</sup> supply the Cuban Government, upon its request, with arms and munitions when such sales can be made from surplus stocks in the possession of their respective Departments. Moreover, special circumstances, such as at times have existed in Central America, have occasionally made it appear advisable to comply with the request of Central American Governments that they be permitted to purchase arms and munitions from this Government. However, this Government is reluctant to comply with such requests and desires that they be discouraged.

In virtue of the authority conferred upon the Executive by the Joint Resolution of January 31, 1922,<sup>27</sup> the President, when he finds that in any American country conditions of domestic violence exist which are or may be promoted by the use of arms or munitions of war procured from the United States, may proclaim it unlawful to export such articles to the countries which he may designate except under such limitations and exceptions as he may prescribe. Proclamations prescribing limitations upon the export of arms and ammunition are

<sup>24</sup> For correspondence concerning the Chaco dispute, see vol. iv., pp. 241 ff.

<sup>25</sup> For correspondence concerning the Leticia dispute, see vol. iv, pp. 384 ff.

<sup>26</sup> 39 Stat. 643.

<sup>27</sup> 42 Stat. 361.

now in effect in respect to Honduras<sup>28</sup> and Nicaragua.<sup>29</sup> Such exports intended for either of these countries are subject to special export license for each shipment. Furthermore, the United States Government as a party to the Convention relating to the Rights and Duties of States in the Event of Civil Strife, signed at Habana on February 20, 1928,<sup>30</sup> is obligated to prevent the export of arms intended for the use of rebels against the authorities of such Governments as have ratified that Convention.

Very truly yours,

For the Secretary of State :  
FRANCIS WHITE

811.113/297

*The Secretary of State to the Senate Committee on Foreign Relations*<sup>31</sup>

MEMORANDUM, H. J. RES. 93—TO PROHIBIT THE EXPORTATION OF ARMS OR MUNITIONS OF WAR FROM THE UNITED STATES UNDER CERTAIN CONDITIONS

I

This legislation was originally recommended to Congress by President Hoover in a special message of January 10, 1933.<sup>32</sup> As S. J. Res. 229, It was favorably and unanimously reported out of the Senate Committee on Foreign Relations and unanimously passed by the Senate during the last weeks of the 72nd Congress. Its passage was blocked, however, by a motion to reconsider in the Senate and it did not come to a vote in the House. President Hoover again urged the enactment of this legislation in a special message of February 20, 1933, in the following words :

“Peace would be promoted and the killing of men checked in various parts of the world today, if the Executive had the authority to join with other nations in preventing the shipment of arms to such localities. I earnestly recommend that the legislation proposed for this purpose be enacted.”<sup>33</sup>

The 72nd Congress adjourned, however, without acting upon this resolution.

<sup>28</sup> Proclaimed March 22, 1924; *Foreign Relations*, 1924, vol. II, p. 322.

<sup>29</sup> Proclaimed September 15, 1926; 44 Stat. 2625.

<sup>30</sup> *Foreign Relations*, 1928, vol. I, p. 612.

<sup>31</sup> Department notation of May 18, 1933: “The attached memorandum was, at the direction of the Secretary, read by Mr. [Joseph C.] Green of the Division of Western European Affairs at a meeting in executive session of the Senate Committee on Foreign Relations on May 17, 1933. A copy of Parts I and II was left with the Committee.”

<sup>32</sup> *Congressional Record*, vol. 76, pt. 2, p. 1448.

<sup>33</sup> *Ibid.*, pt. 4, p. 4553.



The present administration after a careful consideration of all the objections which had been brought against the resolution during January and February and after a careful study of all the questions of law and policy involved in this proposed legislation has continued to urge its enactment.

The Resolution was reported out favorably by the House Committee on Foreign Affairs after a series of hearings at which the views of the Department of State were made clear by a representative of the Department, and at which representatives of interests opposed to this legislation were given a full opportunity to voice their objections. It was passed by the House of Representatives on April 17.

This legislation would complete a structure which has been being gradually built up over a long period of years. The Joint Resolution of Congress of April 22, 1898, (30 Stat. 739) conferred upon the Executive the power to prohibit the export of war materials "in his discretion, and with such limitations and exceptions as would seem to him expedient." Although this resolution was a war measure passed in connection with the war with Spain, it remained on the statute books for 14 years and the power conferred by it was used on October 14, 1905, when President Roosevelt issued a proclamation (34 Stat. 3183) in which "for good and sufficient reasons unto me appearing" he forbade the export of arms to any port in the Dominican Republic. This resolution was amended by the passage of the Joint Resolution of March 14, 1912 (37 Stat. 630) as follows:

*"Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the joint resolution to prohibit the export of coal or other material used in war from any seaport of the United States, approved April twenty-second, eighteen hundred and ninety-eight, be, and hereby is, amended to read as follows:*

*"That whenever the President shall find that in any American country conditions of domestic violence exist which are promoted by the use of arms or munitions of war procured from the United States, and shall make proclamation thereof, it shall be unlawful to export except under such limitations and exceptions as the President shall prescribe any arms or munitions of war from any place in the United States to such country until otherwise ordered by the President or by Congress.*

*"SEC. 2. That any shipment of material hereby declared unlawful after such a proclamation shall be punishable by fine not exceeding ten thousand dollars, or imprisonment not exceeding two years, or both".*

By the Joint Resolution of January 31, 1922, (42 Stat. 361) this authority was extended to include any country in which the United States exercises extraterritorial jurisdiction. These countries are, at present, China, Morocco, Egypt, Ethiopia, and some of the lesser

states of Arabia. Pursuant to the authority conferred by these two resolutions, this Government has been enabled to act in the interests of peace by preventing shipments of arms on many occasions, as the following table of embargoes proclaimed by the President will indicate:

- Brazil*: Proclaimed October 22, 1930. 46 Stat. 3036. Revoked March 2, 1931. 46 Stat. 3050.
- China*: Proclaimed March 4, 1922. 42 Stat. 2264. Still in effect.
- Cuba*: Proclaimed May 2, 1924. 43 Stat. 1946. Revoked August 29, 1924.
- Honduras*: Proclaimed March 22, 1924. 43 Stat. 1924. Still in effect.
- Mexico*: Proclaimed March 14, 1912. 37 Stat. 1733. Revoked February 3, 1914. 38 Stat. 1992. Proclaimed October 19, 1915. 39 Stat. 1752. Revoked January 31, 1922. 42 Stat. 361. Proclaimed January 7, 1924. 43 Stat. 1934. Revoked July 18, 1929. 46 Stat. 3001.
- Nicaragua*: Proclaimed September 15, 1926. 44 Stat. 2625. Still in effect.

The principle underlying these resolutions was confirmed by the Convention relating to the Rights and Duties of States in the Event of Civil Strife, signed at Habana on February 20, 1928, under which the United States, as a party to the Convention, is obligated to prevent the export of arms intended for the use of rebels against the authorities of such Governments as have ratified that Convention.

The authority of the Executive over the export of arms and munitions of war was, under the Joint Resolution of April 22, 1898, practically unlimited. Under the Joint Resolutions of March 14, 1912, and January 31, 1922, it was limited to exports destined to certain prescribed parts of the world and to cases of civil strife. Under the proposed legislation, the President would have authority to proclaim an embargo on the export of arms and munitions of war not only to American countries and to those countries in which we exercise extraterritorial jurisdiction but to any part of the world, and not only in cases of civil strife, but in cases of threatened or actual international conflict. However, the authority conferred upon the President by this resolution would differ from that conferred by the three former resolutions in that it could be exercised only after he has secured the cooperation of other governments, whereas his authority under the three former resolutions is unlimited by any such restriction.

Authority similar to that which this resolution would confer upon the American Executive is already possessed by the Executive Departments of most of the important Governments of the world, including: Belgium, Canada, Denmark, France, Germany, Great Britain, Italy, Spain, Sweden, the Netherlands, the U. S. S. R. The

authority of the Government of Sweden in this respect is even more far reaching, in that exports of arms are prohibited by law except when the Executive issues a license covering any individual shipment. The Spanish Government, without awaiting the cooperation of other Governments, has already put into effect an embargo on the shipment of arms to Bolivia, Colombia, Paraguay and Peru—the four South American countries at present engaged in international conflict.

## II

The authority which the passage of this resolution would confer upon the Executive would be exercised by any Chief Magistrate of the United States to the sole end of maintaining the peace of the world and with a due and prudent regard for our national policies and national interests. The special circumstances of each particular case which may arise would dictate what action, if any, would be taken in that case, but the authority to act on terms of equality in cooperation with other governments when the occasion arises, should be left to the discretion of the Executive Branch of the Government which is charged, under the Constitution, with the conduct of our foreign relations. In justice to the firm convictions of the American people and to its own dignity, this Government should no longer be left in the position of being unable to join the other governments of the world in preventing the supply of arms and munitions for use in an international conflict when it is exercising its diplomacy and the whole weight of our national influence and prestige to prevent or put an end to that conflict. The enactment of this legislation would strengthen the position of this Government in its international relations and would enable us to cooperate more efficiently in efforts to maintain the peace of the world.

The phrase "after securing the cooperation of such governments as the President deems necessary" is unnecessary from the standpoint of the eventual exercise of the authority granted by this resolution as it would be obviously absurd for this Government to attempt to prevent or put an end to an international conflict by any act which would serve merely to divert the trade in arms and munitions from this country to other countries, but it serves a useful purpose in emphasizing the necessity for international cooperation in this matter and in making clear to the people of this country that there is no intention of sacrificing the interests of American manufacturers to those of foreign manufacturers. The late Senator Walsh of Montana proposed the insertion of this phrase in the resolution when it was under consideration in the Committee on Foreign Relations during the last session of Congress. It is a happy phraseology in that it makes no attempt

to hedge the authority to be conferred with specific restrictions which might prove to be entirely inapplicable in some particular case. In a matter of this kind, wide discretion must necessarily be left to the Executive and any attempt to specify particularly the governments whose cooperation it would be necessary to secure in order to exercise this authority would be certain to result in defeating the very purpose of the Resolution. In any particular case, the Executive would secure the cooperation of those Governments whose cooperation was necessary to ensure the cessation of the supply of arms and munitions from abroad to some particular country or countries. Which governments those would be would depend upon the geographical location of the country or countries in question, the supplies of arms and munitions on hand in certain countries, the contracts which had already been entered into, the international situation existing at this time and other unforeseeable factors. In some cases, the cooperation of all the principal producing countries might be necessary to attain the desired end. In other cases this end might be attained by securing the cooperation of only a few of the principal producing countries. In still other cases the cooperation of the contiguous countries through which arms or ammunition would have to be shipped to reach their intended destination might be sufficient. In other conceivable cases, the cooperation of both producing and transshipping countries might be necessary. Conditions might vary to such an extent that the cooperation of certain governments which was not necessary when an embargo was placed would become necessary during the period in which the embargo was in effect.

The securing of the cooperation of other governments in a matter of this kind would not take the form of treaties between this Government and other governments and probably not even that of the less formal Executive Agreements. What the Resolution proposes is not that the President should enter into engagements with other governments, but that he should enter into negotiations with them with a view to the adoption of a common policy in the particular circumstances then existing. These negotiations would ensure the effectiveness of the action of this Government through parallel action by other governments. The understandings resulting from these negotiations would, under the terms of the Resolution, be terminable at any moment by action of Congress or of the President.

In defining the commodities of which the exportation would be prohibited under a Proclamation issued in pursuance of this Resolution, the Department of State which would be charged, in cooperation with the Department of the Treasury, with the administration of the embargo, would follow its unvarying practice in interpreting the identical phraseology which appears in the Joint Resolutions of March

14, 1912 and January 31, 1922. This practice is based upon an opinion communicated to the then Secretary of State by the Attorney General Mr. Wickersham on March 25, 1912, which reads as follows:

"The President has requested me to send to you and to the other Departments concerned in the enforcement of the proclamation issued by the President March 14th, 1912, pursuant to the joint resolution of Congress approved on that day, respecting the exportation of arms and munitions of war into Mexico, a definition for practical use in the carrying out of such proclamation.

"In my opinion the phrase 'arms and munitions of war', as used in the said Joint Resolution and the President's proclamation should be interpreted as referring to those articles which are primarily and ordinarily used for military purposes in time of war, such as weapons of every species used for the destruction of life, and projectiles, cartridges, ammunition of all sorts, and other supplies used or useful in connection therewith, including parts used for the repair or manufacture of such arms, and raw material employed in the manufacture of such ammunition; also dynamite, nitroglycerine or other explosive substances; also gun mountings, limber boxes, limbers, military wagons, field forges and their component parts, comprising equipment of a distinctly military character, articles of camp equipment and their distinctive parts, and implements manufactured exclusively for the manufacture of implements of war, or for the manufacture or repair of arms or war material.

"Foodstuffs, ordinary clothing and ordinary articles of peaceful commerce are not included in the prohibition."<sup>34</sup>

In enforcing the embargoes proclaimed under the Joint Resolutions of March 14, 1912, and January 31, 1922, the Department of State has at various times drawn up lists of commodities included within the Attorney General's definition of arms and munitions of war. These lists have varied in minor respects, but the following list of articles for which an export license is required under the President's Proclamation of March 4, 1922, placing an embargo on the shipment of arms and munitions to China will serve as an example:

1. Aircraft when fitted with armor, guns, machine guns, bomb-dropping or other military devices, or mountings for such guns or devices.
2. Apparatus which can be used for the storage or projection of gases, flame acids, or other destructive agents capable of use in war-like operations.
3. Arms, small arms of all kinds other than those classed as toys, together with spare parts of such arms.
4. Equipment for military purposes exclusively.
5. Explosives as follows: Gun powder, powders used for blasting, all forms of high explosives such as dynamite, nitroglycerine and TNT, blasting materials, fuses, detonators and other detonating agents, and smokeless powders.

<sup>34</sup> Opinions of Attorneys General, vol. 29, pp. 375-379.

6. Guns, machine guns, and spare parts thereof, and gun grease.
7. Gun mountings and limbers; tanks, armored motor cars, armored trucks, and armor-plate.
8. Machinery—such as cartridge-making machines, specially manufactured for use in making arms and ammunition.
9. Mines (submarine) and their component parts.
10. Projectiles, charges, cartridges, and hand grenades of all kinds with their component parts.
11. Range finders and their component parts.
12. Shot, shells and cartridges for small arms, both loaded and empty, and their component parts.
13. Warships, including boats and their component parts of such a nature that they can be used on war vessels.
14. Radio apparatus designed expressly for military use.

It is impossible to foresee all the circumstances under which the President might exercise the authority granted by this Resolution. In many cases of threatened or actual international conflict an embargo on the export of arms placed by other nations not involved in the conflict would be of little or no avail in preventing or putting an end to that conflict. In such cases, the President would obviously take no action. In other cases, an international embargo on the shipment of arms and munitions to both parties to the conflict might be an effective means of preserving or restoring peace. It is conceivable that in certain cases the matured opinion of this Government might accord with the opinion of the rest of the world in fixing the responsibility for a conflict upon an aggressor nation. In such cases, an international embargo on the shipment of arms and munitions to one party to the conflict might be deemed an equitable and effective method of restoring peace. This method nevertheless would certainly not be adopted by this Government without such effective guarantees of international cooperation as would safeguard us against the danger of this country's being involved in the conflict as a result of such action. In a case of this kind, this Government would naturally take into careful consideration the international law of neutrality taking into account the definite, although perhaps as yet undefined, effect of the Kellogg-Briand Pact<sup>35</sup> and other treaties designed to prevent war upon the concept of neutrality.

It has been urged by some that action by the President pursuant to this Resolution might result in involving this country in war. If a President were disposed to stir up conflicts with other countries, he would have, under the authority already conferred upon him many simpler and more expeditious means of doing so than by the use of an arms embargo. This is a peace measure and it would be used to promote peace.

<sup>35</sup> *Foreign Relations*, 1928, vol. I, p. 153.

## III

It is natural that this Resolution, although it was originally proposed in pursuance of the development of the peace policy of this Government and without reference to specific cases, should be considered with reference to the cases of actual international conflict existing at the present time.

If this legislation were enacted, this Government would be disposed, in cooperation with other governments, to place immediately an embargo on the shipment of arms to Paraguay and Bolivia. The information in our possession leads us to believe that a request from other powers for our cooperation would be forthcoming and that international cooperation could be obtained to a degree sufficient to ensure the complete stoppage of shipments of arms to those countries. As neither country is a producer of arms or munitions of war, such action would tend to bring about a cessation of the hostilities now being carried on between them.

Efforts are now in progress to put an end to the conflict between Colombia and Peru. Both Governments are members of the League of Nations. The Council of the League has submitted to these Governments a proposal for the settlement of the differences between them. The Government of Colombia has accepted this proposal. The Government of Peru still has this proposal under consideration. The question of an arms embargo in this case does not, therefore, arise at this time. The action if any which this Government might be disposed to take in this case pursuant to the proposed legislation would depend upon the unpredictable conditions which may exist in the future.

It has never been the intention and is not now the intention of this Government to use the authority which would be conferred upon the Executive by this Resolution as a means of restoring peace between China and Japan. An embargo on arms and munitions of war would not be an effective means of restoring peace in this case. Japan is an important producer of arms and munitions of war. Her industry is sufficiently developed to supply her present and probable future needs. China is dependent upon her importation of these commodities. An embargo on the exportation of arms and munitions to both China and Japan would, therefore, militate against China and in favor of Japan. An embargo directed against Japan alone would probably result in a Japanese blockade of Chinese ports, in the seizure by the Japanese of arms and munitions intended for China, and thus its ultimate effects would probably be to decrease China's supply of arms and increase, by virtue of seizures, Japan's supply. As this Government concurs in

general in the findings of the Lytton Commission<sup>36</sup> which place the major responsibility upon Japan for the international conflict now proceeding in China, this Government would not be disposed to take any action which would favor the military operations of the Japanese. From the information in our possession, it would appear that this view of the situation is shared by the principal powers members of the League of Nations. We do not, therefore, envisage the probability of proposals by the League or by its principal members to this Government to cooperate with them in an embargo on the shipment of arms and munitions to Japan. Should such proposals be made, we would not be disposed to give them favorable consideration, and we would not under any circumstances agree to participate in an international embargo of this kind unless we had secured substantial guarantees from the governments of all of the great powers which would ensure us against the effects of any retaliatory measures which the Japanese might undertake. In brief, this Government does not expect to take any action of this nature in connection with this case; if any action is taken it will certainly be taken with a due and prudent regard for American interests and in particular for our paramount interest of remaining free from any entanglements which would involve this country in a foreign war. One of the most important reasons for the passage of this Resolution at this time is, however, connected with the present situation in the Far East. There is danger that if this legislation is not enacted, certain European governments may find it to their interest to make it appear that this Government is responsible, by virtue of its not being in a position to cooperate, for a failure on their part to proceed with the imposition of sanctions to which they are committed by reason of their membership in the League of Nations. Thus they would make this country appear in the eyes of many of their nationals and of a large section of public opinion in this country to bear the onus of their failure to make effective the peace machinery which they have built up. If the Resolution is passed, it would no longer be possible for them to make the excuse that their failure to come to an agreement among themselves in regard to a course of action was due to the fact that we were not in a position to cooperate with them if requested to do so. Under these circumstances, failure on their part to take action would manifestly be due solely to their own inability to reach an agreement on the basis of which to request our cooperation, and the facts of the situation would

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<sup>36</sup> League of Nations, *Appeal by the Chinese Government, Report of the Commission of Enquiry* (Geneva, October 1, 1932). Reprinted by Department of State in Far Eastern Series No. 2: *Manchuria, Report of Commission of Enquiry Appointed by the League of Nations* (1932).



be obvious to all the world; they could attribute no responsibility or blame to us.

It is not our policy to have this Government posing before the world as a leader in all the efforts to prevent or put an end to wars but on the other hand it is not our policy to lag behind the other nations of the world in their efforts to promote peace. The passage of this Resolution is necessary in order that this Government may keep pace with other Governments of the world in this movement.

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811.113/306a : Telegram

*The Acting Secretary of State to the American Delegate (Wilson)*

WASHINGTON, June 1, 1933—2 p. m.

347. Department's 85, March 11, 7 p. m.<sup>37</sup> First paragraph. The Arms Embargo Resolution was passed by the House of Representatives on April 17. The Senate Committee on Foreign Relations on May 30 reported it out with an amendment as follows:

“Provided, however, that any prohibition of export, or of sale for export under this resolution shall apply impartially to all the parties in the dispute or conflict to which it refers.”

The Secretary at the press conference on May 29 stated that the proposed amendment did not conform to the views of the President or of himself.

In order to avoid a controversy at this time in regard to American conceptions of neutrality, the majority leaders in the Senate will probably not bring up the embargo resolution for a vote during this session of Congress. It is the intention of the administration to urge the enactment of the resolution in its original form at the next session.

PHILLIPS

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811.113/345

*The Secretary of State to the Secretary of Commerce (Roper)*<sup>38</sup>

WASHINGTON, November 7, 1933.

SIR: In order that no misunderstanding may arise concerning the policy of this Government in regard to the export of arms and munitions of war, and in regard to the duties of its representatives abroad in relation thereto, I have recently addressed a series of instructions to

<sup>37</sup> Vol. III, p. 233.

<sup>38</sup> The same, *mutatis mutandis*, to the Secretaries of War and Navy.

American diplomatic and consular officers,<sup>39</sup> setting forth the position of this Government concerning this matter. These instructions have differed in detail in order that they might be applicable to particular conditions existing in particular countries, and in order to ensure due regard for pertinent statutes and treaties of limited application. In general, however, they have set forth that it is not the policy of this Government to encourage the export trade in arms and munitions of war and that consequently its representatives abroad should not proceed on their own initiative to promote American trade in arms or munitions of war and should not endeavor to create trade opportunities for American exporters of such articles. They should, however, when requested to do so by American exporters or their agents or by prospective purchasers, follow the same procedure in giving information and advice as they would follow in respect to the trade in any other commodity. They are instructed further that in order to disassociate the American Government from the promotion of the export trade in arms and munitions of war, they should decline to use official channels for the communication of inquiries or offers between prospective purchasers and sellers unless, in some particular case, a refusal of such assistance would be manifestly inappropriate, or unless these inquiries or offers are in regard to such materials as blasting powder, dynamite and other explosives when it is definitely known that these articles are intended by reputable concerns for industrial uses. When virtual warfare is being carried on between two countries, representatives of this Government should exercise unusual discretion in their relations with American exporters of arms or munitions of war or with their agents and with prospective purchasers.

I should greatly appreciate it if you would bring this communication to the attention of those officers of your Department whose duties may involve the handling of business connected with the sale of arms and munitions of war to foreign countries.

Very truly yours,

CORDELL HULL

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<sup>39</sup> See circular instruction of May 13, p. 367. A similar instruction was transmitted to American representatives in the Danzig Free State, Estonia, Finland, Latvia, Lithuania, and Poland on November 7. On November 10 the Department of Commerce and the Navy Department separately advised the Department of State that their representatives abroad would be "advised accordingly".

BRITISH AND JAPANESE REACTION TO AMERICAN  
NAVAL CONSTRUCTION PROGRAM

711.94/830

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

No. 480

TOKYO, July 26, 1933.

[Received August 12.]

SIR: A review of Japanese press reaction to the American plans for naval construction is discouraging to the observer. It demonstrates completely the fallibility of logic and the perversity of human intelligence when applied to a controversial matter.

It happened that Mr. Roy Howard's<sup>1</sup> statement on American policy in the Far East appeared in the Japanese press about the same time that the news of American naval construction was under discussion. To the American observer Mr. Howard's contention in regard to the American navy seemed irrefutable; dictated by the coldest realism. To the Japanese people American naval construction means a threat to Japan and the first step toward an armament race.

[Here follows report on certain Japanese press views.]

Most of the criticism in regard to the American naval construction plan seems to be based on a conception which is hardly admissible from the American viewpoint. This is that the Japanese navy is maintained only for self-defense, and that peace is threatened by the construction of any foreign navy which might challenge Japan's position as defender of the peace in the Far East. This plea of self-defense can hardly be called original, but it seems to be a firm conviction of all classes of people. Self-defense is of course legitimate, even if to the Japanese mind it entails seizing foreign territory and bombarding distant foreign cities.

Behind all this agitation over American naval plans, and probably constituting the reason for accusing America of starting an armament race, is the determination of the Japanese to better their relative standing at the next naval conference. The 5-5-3 ratio has always been a sore spot in the Japanese consciousness, which is given to attach importance to evidence of national distinction. They realize that the year 1936 is to mark a momentous naval decision and are quick to condemn any action by a foreign nation which would tend to block

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<sup>1</sup>Roy Wilson Howard, newspaper publisher, Scripps-Howard newspapers.

their ambitions. They realize that an American navy built up to treaty limits, instead of the present 75 percent, would be a formidable obstacle in the way of their desire, and instinctively resent the present American construction program.

It is therefore futile to attempt a logical rebuttal to the Japanese contention. The necessity of self-defense, the conviction of the legitimacy of their action on the continent, the sting of naval inferiority, the determination to brook no outside interference in Asiatic affairs, are not susceptible to logical treatment nor to adjustment over conference tables. It remains to be seen whether considerations other than polemic will have effect on the Japanese viewpoint.

Mr. Kawakami has pointed out clearly in his latest book\* how the civilian government secured ratification of the London Naval Treaty<sup>2</sup> in the face of the most intense antagonism from the military. It should be borne in mind that in 1930 the civilian and liberal elements in the Japanese government had reached their zenith, and have since then practically vanished. Had the present military influence in the government been in power at that time the Treaty would undoubtedly have been rejected. Nor is it unreasonable to assume that no agreement which attempts in 1936 to assign an inferior ratio to the Japanese Navy will be acceptable, unless adverse circumstances make the acceptance inevitable. Such adverse circumstances might be the growth of a strong liberal sentiment, or extreme financial straits. The first of these is highly unlikely, and the latter would have to be utter bankruptcy. It may be assumed that no sacrifice would be too great to prevent loss of national prestige by Japan, in the present spirit of the people.

Other, and more likely circumstances which would persuade the Japanese to accept their present naval status, would be the existence of a preponderant foreign tonnage; the definite assurance of ability and willingness to outbuild on the part of America, and the knowledge that fortifications in the Pacific now held in abeyance under the terms of the Treaties, would be pushed to completion in the event of treaty breakdown. Without these restraining factors national pride will not permit the extension of the present ratio, nor will the inherent wealth nor the past sacrifices of a rival power be accepted as a reason for naval inferiority.

A short résumé of the efforts of the Japanese navy to build up to Treaty limits may be of interest at this point. Japan started building within the scope of the London Treaty immediately after ratification. The first three-year replenishment program is now over half com-

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\*K. K. Kawakami, *Manchoukuo, Child of Conflict*, Macmillan. [Footnote in the original.]

<sup>2</sup>Treaty for the Limitation and Reduction of Naval Armament, signed at London, April 22, 1930, *Foreign Relations*, 1930, vol. I, p. 107.

pleted and will be completed in 1936, simultaneously with the completion of the second naval replenishment program.

The existence of this latter program was first revealed by Navy Minister Osumi during the Diet session in January, but the original program has been augmented in recent weeks. Under the present plan the construction is to include: 2 aircraft carriers of 10,000 tons each, 2 cruisers of 8,500 tons each, 14 destroyers, 6 submarines, 1 mine layer, 8 torpedo boats and chasers, 8 air squadrons. This represents an increase of 1 aircraft carrier, 1 cruiser, 7 destroyers and 3 aircraft squadrons over the original program announced in the Diet in January. How far this increase has been affected by the announcement of American naval construction is problematic, and it seems likely that the Japanese navy has used this increase as an excuse for demanding further appropriations.

The Navy is asking Yen 120,000,000 to begin work on this second replenishment program, while the Navy's ordinary expenses for the forthcoming fiscal year are estimated at Yen 370,000,000. The naval budget for the current year amounts to Yen 372,000,000.

Respectfully yours,

JOSEPH C. GREW

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811.34/539

*The British Embassy to the Department of State*

AIDE-MÉMOIRE

1. His Majesty's Government have noted with some concern the proposal of Japan to lay down further 8,500 ton six-inch gun cruisers and the proposal of the United States Government to proceed with the construction of four 10,000 ton six-inch gun cruisers under the National Recovery Act.<sup>2a</sup>

2. Whilst fully appreciating that this construction conforms entirely with the provisions of the London Naval Treaty, it was the hope of His Majesty's Government that during the Disarmament Conference<sup>3</sup> and until, under the provisions of Article 33 of their draft convention, the question of future qualitative limitation had been explored, there would be no construction of what amounts to a large new expensive type, exceeding considerably any six-inch gun cruiser now in existence.

3. At the London Naval Conference His Majesty's Government reluctantly agreed not to press for a limit of 7,000 tons, as first proposed by them. Records of conversations show that in view of the

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<sup>2a</sup> 48 Stat. 195.

<sup>3</sup> For correspondence concerning the Conference for the Reduction and Limitation of Armaments, see pp. 1 ff.

United States concession to reduce their number of eight-inch gun ships from twenty-one to eighteen Mr. Stimson considered that to attempt to go further by placing a limit lower than 10,000 tons on the cruiser class would at that time be quite impossible.

4. According to His Majesty's Government's records Mr. Stimson, at a meeting with the Prime Minister, the Secretary of State for Foreign Affairs, the First Lord of the Admiralty, Mr. Adams and Mr. Reed <sup>4</sup> on February 11th, 1930, while explaining that his Government could not agree to accept a lower maximum displacement than 10,000 tons, said that "he thought that in practice it was very unlikely that the United States would actually build a six-inch gun 10,000 ton cruiser".<sup>5</sup>

5. That the United States Government are now departing from this attitude is to be attributed no doubt to the fact that the Japanese Government in 1931 laid down two 8,500 ton cruisers and are now contemplating laying down at least two more such vessels.

6. The four 10,000 ton cruisers now contemplated by the United States Government are doubtless intended as a reply to the Japanese vessels but it is instructive—and discouraging—to note that, according to his Majesty's Government's information, since the announcement of the United States programme the Japanese Government have proposed to hasten the laying down of their ships, and there is the possibility that a fifth and sixth 8,500 ton ship will be laid down for completion in 1937. His Majesty's Government are making further enquiries on this point.

7. We are in fact witnessing the first steps in competitive building in a new type in which His Majesty's Government will be compelled to follow suit. The effect of this on future British total tonnage requirements will be obvious.

8. A new expensive type of large cruiser will thus become actually established and the prospects in regard to future naval limitation will be gloomy in the extreme.

9. His Majesty's Government fully realise that no question arises as to Treaty rights being scrupulously respected and they also appreciate the position vis-à-vis Japan. They feel however that, with the Disarmament Conference sitting and pending a future decision on qualitative limits, it is undesirable now to proceed with the construction of large six-inch gun cruisers.

10. They would therefore be glad to learn whether the United States Government would, in the light of the foregoing, be prepared, pending a discussion between the three Powers, to suspend the laying

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<sup>4</sup> David H. Reed and Charles Francis Adams, American delegates to the London Naval Conference, January–April 1930.

<sup>5</sup> For Mr. Stimson's comments on this report, see his memorandum of November 3, p. 389; see also telegram No. 60, February 12, 1930, from the Chairman of the American delegation, *Foreign Relations*, 1930, vol. I, p. 23.

down of cruisers of this particularly large type, if Japan would agree to do the same. His Majesty's Government would be glad to join such a discussion and would be prepared at once to approach the Japanese Government.

WASHINGTON, September 14, 1933.

811.34/537

*Memorandum by the Secretary of State*

[WASHINGTON,] September 14, 1933.

The British Chargé<sup>6</sup> called and presented an *aide-mémoire*<sup>6a</sup> on the question of the proposed increase of naval armaments by the United States Government, and requested a reply at my convenience. I told him I might now say that it is not in the mind of the United States Government to enter upon an armament race with any other nation or nations; that in the great crisis of the panic, with 12,000,000 unemployed wage-earners, and industrial prostration, especially as it relates to industries that would supply materials for naval armaments, it is a perfectly natural thing for our Government to fill up still more its quota under the London Treaty. I said we had no substantial interests or motives whatever to enter upon a naval race with Japan, for the reason that there was nothing to take us to the Orient, much less to induce us to make preparations for a naval conflict on account of any oriental considerations. I further added that during recent months the United States Government had sent delegations both to Geneva and London for the purpose of making earnest pleas with other governments for both military and economic disarmament, but that both movements and efforts in both directions were very disappointing and trying to date. I remarked that President Wilson stated to me on one occasion that the only alternative to disarmament was armament, and hence the suicidal policy on the part of the nations of the world in refusing or failing to enter into suitable disarmament agreements. I further added that the United States Government wanted nothing in any part of the world that would call for an increase of the navy or the army for purposes of conquest, and that hence, as a part of a general building program, involving expenditures of \$3,300,000,000 as stated, and as another step towards building up somewhat America's quota or ratio under the provisions of the London Treaty, these naval construction steps are naturally being undertaken. I told him finally that of course to the extent that disarmament agreements might at any time in the early future be reached at Geneva, while I was not in any sense making the slightest commit-

<sup>6</sup> Francis D. G. Osborne.

<sup>6a</sup> *Supra.*

ments in advance, it would, to say the least, be ample time then for discussions among our various governments as to existing phases of naval construction and other increases of armaments.

C[ORDELL] H[ULL]

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811.34/544

*Memorandum by the Chief of the Division of Western European Affairs (Moffat) to the Secretary of State and the Under Secretary of State (Phillips)*

[WASHINGTON,] September 20, 1933.

MR. PHILLIPS:

MR. SECRETARY: The Counselor of the Japanese Embassy, Mr. Take-tomi, came to see me this afternoon to ask whether I could give him any information as to the press reports that the British Government was objecting to our building program.

I told him that I could give him the following information which is strictly confidential: That ever since 1927 the British Government and ourselves had differed somewhat in our outlook on naval reduction, our Government emphasizing quantitative reduction, while the British Government emphasized a qualitative limitation on the size of future ships; that in the MacDonald plan<sup>7</sup> now under consideration at Geneva was a provision for consideration by the Permanent Disarmament Commission of the qualitative limitation of future ships. In the circumstances, the British Government had called to our attention the fact that our naval program contained the laying down of four six-inch gun cruisers of a larger tonnage than was heretofore in existence and had intimated that this would create a type of ship which they were hoping would not exist in the future.

He asked whether the American Government was in doubt as to what its answer would be. I told him that thus far we had merely received the intimation of British interest and that was as far as the matter had gone.

I spoke with considerable care and the above is a very close rendition of what I said.

He then asked about discussions that were going on in Paris between Mr. Davis, Daladier,<sup>8</sup> Eden,<sup>9</sup> et cetera, and remarked that, of course, the Japanese Government followed everything concerning disarmament with great interest and care.

PIERREPONT MOFFAT

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<sup>7</sup> League of Nations, Conference for the Reduction and Limitation of Armaments, *Conference Documents*, vol. II, pp. 476-493; see also telegram No. 569, March 17, noon, from the Acting Chairman of the American delegation, p. 43.

<sup>8</sup> Édouard Daladier, President of the French Council of Ministers.

<sup>9</sup> Anthony Eden, British Parliamentary Under Secretary of State.



811.34/539

*The Department of State to the British Embassy*MEMORANDUM <sup>10</sup>

The American Government has given careful consideration to the *aide-mémoire* left by the British Chargé d'Affaires on September 14, with regard to the contemplated building by the United States of four six-inch gun cruisers of 10,000 tons displacement. While recognizing that such construction is entirely within the terms of the London Treaty, the British Government nevertheless indicated the hope that the laying down of any six-inch gun cruisers larger than those now in existence might be deferred during the life of the Disarmament Conference or at least pending a further exploration of the qualitative limitations of future ships. More specifically, inquiry was made as to whether the American Government would be willing to forego the laying down of such ships, pending a discussion between the Governments of Great Britain, Japan and the United States, if the Japanese Government would agree to do the same.

In deciding to increase its navy at the present time, and in particular to construct a certain number of six-inch gun cruisers of the maximum permitted displacement,—a program which was publicly announced as far back as mid-June, and was followed by the actual awarding of contracts on August 3,—the American Government was actuated by the two-fold desire of (a) more nearly approaching the Treaty limits agreed upon at London and (b) rounding out its fleet to meet its particular needs. The fact that the Japanese Government had already begun the construction of two 8,500 ton cruisers was not a determining consideration. The American building program was based on the conviction, often restated, that within the total limitations for specific categories, each power should remain free to choose the unit tonnage best suited to its individual circumstances. On this basis, the American Government has never sought to question Great Britain's desire to build as large a number of cruisers within her tonnage maximum as she deemed necessary, and has in fact not demurred at accepting a considerable numerical inferiority in this class of ship. Conversely, it has felt that it could not legitimately be criticised for wishing to build cruisers of a size more closely adapted to its special needs. Nor would it thereby increase its expenditures for it has been calculated

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<sup>10</sup> The text of the memorandum was approved by President Roosevelt, by Admiral Leigh, Chairman of the General Board of the Navy, and by Admiral Standley, Chief of Naval Operations.

that the total cost of construction and operation would be less if the tonnage available were utilized in building a smaller number of large cruisers (despite their greater individual cost) than a larger number of smaller vessels.

Reference was made in the British *aide-mémoire* to a discussion held on February 11, 1930, during the Naval Conference at London, wherein Mr. Stimson was quoted as doubting the probability of the American Government actually building six-inch gun cruisers of the maximum size allowed. It would seem that such a statement,—which parenthetically was not recorded in the memorandum of conversation prepared by the American delegation,<sup>11</sup>—could only be viewed as an expression of personal expectation rather than a statement of considered policy. The records in the Department of State show that during the course of the London Conference, the American delegates insisted that the contemplated division of the cruiser category into sub-categories should be by caliber of guns only and without tonnage differentiation, and that they opposed every suggestion for a unit limitation below 10,000 tons. In particular, Mr. Stimson, on February 20, 1930, explained his rejection of the British proposal<sup>12</sup> for limiting six-inch gun cruiser tonnage to 7,000 tons on the ground that the maintenance of the larger tonnage had been the basis for American agreement to reducing the number of eight-inch gun cruisers from 21 to 18. Furthermore, the testimony offered in the public hearings connected with the ratification of the London Treaty can have left no doubt as to the American Government's intention of concentrating at least a portion of its six-inch gun cruiser tonnage in vessels approximating the maximum allowed unit tonnage.

It is difficult therefore to understand the suggestion of the British Government that the construction of six-inch gun cruisers of large displacement would constitute the beginning of a new form of competitive building which might have as its result an increase in British total tonnage requirements. This suggestion appears to be based on the theory that the maintenance of a definite Treaty ratio requires a matching not merely of total tonnages within categories, but of unit characteristics, vessel for vessel. Such a theory seems contrary to the principle on which the London Naval Treaty was based, namely, that the method of limiting total tonnages by defined category, without attempting to limit numbers or unit characteristics within the category, was the best, if indeed not the only practicable way of reconciling

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<sup>11</sup> Memorandum not printed, but see paragraph beginning "As to the meeting on February 11 . . ." in Mr. Stimson's memorandum of November 3, pp. 389, 392.

<sup>12</sup> See p. 393, third paragraph.

divergent national needs and policies within the mathematical requirements of comparative treaty ratios.

It would not be amiss, furthermore, to point out that the annual naval programs of both Great Britain and Japan since the London Conference have manifestly been designed to assure to those powers the approximate naval strengths permitted by the treaty. In doing so, both countries have legitimately built or planned vessels of varying unit characteristics in accordance with their particular needs. Except in the case of cruisers of sub-category A, the construction of which had already been authorized in 1929, the United States until recent months has failed to build in any category an annual tonnage even approaching the quota necessary to bring the total up to the treaty limits. Even the recent belated program would still leave the United States in 1936 more than 150,000 tons short of treaty limits.

A major reason for this delay was the hope of the United States that the Disarmament Conference might result in an agreement drastically reducing armaments both on land and at sea. Throughout the Conference, this Government has been pressing for measures of actual disarmament. President Hoover's proposal of June 1932<sup>13</sup> urged an immediate quantitative reduction in all naval categories, ranging from 25 to 33 percent. These suggestions proved unacceptable to the British Government which in the following month advanced a proposal for purely qualitative reductions in the case of future naval construction, meanwhile leaving existing tonnage untouched. During the autumn of 1932, efforts were made in informal conversations between Mr. Norman Davis<sup>14</sup> and the British Government to reconcile the divergencies between the two plans, but without success.

The American Government stands ready at any time to explore,—either directly with the British Government or jointly with other interested powers,—ways and means to effect further naval reductions and in particular to assure the success of the Conference of 1935. But in view of the circumstances set forth the American Government, while fully appreciating the friendly spirit in which the British suggestions were made, does not see its way at the present time to alter its delayed naval construction program or to suspend the laying down of the four cruisers under reference.

WASHINGTON, September 22, 1933.

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<sup>13</sup> See telegram No. 145, June 21, 1932, to the Acting Chairman of the American delegation, *Foreign Relations*, 1932, vol. I, p. 211.

<sup>14</sup> Chairman of the American delegation to the Disarmament Conference.

811.34/554

*Memorandum by Mr. Henry L. Stimson*

[WASHINGTON,] November 3, 1933.

I have been shown the British memorandum of September 14, 1933, and Mr. Norman Davis's telegram of September 19, 1933,<sup>15</sup> both relating to the subject of our building of 6-inch cruisers of 10,000 tonnage.

The British memorandum, while frankly admitting our entire legal right under the Treaty to construct such vessels, states that according to the British records "Mr. Stimson, at a meeting with the Prime Minister, the Secretary of State for Foreign Affairs, the First Lord of the Admiralty, Mr. Adams and Mr. Reed, on February 11, 1930, while explaining that his Government could not agree to accept a lower maximum displacement than 10,000 tons, said that 'he thought that in practice it was very unlikely that the United States would actually build a 6-inch gun 10,000 ton cruiser'".

Mr. Norman Davis in his telegram reports that at a conversation with the Prime Minister<sup>16</sup> the latter, while similarly admitting that there was no agreement with Mr. Stimson that the United States would not construct any such cruiser, said that I informed him that it was not our intention at that time to do so and intimating that the "spirit of our understanding" was that before building any new type vessel we would at least communicate with the British Government and talk over the matter with them.

It will be noticed that while these two statements both purport to record a verbal conversation and probably the same conversation, there is a quite material difference between them. The first treats my recollected statement as an expression of my own personal opinion as to a future act; the second, while reporting the same expression of opinion, goes further and rather vaguely intimates that there was some kind of assurance, moral or official, pledging us in certain events to communicate with the British Government in the future.

On September 21st of this year, when I was in London, the Prime Minister spoke to me on the same subject using, as I recollect it, somewhat the same language as that reported by Mr. Davis. I at once told him that I had no recollection of ever having made any such statement and that from the circumstances of the negotiations, as I recollect them, I could not have possibly intended to give any such assurance. He told me that the records had been looked up and that some British *aide-mémoire* had been discovered corroborating his recollection. By this he must have referred to the paper quoted in the British memo-

<sup>15</sup> Telegram not printed.

<sup>16</sup> J. Ramsay MacDonald.

random although, as I have above pointed out, this contains no suggestion that any assurance whatever as to our future conduct was given by us.

Since these papers have been brought to my attention, I have carefully examined the records of the Naval Conference including the American *aide-mémoires* of all the negotiations with the British on the subject of cruisers, including the meeting on February 11, 1930, and including also my own personal diaries. I find nothing in any way to substantiate, either directly or by inference, either the statement made by the Prime Minister or that contained in the British memorandum. On the contrary, I find that these records, as well as the circumstances surrounding the entire negotiations, make a directly contrary inference practically unavoidable.

It will be remembered that for many years the historic policy of the American Navy had been to build the largest possible type of ships with a maximum cruising radius. This policy was predicated on the fact that the United States, unlike Great Britain, possesses few coal-ing stations in distant parts of the world and her fleet must operate largely without the assistance of such stations. When the question of regulating by treaty the cruiser fleets of the two nations came up, there arose a sharp controversy between their respective policies, the British favoring a larger number of small cruisers and the Americans a smaller number of the maximum size of 10,000 tons, the size fixed by the Washington Treaty of 1922.<sup>17</sup> Prior to the London Conference in 1930, the General Board of the American Navy had taken the position that the American cruiser fleet must contain at least twenty-three 8-inch gun cruisers of 10,000 tons each. Later during the negotiations between the two governments which took place in the summer of 1929, the General Board reduced its maximum to twenty-one such cruisers, while the maximum number which the British were willing to consent to on our part was eighteen of such cruisers to their fifteen.

With the negotiations in this situation the American delegation went to Europe. It soon became evident during the conferences that the best compromise from the standpoint of our interests which we could obtain from the other nations would be a treaty in which we were allowed eighteen of these 8-inch cruisers, the loss of the remaining three being compensated by a considerably larger tonnage in 6-inch cruisers. The discussion between the American delegation and its advisers was thorough and careful and resulted in the delegation becoming convinced that the loss of the three 10,000 ton 8-inch cruisers, which was an untried type of ship very lightly protected, would probably be amply compensated by the ability to substitute a larger number of 10,000 ton 6-inch cruisers with the greater protec-

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<sup>17</sup> *Foreign Relations*, 1922, vol. I, p. 247.

tion which was made possible by the lighter weight of guns. Each class had equal cruising radius. This argument, which was based upon careful studies by our technical staff, was the means by which our delegation and practically all of our advisers were brought into a substantial unanimity on the terms finally embodied in the Treaty. We went so far as to have plans and calculations for such a 10,000 ton 6-inch cruiser made to assist us in our deliberations during the Conference. The practical availability of such a cruiser became one of the key points upon which our case rested both within our own membership and subsequently in the discussions before the Foreign Relations Committee of the Senate. It was thus a subject upon which our minds were constantly focused and to which our attention was constantly directed. It was not a side issue but one of the central points of our case. It became our view that such cruisers would probably become a distinct and important part of a balanced fleet for the American Navy, and the attainment of such a balanced fleet by the Treaty for which we were working was our main objective.

Consequently, when during the negotiations the British delegation made an effort to obtain our consent to a limitation of the tonnage of all 6-inch cruisers to about 7,000 tons, it struck at one of the main points of our case and was instantly rejected. The right to build such a ship and to build it immediately (because the American cruiser fleet through ten years' delay had fallen behind the cruiser fleets of both Britain and Japan) was a point upon which we felt that our success in obtaining a final ratification of our Treaty by the Senate would be in large part predicated. Therefore to surrender or limit it in any way was one of the last thoughts which could naturally enter our minds.

The account of these attempts by the British and our rejection of them is contained in the following extracts from our records:

On January 29th the subject was first raised by Mr. Craigie<sup>18</sup> at a meeting in the Prime Minister's office in the House of Commons at which the Prime Minister, Mr. Craigie, Captain Bellairs, Mr. Malcolm MacDonald and Mr. Hoyer Millar were present on the part of Great Britain; and Senator Reed, Mr. Marriner<sup>19</sup> and I were present on the part of the United States. We were discussing a suggestion of the French for the amalgamation of the categories of destroyer and light cruiser with respect to the continental powers. Mr. Marriner's record of the meeting says:

"Mr. Craigie said that this would mean that all surface craft under 7000 tons would be in one category. The Secretary immediately said

<sup>18</sup> Robert Craigie, Counselor, British Foreign Office.

<sup>19</sup> James Theodore Marriner, Adviser, American delegation to the London Naval Conference.

'Why the 7000 tons since the limit on the cruiser category has always been 10,000 tons'? Craigie stated that it was an Admiralty suggestion to keep down the tonnage of the light cruiser in view of the fact that there seemed to be a fact (tendency) always to build to the fullest permitted size in any type. Mr. Stimson said that this was the first he had ever heard of any such proposal and Craigie said he thought it had been mentioned in Washington, but apparently did not remember any mention of it, and Mr. Marriner confirmed Mr. Stimson's recollection that the question had not been brought up during conversations in Washington. The Secretary said that any such proposal further to restrict the freedom in building in the cruiser category would cause great difficulties in adjusting the differences still remaining between Great Britain and the United States in the cruiser category, and the Prime Minister said he realized it and did not think the matter need be pressed."

In my personal diary I find a confirmatory entry of Mr. Marriner's memorandum as follows:

"(For the meeting at the House of Commons, see Marriner's memorandum of January 30th). This brings out another proposition which we had to meet and throttle namely the proposition to limit 6-inch cruisers to about 7000 tons. Practically all other four nations wished this limitation. We had to stand out against them all."

As to the meeting on February 11, 1930, at which the British memorandum says that I made the statement in question, the American memorandum contains no record whatever of any such statement. It shows that such a meeting took place at which the Prime Minister, Messrs. Henderson, Alexander<sup>20</sup> and Craigie represented Great Britain; and Messrs. Stimson, Adams, Reed and Marriner represented the United States. The subject of the total tonnage of the American cruiser fleet was brought up and the Prime Minister reported that the British Admiralty objected to raising the figures for the total tonnage of American cruisers from 315,000 to 327,000 on the ground that "they (the British Admiralty) had accepted the original calculation of 315,000 on the basis of eighteen 8-inch cruisers for the United States."

"Mr. Stimson replied that on the contrary our Navy had accepted that same figure on the basis of twenty-one 8-inch cruisers for the United States. Mr. Alexander said that the American figures apparently gave an equivalent value of 1.4 between the 8 and 6-inch gun ships whereas the Admiralty had figured out that equivalent value as 2.36. After some discussion of the whole question of equivalent values and the various indeterminate and constantly changing factors that enter into any of them, the matter was dropped with the general understanding that the United States could not recede from its figures".

The foregoing memorandum was made by Mr. Marriner. In my own briefer diary memorandum I simply say:

<sup>20</sup> Albert V. Alexander, First Lord of the British Admiralty.

"This was the time when we stood pat on the cruiser proposition but indicated that *Rodney* option would not be so heavily insisted on".

Nowhere do I find any record of anything being said on that day in regard to a limitation of the unit tonnage of light cruisers.

On February 20, 1930, the subject of the limitation of 6-inch gun cruisers came up again at a meeting in the Prime Minister's office at the House of Commons at which the Prime Minister and Messrs. Alexander and Craigie were present for Great Britain; and Senator Reed, Marriner and I for the United States. Marriner's record says:

"With respect to a limitation on the unit size of 6-inch gun cruisers, Mr. Stimson said that the United States could not yield as this had been the means of obtaining Navy support for alteration from twenty-one to eighteen 8-inch gun cruisers. Mr. MacDonald said he fully understood the United States point in this matter but that his Admiralty were much disturbed by the question of the precedent for this type of large cruiser bearing 6-inch guns as he felt sure that France, Germany and Italy well desire to use their tonnage in the same manner. He added likewise that if Japan should do so it would disturb Australia. He said that any arrangement which could permit the United States to do so and put some restrictions on the programs of the others would be satisfactory to Great Britain, and it was hoped that some solution of this kind might be thought out."

My own memorandum of the discussion for that day simply adopts Mr. Marriner's memorandum without change.

On February 27th the British and American delegations reached what was practically their final agreement on figures between their two navies. The Prime Minister, Messrs. Alexander and Craigie represented Great Britain; Senator Reed, Marriner and I represented the United States. Mr. Marriner's memorandum recites that I opened the conversation by saying:

"that the sole remaining point between Great Britain and the United States was the question of cruiser tonnage (total cruiser tonnage); that the battleship question had been settled by the United States abandoning its request for a replacement to match the *Rodney* on the understanding that modernization could take place on three additional battleships. . . .<sup>21</sup> Mr. Stimson then said it was of course understood by the United States that Great Britain would not push its point with reference to a limitation on the unit size of 6-inch gun cruisers with respect to the United States, and the Prime Minister and the First Lord agreed, although they said that they would find it essential to attempt to impose some such limitation on both France and Japan."

We then proceeded to split the total tonnage at 323,500 for the United States as compared to 339,000 for Great Britain. The memorandum recites that Mr. Alexander then consulted Admiral Madden by telephone and reported to us that Admiral Madden had

<sup>21</sup> Omission indicated in the original.



“said that if this settlement were politically expedient and satisfactory to the First Lord, he would raise no objection and he thought there was no reason to suppose that the Admiralty Board would hold out on such a small tonnage variation. Therefore it was decided that this last difference between the two countries had disappeared.”

My own memorandum for that day says, after referring to Marriner’s memorandum :

“On this day we finally reached agreement with the British on figures.”

The public hearings before the Senate Committee on Foreign Relations, to which the Treaty had been submitted for consideration, began on May 12, 1930, soon after the return of the American delegation from London. In my own statement made publicly before the Committee, I said (Senate hearings, p. 24) :

“One of the reasons why the 6-inch cruisers of the past have been criticized has been that they have as a matter of history been rather smaller than the 10,000 ton 8-inch cruiser. The United States policy has always been felt to require a large cruising radius. We opposed successfully any restriction of the tonnage of even the 6-inch cruiser, and at the present time I am talking about the Unit tonnage of each ship. Therefore we are perfectly free to build 10,000 ton 6-inch cruisers with the full cruising radius of the 10,000 ton 8-inch cruisers if we choose to do so.”

Again on page 38 of the same record, in answer to questions from Senator Johnson, I pointed out that in the proposed treaty the American delegation was seeking “to provide for a balanced navy” as distinguished from a navy which had grown up by haphazard in respect to the relation of its various categories of ships. I pointed out that “there had been no cruiser construction (by the United States) for nearly ten years and the fleet was unbalanced in regard to cruisers.” I thus clearly indicated that, if the United States Government proposed to reach the possession of a balanced navy, it was our view that they must build up to the Treaty limits without delay.

Finally, while the ratification of the Treaty was pending in the Senate, question was raised by certain senators opposing ratification as to whether the Senate had received full information as to all the incidents of the negotiation and on the 6th day of June, 1930, I sent through Senator Borah, Chairman of the Committee on Foreign Relations, a formal statement containing the following final sentences :

“The question whether this Treaty is or is not in the interest of the United States and should or should not be ratified by the Senate must in the last event be determined from the language of the document itself and not from extraneous matter. There have been no concealed understandings in this matter nor are there any commitments whatever except as appear in the Treaty itself and the interpretative ex-

change of notes recently suggested by your Committee, all of which are now in the hands of the Senate.”

I have gone into this matter at such length and in such detail because I feel very deeply the importance of the frank and friendly relations which were established between the British and American governments throughout the negotiation of this Treaty. I am confident that a perusal of the foregoing excerpts from the records, which I believe are all that in any way bear upon this matter, will convince you, as it has me, that there was nothing said or done by any member of the American delegation which could in any way justify the British suggestion for suspending the laying down of the 10,000 ton 6-inch gun cruisers.

HENRY L. STIMSON

THE FOUR POWER PACT, AGREEMENT OF UNDERSTANDING AND COOPERATION BETWEEN FRANCE, GERMANY, GREAT BRITAIN, AND ITALY, SIGNED AT ROME, JULY 15, 1933

740.0011 Four Power Pact/20

*Memorandum by the Chief of the Division of Western European Affairs (Moffat)*<sup>1</sup>

[WASHINGTON,] March 24, 1933.

The accounts we have had to date of the origin and contents of the Mussolini proposal are not altogether clear and are in part conflicting.

The idea for a Four Power grouping appears to have originated not with Mussolini but with MacDonald. Prior to the latter's departure for Rome he discussed the idea in confidence at Geneva, notably with certain Polish officials of the League Secretariat, who subsequently told Mr. Gibson<sup>1a</sup> about it (telegram No. 581 of March 21, from Geneva<sup>2</sup>).

According to these informants, MacDonald's main preoccupation was the setting up of a small super Council of the four principal European Powers which would sit almost continuously and take decisions to be carried out by the regular Council of the League, thus remedying the latter's unwieldiness and lack of policy and continuity.

A more far-reaching organization<sup>3</sup> of this sort is already in existence among the Little Entente States who have for some time been acting as a unit at Geneva, but who nevertheless are protesting against the Four Power project as spelling the ruin of the League.

Just how MacDonald's conversations at Geneva link up with the Mussolini proposal is not clear. At all events, Mussolini, on the morning of March 18, shortly before the arrival of the British Ministers,<sup>4</sup> transmitted a tentative proposal to the British,<sup>5</sup> French<sup>6</sup>

<sup>1</sup> Submitted to the Secretary of State and the Under Secretary of State.

<sup>1a</sup> Hugh S. Gibson, Acting Chairman of the American delegation to the General Disarmament Conference; Ambassador to Belgium and Luxemburg.

<sup>2</sup> Not printed.

<sup>3</sup> A Pact of Organization providing for a standing council, permanent secretariat, coordination of policies, and economic collaboration was concluded at Geneva, February 16, 1933; for French text, see *British and Foreign State Papers*, vol. cxxxvi, pp. 630-632.

<sup>4</sup> Prime Minister J. Ramsay MacDonald; Sir John Simon, Secretary of State for Foreign Affairs.

<sup>5</sup> Sir Ronald William Graham.

<sup>6</sup> Henry de Jouvenel.

and German <sup>7</sup> Ambassadors. The exact contents were kept secret and were withheld from our Ambassador at Rome,<sup>8</sup> although in conversations with the diplomats concerned and with the Italian Foreign Minister he was able to obtain piecemeal some of the constituent elements. (Rome's telegrams Nos. 12, 13, 14, 17, 18 and 19).<sup>9</sup>

In general, Mussolini's plan was one for a Four Power Pact among Great Britain, France, Italy and Germany, to be concluded for a period of ten years and designed to bring about collaboration of these Powers in preserving European peace. The draft not only recognized the need for revision of the peace treaties but made such specific suggestions as a revision of the Hungarian peace settlement and of the frontiers of the Polish Corridor<sup>10</sup>—including the return to Germany of a strip of territory which would connect East Prussia with the rest of the Reich; the return of Danzig to Germany; a provision for collaboration among the Four Powers regarding their extra European, particularly their Colonial, interests. Apparently certain as yet undetermined advantages in Colonial territories were contemplated for Germany in return for a relaxation of her attitude toward the Corridor; similarly, some fulfillment of Italy's Colonial aspirations in the Near East or elsewhere, was envisaged. (London's No. 47 of March 21<sup>11</sup>).

This draft proposal was submitted to and discussed with MacDonald and Simon in Rome. They found parts of it unacceptable and a new draft was consequently prepared. It was this second text which the British Ministers took with them to Paris for discussion with the French Government. Exactly what changes were made is not certain. While the Italian Government, according to the German Ambassador at Rome, takes the view that there are no essential differences between the two texts, Mr. Garrett understands that the references to the Polish Corridor, Danzig, Hungary and the Colonies were omitted at the request of the British.

The German and French reaction toward the first draft is reported by Garrett as follows (the attitude toward the second draft is not available) :

*Germany.* The German Ambassador at Rome was instructed by his Government to inform the Italian Government that Germany can accept the text in principle. The Ambassador considers that the chief importance of such a pact would lie in the recognition by France that conditions have changed and that there should consequently be certain revisions of the peace treaties.

<sup>7</sup> Ulrich von Hassel.

<sup>8</sup> John Work Garrett.

<sup>9</sup> None printed.

<sup>10</sup> For correspondence concerning the Polish Corridor, see pp. 448 ff.

<sup>11</sup> Not printed.

*France.* The French Minister for Foreign Affairs<sup>13</sup> informed the French Ambassador at Rome that some change in the first text would certainly be necessary. The Ambassador thought that, in place of a bald statement of revision, a formula upholding the sanctity of treaties but recognizing changed conditions which might call for revisions, should prove acceptable to his Government.

In yesterday's debate on foreign policy in the House of Commons, the most interesting points made by the Government were:

1. The Prime Minister's success in securing active Italian cooperation towards Franco-German reconciliation.
2. A scheme is suggested of peaceful approach to the revision of the peace treaties within the framework of the League of Nations.
3. Consultation with smaller States where their interests are involved.
4. No consideration has been entertained for surrender of British mandates in general and Tanganyika in particular.

A purported text of the proposal was given in London's No. 48 of March 21,<sup>14</sup> but it is not clear which of the two drafts it represents. A copy is attached, as well as a copy of telegram No. 18, March 22,<sup>14</sup> from Rome, giving the text of a memorandum sent to Mr. Garrett by the Italian Foreign Office, which purports to describe the Pact.

P[IERREFONT] M[OFFAT]

740.0011 Four Power Pact/17

*Memorandum by the Secretary of State*

[WASHINGTON,] March 28, 1933.

The French Ambassador<sup>15</sup> came in and handed me a memorandum of three pages containing comment and views of the French Government relative to the recent MacDonald and Mussolini peace and disarmament proposals. I stated that I was especially glad to have the benefit of the French viewpoint to this partial extent at least.

C[ORDELL] H[ULL]

[Enclosure—Memorandum]<sup>16</sup>

Before receiving Mr. MacDonald and Sir John Simon, Mr. Mussolini has communicated to the French Ambassador in Rome the political pact of which he is the author. This text provides for a pledge from France, Great Britain, Germany and Italy to enter into a policy

<sup>13</sup> Joseph Paul-Boncour.

<sup>14</sup> Not printed.

<sup>15</sup> Paul Claudel.

<sup>16</sup> Copies of this memorandum were transmitted to the Ambassadors in France, Germany, and Italy and to the Chairman of the American delegation to the Disarmament Conference.

of collaboration for the maintenance of peace and to act in the domain of European relations so that such policy be adopted at the same time by the other powers, in the spirit of the Kellogg pact.<sup>17</sup>

*Article Second* states the principle of the possibility of the revision of treaties "as provided for in the Pact of the League of Nations<sup>18</sup> and in a spirit of mutual comprehension and solidarity of interests involved".

*Article Third* stipulates that the equality of rights granted Germany concerning armaments will be effective, but that Germany can attain this equality only by degrees and after an agreement of the three other powers. The same disposition applies to Austria, Hungary and Bulgaria.

In *Article Fourth*, the contracting powers engage themselves to adopt as soon as possible a common policy in economic as well as in political matters.

The British delegates, on the 21st of March, have informed the President of the Council and Mr. Paul-Boncour of the conversation they had with M. Mussolini. Mr. Ramsay MacDonald and Sir John Simon have not thoroughly discussed with him the substance of the plan.

However, in respect to mention made of the Article 3 of Austria and Hungary, they have pointed out the fact that there were some other countries interested and that in any case, such an agreement could not be presented to them as an accomplished fact.

The French Ministers, in reply, have emphasized the fact that, in view of the Pact of the League of Nations, of the Locarno Agreements<sup>19</sup> and of the special agreements entered into by France with Poland and the Little Entente and the "Accord de confiance" adhered to by the European countries, it was difficult to conceive a collaboration in the form of a board of four powers, of which the interested countries would be excluded.

In the opinion of Messrs. Daladier<sup>20</sup> and Paul-Boncour, it appears that the best way to obtain the object of Mr. Mussolini would be to consider the proposed collaboration as a collaboration of the prominent members of the Council and consequently in connection with the League of Nations.

As far as the revision of treaties and disarmament are concerned, the French ministers have emphasized the danger of having recourse to Article 19 of the Pact before the establishment of any procedure for

<sup>17</sup> Treaty for the Renunciation of War, signed at Paris, August 27, 1928, *Foreign Relations*, 1928, vol. I, p. 153.

<sup>18</sup> *Treaties, Conventions, etc., Between the United States of America and Other Powers, 1910-1923* (Washington, Government Printing Office, 1923), vol. III, p. 3336.

<sup>19</sup> For texts of the agreements signed at Locarno, October 16, 1925, see League of Nations Treaty Series, vol. LIV, pp. 289-363.

<sup>20</sup> Édouard Daladier, President of the French Council of Ministers.

its application, and of attaining the equality of rights not by a reduction but through an increase of armaments. The French Government feels obliged to stand by the declaration of November [December] 11th, 1932,<sup>21</sup> and to connect those two questions with the question of security. Messrs. Daladier and Paul-Boncour objected to the exclusive introduction of those two questions in a general agreement of collaboration for the maintenance of peace.

In conclusion, they informed the British ministers of their intention to consult with the Governments of Belgium, Poland and of the Little Entente, and stated their conviction that this program of collaboration should be consistent with the spirit of the Pact of the League of Nations and the procedures already established in Geneva for the solution of the European problems.

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740.0011 Four Power Pact/18: Telegram

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

LONDON, March 31, 1933—3 p. m.

[Received March 31—11:40 a. m.]

62. From Davis.<sup>21a</sup> Grandi<sup>22</sup> has given me exact text of Mussolini proposal for an agreement between the four western powers which I will transmit by cable if you have not already received it from the Italian Ambassador.

Grandi told me there was no intention of having this result in a united front with regard to debts or anything else that would concern the United States and in fact that Italy has refused to join in the united front on debts. He expressed personally the hope that the United States could find it possible to join in some way on its own terms with the four powers in the proposed agreement the purpose of which is to promote peace and reduce some of the causes of tension. In saying this he remarked that he felt he was reflecting Mussolini's views and desires. [Davis.]

ATHERTON

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740.0011 Four Power Pact/18: Telegram

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

WASHINGTON, March 31, 1933—6 p. m.

61. For Davis. Your 62, March 31, 3 p. m. The Italian Ambassador<sup>23</sup> has left with me a brief résumé of the proposed agreement.<sup>24</sup>

<sup>21</sup> *Foreign Relations*, 1932, vol. I, p. 527.

<sup>21a</sup> Norman Davis, Chairman of the American delegation to the Disarmament Conference.

<sup>22</sup> Dino Grandi, Italian Ambassador to Great Britain.

<sup>23</sup> Augusto Rosso.

<sup>24</sup> Not printed.

*New York Times*, under London date line today, carries purported full text from "trustworthy source". Article 4 contains references to Colonial cooperation not mentioned in Italian Embassy's outline. Unless you can ascertain that the *Times* story is substantially accurate, please cable full text as given by Grandi.

HULL

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740.0011 Four Power Pact/19 : Telegram

*The Chargé in Great Britain (Atherton) to the Secretary of State*<sup>25</sup>

LONDON, April 1, 1933—11 a. m.

[Received April 1—10:05 a. m.]

65. From Davis. Department's 61, March 31, 6 p. m. Following is text of proposed four power pact as given to me by Grandi:

Agreement of understanding and cooperation between the four western powers.

#### ARTICLE No. 1

The four western powers, France, Germany, Great Britain, Italy, undertake to carry out between themselves an effective policy of cooperation in order to ensure the maintenance of peace in the spirit of the Kellogg Pact and of the "No resort to force" pact envisaged by the declaration signed by the above powers on the 11th December 1932. They undertake furthermore to follow such course of action as to induce, if necessary, third parties, so far as Europe is concerned, to adopt the same policy of peace.

#### ARTICLE No. 2

The four powers confirm that, while the provisions of the Covenant of the League of Nations embody a scrupulous respect for all treaty obligations as a means of achieving international peace and security, they also contemplate the possibility of the revision of the treaties of peace when conditions arise that might lead to a conflict between nations. In order to regulate and define the application of this principle of revision, the four powers declare that such application should take place through agreements based on the mutual recognition of the interests of all concerned and within the framework of the League of Nations.

#### ARTICLE No. 3

The four powers reiterate their resolve to cooperate in the Disarmament Conference<sup>26</sup> with the other states there represented in seeking to work out a convention which shall effect a substantial reduction and a limitation of armaments with provision for future

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<sup>25</sup> Copy transmitted to President Roosevelt.

<sup>26</sup> For correspondence concerning the Conference for the Reduction and Limitation of Armaments, see pp. 1 ff.



revision with a view to further reduction. But, should the Disarmament Conference lead to only partial results, France, Great Britain and Italy declare that principle of equality of right, must have a practical value, and Germany agrees that such principle of equality of rights shall only be put into practice by degrees under agreements to which each of the four powers must be a party.

#### ARTICLE No. 4

The application of such principle of equality of rights to Austria, Hungary and Bulgaria shall be governed by the same conditions as those expressed in the case of Germany in the preceding article and only under agreement to which each of the four powers must be a party.

#### ARTICLE No. 5

The four powers pledge themselves to cooperate in the work of finding solutions for the economic [problems?] which now face their respective nations and the world as a whole.

#### ARTICLE No. 6

The present agreement of understanding and cooperation will, if necessary, be submitted for the approval of the parliaments of the contracting powers within 3 months of the date of its signatures. Its duration shall be for 10 years. If no notice is given before the end of the ninth year by any of the parties of an intention to treat it as terminated at the end of such 10 years, it shall be regarded as renewed for another 10 years.

#### ARTICLE No. 7

The present agreement shall be, in accordance with the Covenant of the League of Nations, [registered?] at the Secretariat of the League of Nations.

[Davis]

ATHERTON

740.0011 Four Power Pact/21: Telegram

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

ROME, April 3, 1933—6 p. m.

[Received April 3—2: 40 p. m.]

20. My 18, March 22, 10 a. m.<sup>27</sup> The British Ambassador presented to the chief of the Italian Government this afternoon a revised text of the proposed four power pact. He tells me that it differs from the second text in two points, namely:

(1) Any reference to a possible failure of the Disarmament Conference is omitted.

<sup>27</sup> Not printed.

(2) Any power will be admitted at its request as an equal in any discussions that may concern it.

This third text has also been handed by Lord Tyrrell<sup>28</sup> to the French Government and Sir Ronald Graham believes will be transmitted to Berlin through the Italian Ambassador there. Mussolini agreed to it in principle.

Repeated to the American Embassy, Paris, for Norman Davis.

GARRETT

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550.S1 Washington/359

*Memorandum by the Chairman of the American Delegation to the Disarmament Conference (Davis)*<sup>29</sup>

The Italian Ambassador said that he had asked Mr. Marriner to arrange an interview for him in order to straighten out one or two points resulting from the conversation which Mr. Davis had had with Ambassador Grandi in London. He said that he wanted to assure Mr. Davis that there was absolutely no intention in the project of the Four Power Pact to indicate a united front against the United States or any other Powers, but that collaboration by the United States for the purposes of the Four Power Pact did not seem practicable in view of the fact that it was destined principally to assure the peace of Europe along the lines of Locarno and was intended to be within the framework of the pact.

Mr. Davis said that he feared Grandi must have misunderstood his remarks since he had given no impression that America felt that the project of the Four-Power Pact was aimed against it and certainly understood perfectly in so far as the political purposes of the Four Power Pact were concerned there was no possibility of American association. Mr. Davis continued by saying that possibly American public opinion might have been disturbed by the clause in the original draft of common action in colonial matters, which indicated possible common interests outside of the purely European sphere.

The Ambassador replied that this clause had been taken out after the very first draft and on looking at the second draft the Ambassador's impression was confirmed.

The Ambassador then said that Mussolini wanted him to assure Mr. Davis that he (Mussolini) was going to take the first occasion to state

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<sup>28</sup> British Ambassador to France.

<sup>29</sup> Of a conversation with the Italian Ambassador (Pignatti) at the Hotel Bristol, Paris, April 11, 1933, 4:30 p. m.; James Theodore Marriner, Counselor of Embassy in France, was also present. The memorandum was transmitted to the Department by Mr. Davis under covering letter of April 13, 1933; received April 23.

publicly the fact that the Four Power project was not intended as a common front against any nation and was merely an effort to ensure peace along the lines of similar efforts which had been successful in calming disturbed conditions in Europe previously. The Ambassador said that if this could be done it was the hope of Mussolini that some word could be said in Washington indicating America's interest in the purposes of the pact because he felt that any word from America would have a great effect with the Disarmament Conference which should reconvene on April 25th.

Mr. Davis said that on this point the Ambassador had touched the center of the question; that America could associate itself with the Four Powers in efforts to promote disarmament, and if an agreement between them advanced these purposes, America was willing to sit down with them to discuss how far the result of the Four Power Agreement might be expected to bring about more rapid and more far reaching steps to disarmament.

The Ambassador felt that a statement of this kind in America at this time might be extremely helpful, as indicating the fact that there was no distrust of the purposes of the Four Power agreement, and that it was considered by the principal nations not included in its scope as giving hope for peace and promise of disarmament.

Mr. Davis said that he naturally could not commit himself on a question of this kind without mature reflection, but he was very glad to consider the Ambassador's suggestions and hoped he would keep in touch with him.

N[ORMAN] H. D[AVIS]

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740.0011 Four Power Pact/42

*Memorandum by the Under Secretary of State (Phillips)*

[WASHINGTON,] April 15, 1933.

The French Ambassador left with me this morning the accompanying memorandum and "projet" in connection with the proposed Mussolini Four Power Pact; he said that the views of the French Government had been presented confidentially a few days ago to the British and Italian Governments and he was very happy to place them now confidentially before this Government; he felt that, in doing so, it was a token of "confidence" on the part of his Government and a desire to keep the United States in touch with the developments in connection with this proposal.

(After translation, I should be very glad to have these papers returned to me.)

WILLIAM PHILLIPS

[Enclosure—Translation]

MEMORANDUM<sup>30</sup>

The French Government appreciates fully the importance of the proposal initiated by the Chief of the Italian Government on the 18th of March. It recognizes the value that the closer cooperation of the four neighboring powers may have for peace and the fact that their character as permanent members of the Council confers upon them peculiar responsibilities toward the League of Nations and its members and those who have jointly signed the Locarno agreements. Having made the reinforcement of the peace of Europe the unalterable goal of its policy, the Government of the Republic is ready, in a spirit of well-disposed frankness, to associate itself actively with every effort which it may legitimately be hoped will contribute effectively to this result.

Such an effort must necessarily take place within the frame-work which the engagements assumed by the four powers have provided for their policies; the Locarno agreement; the pact of Paris; the declaration of non-recourse to force proposed by the declaration of December 11, 1932, and accepted by the political commission of the Disarmament Conference on March 2nd; finally, and at the foundation of all engagements, the covenant of the League of Nations.

If the strict observance of the covenant is a duty of all the members of the League, it is applicable with peculiar force to the powers who are permanent members of the Council; there can, therefore, be no question of those powers detracting in any way whatever from the methods or the procedures provided for by the charter of the League.

The latter guarantees to all states that no decision concerning them can be taken unless they accept it. There could not be any question of the four powers arriving at decisions which they might subsequently seek to impose upon others. There can only be question of arriving at decisions concerning themselves alone or of seeking in a general manner procedures, improvements, or more exact interpretations (*précisions*) concerning one or other article of the covenant for submission subsequently to the regular organs of the League of Nations.

Besides, there cannot be question of an arbitrary choice between articles. The bond which unites them cannot be separated. Article 19 offers the legal means, exclusive of recourse to force, of adapting existing treaties to international situations, the maintenance of which may be demonstrated as imperilling the peace of the world. This

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<sup>30</sup> French text dated April 10, 1933, is printed in France, Ministère des Affaires Étrangères, *Pacte d'entente et de collaboration paraphé à Rome le 7 juin 1933* (Paris, Imprimerie des Journaux Officiels, 1933), pp. 10-11.

article and these possibilities cannot be contested. But other principles which yield nothing to this one in importance are affirmed by other articles. For example, article 10 stipulates the obligation of maintaining the territorial integrity of the members of the League against all external aggression; article 16 provides for measures of an economic and military nature against states which have recourse to war in violation of their engagements. If one should assign to the collaboration of the powers precise objects within the limits of the covenant, the care to assure the full efficacy of these articles should not be less emphatically required than that of permitting an eventual application of article 19.

The Government of the French Republic, moreover, cannot refrain from emphasizing that by insisting in general terms on the principle of revision there is risk of giving rise to hopes which it would be subsequently impossible to satisfy and to awaken fears, which, even if unjustified, would not fail to present an obstacle to the closer relations of nations. It does not believe especially that, at a moment when there is in progress in a part of Europe an evolution of minds and of institution of which it is impossible to foresee the end, it is proper to attempt such an experiment.

The Government of the Republic has given testimony by its acts of its desire to see the success of the Disarmament Conference assured. The cooperation of the four powers should have as its first effect to reduce the opposition which has become manifest in their respective conceptions (views). The declaration of December 11, 1932, has provided for the concession to Germany of equality of rights in a régime assuring security to all nations: this declaration retains its full effect. The French Government is, moreover, happy to see that the Italian proposal as well as the British proposal recalls that equality of rights can only be realized by stages and in conformity with agreements which are to be arrived at looking to this end. It is proper to add that these successive stages can only be realized by a progressive disarmament to the exclusion of all rearmament.

In presenting a draft convention<sup>31</sup> which embodies a part of the principles included in other proposals, notably in the French proposal, and on which the general Commission has already expressed itself, the British Delegation has furnished a practical basis for discussion which should permit the Conference to arrive at a result. The French Government will fully support the efforts which may be made to this end, reserving to itself, however, just as other governments have done and pursuant to the invitation itself of the British representatives at Geneva, the right to propose such amendments or modifications which appear to it to be indispensable.

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<sup>31</sup> See telegram No. 569, March 17, noon, from the Acting Chairman of the American delegation, p. 43.

A policy of cooperation of the four powers would not be limited to questions which fall within the province of the League of Nations. It will apply naturally to all questions which are common to them; it should also lead to consultation on all questions of common interest to Europe, notably those which concern its economic recovery and which are so pressing, it being understood that such a cooperation may not be directed against any state whatever, that it should not exclude any collaboration and that it should be coordinated with the efforts of this kind already attempted by the European Union.

It is with the considerations which are given above in mind, that the Government of the Republic, on the basis of the proposals of the British and the Italian Governments, submits for their examination the draft agreement, the text of which is appended to this memorandum.

[Subenclosure—Translation]

*Draft of a Pact of Understanding and Collaboration Between  
Germany, France, Great Britain, and Italy*<sup>32</sup>

Conscious of the peculiar responsibilities which their permanent membership in the League of Nations Council imposes upon them toward the League itself and its members, as well as of the responsibilities which result from their common signature of the Locarno Agreements;

Convinced that the troubled state which reigns in the world can be dissipated only by the strengthening of a solidarity capable of reinforcing European confidence in peace;

Faithful to the engagements which they have assumed under the Covenant of the League of Nations, the Locarno Treaties, and the Briand-Kellogg Pact, and recalling the Declaration of Non-Recourse to Force, the principle of which was adopted on March 2, 1933 by the Political Commission of the Disarmament Conference;

Anxious to give full effect to all the provisions of the Covenant by conforming to the methods and procedures which it sets up and which they are not disposed to impair;

Recognizing the rights of each State which cannot be infringed without the consent of the interested Powers;

Have agreed to the following provisions:

ARTICLE 1

The High Contracting Parties will consult as to all questions affecting them and will endeavor to apply among themselves within the framework of the Covenant of the League of Nations a policy of effective collaboration with a view to the maintenance of peace.

<sup>32</sup> For French text, see *Pacte d'entente et de collaboration*, pp. 12-13.

## ARTICLE 2

The High Contracting Parties, bearing in mind the possible application in Europe of the articles of the Covenant, and especially of Articles 10, 16 and 19, resolve to examine jointly, subject to the reservation that decisions can only be made by the regular organs of the League of Nations, all proposals designed to give full effect to the methods and procedures provided in its articles.

## ARTICLE 3

Renewing, as far as concerns them, their common declaration of December 11, 1932, the High Contracting Parties regard the present British Draft Convention as a practical basis of discussion which must permit the Disarmament Conference to elaborate as quickly as possible a convention which will insure a substantial reduction and limitation of armaments with provision for its subsequent revision with a view to a new reduction. Germany, on her part, recognizes that equality of rights in a system providing security for all nations can only be realized in stages in conformity with Article 8 of the Covenant and in accordance with the agreements which will be concluded to this effect.

## ARTICLE 4

The High Contracting Parties affirm in a general sense their determination to consult on all questions of common interest in Europe, especially on all questions concerning the recovery of European economy, the regulation of which, without becoming the object of procedure before the League of Nations, can usefully be sought within the framework of the Commission of Enquiry for European Union.

## ARTICLE 5

The present Agreement is concluded for a duration of ten years, beginning with the exchange of ratifications. If before the end of the eighth year, none of the High Contracting Parties has notified the others of its intention to terminate the Treaty, it will be regarded as renewed and will remain in force without time limit, the Contracting Parties in this case retaining the power to terminate it by a denunciation with two years notice.

## ARTICLE 6

The present Agreement shall be ratified and the ratifications thereof exchanged as soon as possible. It will be registered with the Secretariat of the League of Nations in accordance with the provisions of the Covenant.

740.0011 Four Power Pact/61

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

No. 1875

ROME, April 21, 1933.

[Received May 2.]

SIR: With reference to my despatch No. 1868 of April 7, 1933,<sup>34</sup> with regard to Italy and the Four-Power Pact, I have the honor to inform the Department that according to Foreign Office circles the suggestions in connection therewith of the Governments concerned have now been formulated and submitted and that henceforth negotiations thereon will be conducted through regular diplomatic channels. As intimated in my telegram No. 22 of April 14, 7 p. m.,<sup>34</sup> the opinion in Italian official circles is that the French memorandum by no means bars the way to the conclusion of the Four-Power Pact.

Meanwhile the press has been forbidden to comment on the progress of negotiations on the Four-Power Pact and the subject is rarely even mentioned. The adverse speeches made in the House of Commons recently have been entirely ignored, the newspapers confining themselves to publishing Sir John Simon's defense, which, when taken alone, does not suggest that keen opposition to the Four-Power Pact seems to have developed in certain British quarters.

The Italian press, in fact, has declared a holiday for the moment on its usual attacks against France, Yugoslavia, and the Little Entente. With the exception of Mussolini's article on the subject of the Little Entente and treaty revision written for the Hearst newspapers in the United States and published in every newspaper in Italy on April 13th with flaming headlines, almost no political editorials of any kind have appeared recently. Mussolini's article contains nothing new and its chief significance lies in the fact that France is not even mentioned therein. Heretofore the Italian press has never lost an opportunity to accuse France of being responsible for the constitution and activities of the Little Entente.

Respectfully yours,

JOHN W. GARRETT

740.0011 Four Power Pact/69: Telegram

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

LONDON, May 12, 1933—1 a. m.

[Received May 13—12:08 a. m.]

123. For the President and the Secretary of State from Norman Davis. Grandi called to see me this morning at the suggestion, so he told me, of Mussolini to explain the status of the negotiations of

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<sup>34</sup> Not printed.



the Four Power Pact and to express the hope that we would use our moral influence to help get it consummated. I told him that in so far as the four powers upon whom responsibility for peace in Europe mainly rests shall have as their objective cooperation for the prevention of war in Europe we would naturally wish to be helpful because this would furnish a sound basis for disarmament. Grandi assured me this was the real purpose of the pact.

Grandi also told me Mussolini was ready to accept the French memorandum but the Germans had offered some serious amendments<sup>35</sup> which the other three would not support; however, partly to satisfy Germany, the British and French Ambassadors to Italy had agreed with Mussolini on some minor modifications in the French draft treaty which have been submitted to Paris for final approval and then if the participating powers agree upon this he said that they could bring Germany into line. He said they wished to keep us informed and realized that our moral support is essential to success. He gave me confidentially the latest draft of the proposed pact which on comparison with the French text cabled you from Paris I find has drafting rather than substantive changes. A copy is being sent by mail.

He then said he wished to talk very confidentially with me about disarmament. In substance he thought it was of the utmost importance from every standpoint and particularly for the immediate beneficial effect it would have upon recovery from the depression and the success of the Economic Conference<sup>36</sup> to get any early agreement on disarmament. This however he was satisfied could be done and only done by getting MacDonald, Mussolini, Hitler and Daladier together with the United States joining in. On [And?] that he was persuaded could only be brought about through my initiative as representing the President because of the great influence of the United States and our impartiality. He earnestly hoped therefore that I would make the effort.

I myself have felt for some time that something of this kind must be done. The main difficulty is that a move by any one of the four to that end is looked upon with suspicion by the others and they are all somewhat hesitant about running the risk of getting together and failing. I am satisfied there is more risk in not getting together. Grandi said he was sure Mussolini would be glad to take part in such a meeting.

If you agree that it would be advisable for me to take any initiative in this direction it would be most helpful if I could say to them

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<sup>35</sup> For French version of these amendments (dated April 24, 1933), see *Pacte d'entente et de collaboration*, pp. 16-17.

<sup>36</sup> For correspondence concerning the Monetary and Economic Conference, held at London, June 12-July 27, see pp. 452 ff.

that the President is most eager that there should be an early and successful consummation of the work of the Disarmament Conference and believing as he does that the chances of success would be greatly increased if the responsible heads of the four principal western European powers could arrange to meet to consider the matter he would be glad to have his representation [*representative*] take part in such a meeting if held.<sup>37</sup> [Davis.]

ATHERTON

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740.0011 Four Power Pact/72 : Telegram

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

ROME, May 19, 1933—1 p. m.  
[Received May 19—12:36 p. m.]

37. I am informed that yesterday the British Ambassador here was instructed by his Government to urge Mussolini that in view of the precarious conditions prevailing in Europe every possible effort should be made to rush through the Four Power Pact at the earliest possible moment even at the cost of concessions on all sides. The British Ambassador communicated these instructions to Mussolini this morning who stated that he too was of the same opinion and had instructed Grandi yesterday to make similar representations in London. Mussolini added that apparently the Hitler Government also felt the necessity for speedy action and that Goering was arriving in Rome this afternoon when negotiations would start with a view to reaching a prompt decision in regard to the pact.

GARRETT

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740.0011 Four Power Pact/84 : Telegram

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

ROME, MAY 31, 1933—5 p. m.  
[Received May 31—3:35 p. m.]

53. For the President. I am informed that an agreement has been reached on the Four Power Pact and that there now remain only minor questions of form in connection with the preamble which are being discussed by the legal experts in Geneva. The initialing of the pact is expected to take place tomorrow or the next day in Rome.

In connection with this I have learned in my conversations with Suvich<sup>38</sup> that it would be considered particularly helpful if you would

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<sup>37</sup> For subsequent development of this proposal, see telegram No. 650, May 21, 9 p. m., from the Chairman of the American delegation, p. 165, and telegram No. 336, May 22, 3 p. m., to the Chairman of the American delegation, p. 165.

<sup>38</sup> Italian Under Secretary of State for Foreign Affairs.

make some statement commendatory of the pact. I refer not to its implications for Europe but as it may concern the peace of the world. May I commend to your careful and generous consideration an expression favorable to the pact as far as the general interests of the United States in world peace may be affected.

I am requesting that the head of the Government furnish me with the official text as soon as it shall be initialed. Immediately it is received it will be forwarded to you but prior to its arrival I will advise the Department that it has actually been initialed. The text will then follow.

My recommendation above is based on the information from Signor Mussolini and from the other officials of the Government here of the very [high?] esteem in which you are personally and officially held and of their belief that your influence would contribute toward world stability. And in Geneva the same opinion of you prevails.

I may further add that particular attention, rather unusual honor and most complete courtesy have been accorded me as your representative and because of the esteem in which you are held. This has been my entire experience since crossing the border on Sunday and includes the ceremonies attending and the time consumed in audiences with Mussolini and with His Majesty, the latter of unusual length and accompanied by extraordinary honors. The foregoing recommendation is made in view of all this and with the understanding that if you see your way clear to make some expression it will not only be received here with real enthusiasm but will be an actual contribution to the things I know you have at heart.

LONG

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740.0011 Four Power Pact/87: Telegram

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

PARIS, June 3, 1933—noon.

[Received June 3—10 a. m.]

251. During the course of my first visit to the Foreign Minister today Monsieur Paul-Boncour informed me the Four Power Pact was at present encountering difficulties because of the provision of article 3 for the reaffirmation of equality of rights without any engagement on the part of Germany not to rearm except in agreement with the other signatories.

France was willing to stand on the declaration of the 11th of December last on this subject but did not wish to reaffirm the position in agreement with the three powers without some equivalent understanding by Germany.

Monsieur Paul-Boncour would be willing, however, to leave article 3 entirely out and make the pact an instrument necessary for the collaboration so essential at the Economic Conference but felt that Germany did not feel this sufficiently important to make it worthwhile. He did not, however, despair of an ultimate accord which I told him everyone considered very necessary at this time.

Monsieur Paul-Boncour asked me to convey the substance of these views for the information of the President and to assure him of the value which his initiative has had at Geneva.

Telegraphed to London, Berlin, Rome, and Geneva.

STRAUS

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740.0011 Four Power Pact/114

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

No. 10

ROME, JUNE 6, 1933.

[Received June 21.]

SIR: With reference to my telegrams No. 54 of June 2nd, 11 a. m., and No. 56 of June 3rd, 7 p. m.,<sup>89</sup> on the situation of the Four Power Pact, I have the honor to transmit herewith a memorandum of the conversation I had with the Undersecretary of State for Foreign Affairs, Signor Suvich, on which telegram No. 56 of June 3rd, 7 p. m., was based.

Respectfully yours,

BRECKINRIDGE LONG

[Enclosure]

*Memorandum by the Ambassador in Italy (Long)*

When Mr. Suvich, Undersecretary of Foreign Affairs, came this afternoon to the Embassy to return my call, he took advantage of the opportunity to discuss at length the Four Power Pact. He confirmed the statements recently made, which were the subject of a telegram to the Department, giving the British Ambassador's estimate of the Four Power Pact and the failure of the French to use the correct text as agreed on here by the French, English and German Ambassadors and by Mr. Suvich.

Mr. Suvich outlined the history of the Pact. I summarize it briefly as follows: Italy proposed a text which I designate as text A. England had some objections to the mention of colonies, taking the position that it would embarrass her at this time. That part of the text was then eliminated and it became text B. Then the French proposed a substitute text without mention of colonies. It specifically

<sup>89</sup> Neither printed.

alluded to Article 16 of the Covenant of the League of Nations, and that became text C.<sup>40</sup> Germany consented to this text under pressure from Italy and it was accepted as the basis for further discussion, which proceeded in Rome.

Article 3 of text C was redrafted in Rome with slight modifications and became text D. It was agreed to here by the representatives of the Four Powers, including the French Ambassador, and the text of it was sent to each of the governments. Slight alterations were made in this text D during the few days in Rome when it was under discussion, and these changes were telegraphed to Paris. It was all then sent to Geneva to be approved by the legal experts of the League of Nations, when it developed that the French had been using text C instead of text D and that they had made on text C the modifications intended to be placed on text D.

The difference between the two texts is said by Suvich to be one of phraseology only and not of any real substance. The texts are reported to have the same meaning but France has taken the position that she has obtained the agreement of the Little Entente of text C and is unable to propose to them the acceptance of what she now discovers is text D.

Both texts are said by Suvich to permit Germany to make certain progress in armament but each such step in armament to be subject to approval by all of the other Powers.

With the circumstances as they now exist, and with France having taken the position that she had been using one text and was ready to agree to it, and the other Powers having accepted another text, it seems as if negotiations were at a standstill as far as any effective agreement is concerned. Mr. Suvich expressed the thought that there might be some solution. He said he was "not sure but still hopeful". I gathered from his remarks that he felt that there might be some agreement but that it might not be very effective or of very great substance, and that he had little hope that text D, on which they had built their hope, would be accepted.

The Italian Government takes very seriously the prospect of failure to reach agreement. Suvich said that with the disarmament conference suspended and the Four Power Pact a failure there would be no real sense of security in Europe and that there was the fear that the economic conference could not succeed.

They are making another desperate effort to secure agreement, but with France committed to one text and antagonistic to the other, and Germany agreed to the other, it seems quite doubtful that success will crown the efforts to reach agreement. However, conversations will

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<sup>40</sup> *Pacte d'entente et de collaboration*, pp. 12-13.

proceed through Sunday and Monday. Signor Mussolini's address to the Senate is postponed from tonight until Tuesday.

Having discussed the effect that the Pact might have on European security and on the future peace of the world, and taking into consideration also the comparative failure at Geneva during the last week, Suvich expressed the hope of his Government that the President might feel moved to make some communication to each of the Four Governments, indicating the desire of the United States to see some agreement which would reflect the prospect of continued peace in Europe. He said that his Government felt that such an expression from the President would be very helpful and would serve to bring accord.

BRECKINRIDGE LONG

740.0011 Four Power Pact/92: Telegram

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

ROME [undated].

[Received June 7—3: 48 p. m.]

60. Four Power Pact <sup>41</sup> is being initialed in Rome at 7: 30 p. m.  
Repeated to Geneva, London, Paris, Berlin.

LONG

740.0011 Four Power Pact/99: Telegram

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

ROME, June 9, 1933—1 p. m.

[Received June 9—11: 20 a. m.]

66. In conversation yesterday with the German Ambassador concerning the Four Power Pact he said that Germany was both pleased and displeased; that it had been hurriedly considered and that certain phrases of the text now after initialing appeared displeasing. The full import of those phrases was not apparent in the hurried consideration. He said he was glad that some kind of agreement had been reached but had doubts that it meant substantial progress. His comments on the use of the wrong text by France were extremely sarcastic and implied falsity of the statement to that effect.

Repeated to London, Geneva, Paris.

LONG

<sup>41</sup> For English text, see p. 417.

740.0011 Four Power Pact/103c : Telegram

*The Acting Secretary of State to the Ambassador in Italy (Long)*<sup>42</sup>

WASHINGTON, June 9, 1933—3 p. m.

30. The President gave out the following statement this morning :

“The initialing at Rome of the Four Power Pact between France, Germany, Great Britain and Italy is a good augury. The United States welcomes every effort toward replacing conflicting national aims by international cooperation for the greater advantage of all. This agreement of the principal European Powers to work closely together for the preservation of peace should give renewed courage to all who are striving for the success of the Geneva and London Conferences.”

Please inform the Italian Government of the text of this statement, making clear that you are acting under instructions from your Government.

PHILLIPS

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740.0011 Four Power Pact/112

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

No. 33

LONDON, June 9, 1933.

[Received June 16.]

SIR: I have the honor to enclose copies of a White Paper issued on June 8, containing the text of a despatch<sup>43</sup> by the Foreign Secretary to the British Ambassador in Rome on the so-called Four Power Pact between the United Kingdom, France, Germany and Italy, which was initialled in Rome on June 7. The terms of the Agreement are included in the White Paper.

In his despatch, Sir John Simon reviews the negotiations incident to the initialling of the Four Power Agreement, and re-asserts the British Government's attitude towards it as embodying “the expression of that spirit of conciliation and mutual cooperation without which European recovery would be impossible and the prospect of world peace would be jeopardized”. It may be noted that the Foreign Secretary re-affirmed the British Government's position that the new Agreement “does not imply any extension of the obligations of the United Kingdom in European affairs”.

For the moment, English public opinion is concentrated on the questions at issue in the approaching World Economic Conference, among

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<sup>42</sup> The same, *mutatis mutandis*, June 9, to the Ambassadors in France, Great Britain, and Germany and to the American delegate to the Disarmament Conference.

<sup>43</sup> Despatch not printed.

which that of the June 15 War Debt payment is persistently included, which accounts for the relatively slight interest shown here in the initialling of this Four Power Agreement.

There are enclosed copies of the only editorials<sup>44</sup> of any interest appearing on this subject in the London press.

Respectfully yours,

For the Ambassador:  
RAY ATHERTON

[Enclosure]

*Agreement of Understanding and Cooperation*<sup>45</sup>

PREAMBLE

The President of the German Reich, the President of the French Republic, His Majesty the King of Great Britain, Ireland and the British Dominions beyond the Seas, Emperor of India, and His Majesty the King of Italy;

Conscious of the special responsibilities incumbent on them as possessing permanent representation on the Council of the League of Nations, where the League itself and its members are concerned, and of the responsibilities resulting from their common signature of the Locarno agreements;<sup>46</sup>

Convinced that the state of disquiet which obtains throughout the world can only be dissipated by reinforcing their solidarity in such a way as to strengthen confidence in peace in Europe;

Faithful to the obligations which they have assumed in virtue of the Covenant of the League of Nations,<sup>47</sup> the Locarno Treaties, and the Briand-Kellogg Pact,<sup>48</sup> and taking into account the Declaration of the renunciation of force, the principle of which was proclaimed in the declaration signed at Geneva on the 11th December, 1932,<sup>49</sup> by their delegates at the Disarmament Conference and adopted on the 2nd March, 1933, by the Political Commission of that Conference;<sup>50</sup>

Anxious to give full effect to all the provisions of the Covenant of the League of Nations, while conforming to the methods and pro-

<sup>44</sup> Not printed.

<sup>45</sup> Reprinted from Great Britain, Cmd. 4342, Miscellaneous No. 3 (1933): *Despatch to His Majesty's Ambassador at Rome in regard to the Agreement of Understanding and Co-Operation between France, Germany, Italy, and the United Kingdom*, London, June 7, 1933.

<sup>46</sup> League of Nations Treaty Series, vol. LIV, pp. 289-363.

<sup>47</sup> *Treaties, Conventions, etc.*, 1910-1923, vol. III, p. 3336.

<sup>48</sup> *Foreign Relations*, 1923, vol. I, p. 153.

<sup>49</sup> *Ibid.*, 1932, vol. I, p. 527.

<sup>50</sup> See telegrams No. 546, February 28, and No. 548, March 2, from the Acting Chairman of the American delegation, pp. 19 and 21; for report of the Political Commission upon this subject, see League of Nations, Conference for the Reduction and Limitation of Armaments, Geneva: *Records of the Conference*, Series D, vol. V, *Minutes of the Political Commission*, pp. 22-30.



cedure laid down therein, from which they have no intention of departing;

Mindful of the rights of every State, which cannot be affected without the consent of the interested party;

Have resolved to conclude an agreement with these objects, and have appointed as their plenipotentiaries: <sup>61</sup>

The President of the German Reich:

The President of the French Republic:

His Majesty the King of Great Britain, Ireland and the British Dominions beyond the Seas, Emperor of India: for Great Britain and Northern Ireland:

His Majesty the King of Italy:

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

#### ARTICLE 1

The High Contracting Parties will consult together as regards all questions which appertain to them. They undertake to make every effort to pursue, within the framework of the League of Nations, a policy of effective co-operation between all Powers with a view to the maintenance of peace.

#### ARTICLE 2

In respect of the Covenant of the League of Nations, and particularly articles 10, 16 and 19, the High Contracting Parties decide to examine between themselves and without prejudice to decisions which can only be taken by the regular organs of the League of Nations, all proposals relating to methods and procedure calculated to give due effect to these articles.

#### ARTICLE 3

The High Contracting Parties undertake to make every effort to ensure the success of the Disarmament Conference and, should questions which particularly concern them remain in suspense on the conclusion of that Conference, they reserve the right to re-examine these questions between themselves in pursuance of the present agreement with a view to ensuring their solution through the appropriate channels.

#### ARTICLE 4

The High Contracting Parties affirm their desire to consult together as regards all economic questions which have a common interest

<sup>61</sup> The plenipotentiaries were as follows: For Germany: the Ambassador, Ulrich von Hassell; for France: the Ambassador, Henry de Jouvenel; for Great Britain: the Ambassador, Ronald Graham; for Italy: Benito Mussolini.

for Europe and particularly for its economic restoration, with a view to seeking a settlement within the framework of the League of Nations.

## ARTICLE 5

The present agreement is concluded for a period of ten years from the date of its entry into force.

If, before the end of the eighth year, none of the High Contracting Parties shall have notified to the others his intention to terminate the agreement, it shall be regarded as renewed and will remain in force indefinitely, each of the High Contracting Parties possessing in that event the right to terminate it by a declaration to that effect on giving two years' notice.

## ARTICLE 6

The present agreement, drawn up in English, French, German and Italian, of which the French text prevails in case of divergence, shall be ratified and the ratifications shall be deposited at Rome as soon as possible. The Government of the Kingdom of Italy will deliver to each of the High Contracting Parties a certified copy of the *procès-verbaux* of deposit.

The present agreement will enter into force as soon as all the ratifications<sup>52</sup> have been deposited.

It shall be registered at the League of Nations in conformity with the Covenant of the League.

Done at Rome, the [7th of June 1933] in a single copy, which will remain deposited in the archives of the Government of the Kingdom of Italy: certified copies will be delivered to each of the High Contracting Parties.

In faith whereof the above-mentioned plenipotentiaries have signed the present agreement.

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740.0011 Four Power Pact/103: Telegram

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

ROME, June 10, 1933—noon.

[Received June 10—10 a. m.]

69. The German Ambassador this morning said that the French had given an interpretation to the pact which was not acceptable to Germany. France advised the Little Entente concerning the pact to

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<sup>52</sup> Italy approved by Royal Decree 941 of July 29, 1933, which became effective upon publication in *Gazzetta Ufficiale* of August 4, 1933; the Pact never entered into force.

reassure them and to prevent their opposition to it.<sup>53</sup> The interpretation of the pact in this communication was the subject of the Ambassador's remarks to the effect that Germany would not subscribe to it.

Repeated to London, Paris, Berlin.

LONG

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740.0011 Four Power Pact/120

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

No. 39

PARIS, June 16, 1933.

[Received June 24.]

SIR: I have the honor to enclose a copy of a memorandum of a conversation which I had with Lord Tyrrell, the British Ambassador, yesterday afternoon at the Embassy residence.

Lord Tyrrell was desirous that I should convey to the President his opinion as to M. Daladier's sincerity and intelligence, and in particular to the moderating influence which he had exercised with respect to the conclusion of the Four Power Pact.

Respectfully yours,

JESSE ISIDOR STRAUS

[Enclosure]

*Memorandum by the Ambassador in France (Straus) of a Conversation With the British Ambassador in France (Tyrrell), June 15, 1933*

Lord Tyrrell called at the residence and in the course of conversation mentioned that Daladier is a very honest courageous man, who is responsible for the Four Power Pact; that the differences between Italy's and France's views were so great that the pact almost fell through and would have, had it not been for Daladier's personal courage and his desire to prove Germany's good faith; that he wanted to put that good faith to test; that he is entirely sympathetic to President Roosevelt's views as to the abandonment of offensive weapons, and was willing to have France disarm gradually after five years, as soon as she had evidence that German promises would be kept. He said that he wished I would communicate his opinion of Daladier to President Roosevelt. Furthermore, that Daladier is an unusually well informed and intellectual man, who had travelled as have few other French politicians, and has sympathy with, and knowledge of, the

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<sup>53</sup> The French statement, dated June 7, was transmitted to the Governments of the Little Entente and Poland; for text, see *Pacte d'entente et de collaboration*, pp. 23-30.

problems of other nations. Lord Tyrrell also stated that the French Parliament was very much opposed to the whole idea of the Four Power Pact and that Daladier had won them over.

In so far as Germany and Hitler are concerned, Lord Tyrrell expressed great fear of the future. He said that Hitler would have 12,000,000 people to feed next winter, and must lose out, unless he found means of carrying out his many promises which were to result from an Organized Germany; that then the great danger of a communistic uprising might threaten the peace of Europe; that no more powerful a dictatorship existed anywhere, and that in the long run dictatorships would prove dangerous (without any specific reference to Italy), and that the only stable form of government in these modern times was the democratic form, and that the sort of mediaeval rule that Germany was now suffering from, could not last. He expressed the opinion that, ever since the war, the Allied nations had made mistakes insofar as Germany is concerned, and that both England and the United States are responsible for the rise of Hitlerism. He did not specify what, in his opinion, were the mistakes; in other words, he made no reference to the Treaty of Versailles<sup>54</sup> or war debts.

JESSE ISIDOR STRAUS

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740.0011 Four Power Pact/130

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

No. 43

ROME, June 22, 1933.

[Received July 3.]

SIR: With reference to my despatch No. 32 of June 16, 1933,<sup>55</sup> on the Four-Power Pact, I have the honor to transmit to the Department the following sidelights on the recent negotiations looking to the conclusion of the Four-Power Pact which have been gathered from conversations members of this Embassy have had in Foreign Office and diplomatic circles here.

When the French Ambassador, M. de Jouvenel, first arrived in Rome last January, he began to sound out the Italian government as to the possibility of solving the recognized outstanding problems between France and Italy, namely, colonies, the status of Italians in Tunisia, opportunities for Italian expansion in the Balkans, etc. M. de Jouvenel soon found, however, that Italian tactics in regard to Italo-French relations had changed and that Mussolini had become much more interested in the possibilities of elaborating a formula for the collaboration of the four great powers of Western Europe (the Duce had already

<sup>54</sup> *Treaties, Conventions, etc.*, 1910-1923, vol. III, p. 3329.

<sup>55</sup> Not printed.

publicly affirmed the necessity for such collaboration in his Turin speech on October [23,] 1932, reported in the Embassy's despatch 1654 of October 27, 1932<sup>57</sup>) than he was in the immediate solution of the classical Italo-French divergencies mentioned above. In the early stages of his mission here, the French Ambassador, during informal and inconclusive exchanges of views with Mussolini in regard to such a formula, let it be known that it was the French view that a pact should be negotiated and signed by England, France, and Italy, and that once this were done, Germany would then feel herself obliged to collaborate with the other three powers whether she wished to or not. Mussolini, on the other hand—and M. de Jouvenel was soon given to understand that the British concurred in this opinion—insisted that it would be more prudent to include Germany in the negotiations from the beginning, since such a courtesy would ensure a better spirit of collaboration on the part of that country. Apparently the informal discussions on the subject never emerged from the exploratory stage and, although M. de Jouvenel had impressed upon Mussolini the fact that his mission was to terminate in July and that if anything were to be done to better Italo-French relations it had to be done quickly, Mussolini's project in concrete form looking to a Four-Power Pact came as a complete surprise to him just as it did to the other ambassadors involved.

According to well informed circles here, once Mussolini had made his proposal for the Four-Power Pact, he stepped aside and allowed the other three powers to come to an agreement without interference on his part. It will be recalled that while a British text, a French text, and a German text were submitted in turn for consideration as negotiations progressed, no Italian text other than Mussolini's original one was ever advanced. Mussolini was agreeable, it is said, without exception to every modification of his original proposal suggested or made, his one idea being to get something done.

It is also pointed out here that M. de Jouvenel was able to help the negotiations along in a way that no career ambassador could have done. For instance, toward the end of the negotiations he left his post and made a trip to Paris without obtaining the authority of the Quai d'Orsay beforehand. Not only was he absent from his embassy without leave, but he assumed the responsibility while in Paris of exerting an influence wherever possible upon members of the French government and upon French politicians of all shades in favor of the pact. As no career ambassador could have done, he also gave out statements in explanation of the provisions of the Pact to the French press. It was M. de Jouvenel who, with Mussolini's approval, first called attention publicly to the fact that since the four powers

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<sup>57</sup> Not printed.

were already running things in the League of Nations anyway, the activities of the four powers within the framework of the Pact would not represent a dangerous innovation in the European set-up, as opponents of the Pact had argued.

On the other hand, M. de Jouvenel's lack of experience as a diplomat almost got him into serious trouble. It appears that a final text as drafted here was telegraphed to Paris the same night that Paris telegraphed to Rome its version of the final text. M. de Jouvenel was under the impression that the two texts were identical and began final negotiations on the basis of the Rome text, only to find out later that it was not acceptable to Paris. The misunderstanding was the cause of a disconcerting and even alarming delay in the initialling of the Pact. A career diplomat, it is said, would have compared the two texts before going ahead.

In French circles in Rome it is believed that the bad impression that the progressive emasculation of the original Mussolini proposal created could have been avoided if the project had been submitted in secret to the interested governments beforehand for their advice and consent. In this way there could have been the appearance of a uniform agreement at the outset with the resultant good moral effect. Opponents of this view state that the sensational suddenness of the proposal fired the popular imagination and was not a small element in its success. Besides, it is argued, it is impossible for the Quai d'Orsay to keep important international negotiations secret. In support of this last theory it is pointed out that as soon as M. Paul-Boncour received the telegram with the text of the proposal (the afternoon of the same day that Mussolini handed the text to M. de Jouvenel), he immediately took it over to M. Daladier, who was talking at the time with a well known French journalist. The French Prime Minister read the document and in disgust handed it to the journalist to glance at, with the words: "That's what you get when MacDonald travels around Europe."

In concluding these sidelights on the negotiations on the Four-Power Pact, it may be of interest to state that it is generally understood here that in dealing with the Germans Mussolini rarely had recourse to regular diplomatic channels, that is, to the German Foreign Office and the German Embassy here. The Chief of Government time and again spoke directly with Herr Hitler or Captain Goering by telephone, and it appears to have been Herr Hitler's wish that both Baron von Neurath of the German Foreign Office and Herr von Hassel, German Ambassador to the Quirinal, be excluded as far as possible from the negotiations.

There has been little comment in the Italian press recently regarding the Four-Power Pact, although yesterday the newspapers carried des-

patches from Paris to the effect that the French Prime Minister, Daladier, had apparently made up his mind to pay a visit to Mussolini. Although there has been much talk of such a meeting between the two statesmen (see my despatch No. 32 of June 16, 1933), no official announcements have been made as yet in regard thereto.

The *Giornale d'Italia* of June 14th publishes an editorial on the Russian reaction to the initialling of the Four-Power Pact and endeavors to put Soviet fears concerning the Pact at rest. Italy, says the newspapers, has always been the champion of Russia. In recognizing the Soviet government, Italy declined to follow the policies of other countries which looked forward to an early end of the regime in Russia and therefore refused their recognition. Italy, furthermore, took the initiative—against the advice of several countries—in suggesting that Russia be admitted as a member of the Committee on the European Union. Under these circumstances, concludes the *Giornale d'Italia*, the mere fact that Italy, who is a proven friend of Russia, is included in the Four-Power Pact should constitute a guarantee of peace for Russia as well as for other nations. These soothing words addressed to the Soviets by the authoritative *Giornale d'Italia* may be regarded as another indication of Italian solicitude for the maintenance of friendly relations between Italy and Russia.

Respectfully yours,

BRECKINRIDGE LONG

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740.0011 Four Power Pact/140

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

No. 93

ROME, July 21, 1933.

[Received August 2.]

SIR: With reference to my telegram No. 78 of July 15, 1933, 11 a. m.<sup>58</sup> reporting the signature of the Four-Power Pact, I have the honor to inform the Department that the ambassadors of Great Britain, France, and Germany and the Chief of the Italian Government signed the documents in Signor Mussolini's office in the Palazzo Venezia on the above-mentioned date. Although some disappointment was felt here that it was not found possible, as had been hoped, for the heads or foreign ministers of the signatory governments to come to Rome in the end and sign the Pact themselves, the telegrams of congratulation sent to Signor Mussolini by Mr. MacDonald and Sir John Simon, by M. Daladier, and by Herr Hitler have nevertheless done much to soften the blow to the expectations of the Italian public that there would be a gathering in Rome of distinguished statesmen with the resultant enhancement of the prestige of the country.

<sup>58</sup> Not printed.

The expected declaration on the part of the Chief of Government at the time of the signing of the Pact (see my telegram No. 77, 4 p. m. July 7, 1933, and despatch No. 53 of June 30, 1933<sup>59</sup>) which was calculated to offset the unfortunate effect in Germany of the French communications concerning Article 19 of the League of Nations Pact to the Little Entente and to Poland and thereby to appease German public opinion was not forthcoming. From reliable sources the Embassy has learned that shortly before the signature of the Pact the Italian Government addressed a reassuring note in this connection to the German Government which proved satisfactory to the latter and made the declaration referred to above unnecessary. It appears that the Italian note under reference, which was in reply to German protests to the effect that a unilateral interpretation of the provisions of the Pact such as France had made to the Little Entente and to Poland was inconsistent with the spirit of collaboration among the four powers the creation of which was one of the chief purposes of the Pact, pointed out to the Germans that since the French communications merely reaffirmed the principle of unanimity of decision at the present time in force within the Assembly of the League of Nations, there could be no cause for complaint on the part of the Germans in so far as the substance of the French communications was concerned. On the other hand the note went on to say that the Italian Government was of the opinion that henceforth interpretations regarding the provisions of the Four-Power Pact should be made only in collaboration and not unilaterally.

Italian press comment on the signature of the Pact is, of course, extremely enthusiastic and optimistic with regard to the future, and all editorials emphasize that it means peace in Europe for at least ten years, one newspaper even going so far as to state that in substance the Pact may prove everlasting. Coming at a time when the World Economic Conference is breaking up, when the Disarmament Conference is in the doldrums, and when the prestige of the League of Nations is at a low ebb, Italian public opinion is inclined to regard the Four-Power Pact as the only worthwhile machinery in existence today for international collaboration. Long extracts from eulogistic articles in the foreign press are also reproduced in the newspapers here, and the general impression prevails that the Pact means the salvation of Europe at a critical period in its history.

There is enclosed herewith a translation of an interview<sup>60</sup> given to the Rome correspondent of the Paris *Temps* by Ambassador de Jouve-  
nel on the genesis of the Four-Power Pact and the subsequent negotia-  
tions thereon.

Respectfully yours,

BRECKINRIDGE LONG

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<sup>59</sup> Neither printed.

<sup>60</sup> Not printed.



GERMAN NAZI ATTACKS ON THE DOLLFUSS REGIME IN  
AUSTRIA: EXPANSION OF THE AUSTRIAN ARMY WITH  
CONSENT OF OTHER POWERS

762.63/76

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

No. 2341

BERLIN, April 27, 1933.  
[Received May 13.]

SIR: I have the honor to report that the visit to Rome of the Austrian Chancellor, Dr. Dollfuss, simultaneously with that of Vice Chancellor von Papen and Minister Goering, has evoked considerable editorial comment on Austro-German-Italian relations from the German press. The general impression was that the primary object of Dr. Dollfuss' visit was to obtain financial support for Austria in view of the "enslavement of Austrian finances" by France, and the "threatening danger of her definite political enslavement as well". German comment gave manifest evidences of vexation at the check experienced by the policy of *Anschluss* in view of the fact that Mussolini did not regard this question as acute at the present time, and resentment was expressed at the manner in which the Austrian Chancellor acquiesced in the dropping of this problem. The consensus of opinion, however, was that some form of union between Austria and Germany was ultimately inevitable.

In this connection, the growth of the Nazi Party in Austria is significant, in consideration of its close association with the Hitler Movement in Germany. The German Nazi attitude towards the question of *Anschluss* was indicated by an article which, according to the *Berliner Tageblatt* of April 24, appeared the previous day in the *Deutsch-Oesterreichische Tageblatt* in Vienna, and in which Theo Habicht, a member of the German Reichstag and "Inspector of the Nazi Party for Austria", stated that the attitude of the Nazi movement both in Austria and the Reich had been definitely and finally fixed in that point of its program, which had been characterized as inalterable, wherein the cancellation of the treaties of Versailles<sup>1</sup> and Saint Germain,<sup>2</sup> and the union of all Germans in one Greater Germany was de-

<sup>1</sup> *Treaties, Conventions, etc., Between the United States of America and Other Powers, 1910-1923* (Washington, Government Printing Office, 1923), vol. III, p. 3329.

<sup>2</sup> *Ibid.*, p. 3149.

manded. A difference, however, was to be made between this programmatic aim and the practical possibility of achieving it, which depended on how long the opposing forces would be stronger than those in favor of it. Six million Germans in Austria with the moral support of sixty millions in the Reich, would legally obtain their union.

I am transmitting herewith, as an enclosure, summaries of pertinent German press comment<sup>3</sup> on the subject of this despatch.

Respectfully yours,

GEORGE A. GORDON

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762.63/78

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

[Extract]

No. 2389

BERLIN, May 12, 1933.

[Received June 3.]

SIR: In continuation of despatch No. 2341 of April 27, 1933, I have the honor to report that, in view of his avowed policy of Eastward expansion, Hitler's apparent—though indirect—efforts to realize the Austrian *Anschluss* doubtless have motives more tangible than a sentimental desire for the unification of the German speaking nations, or the pious wish to include the town of his birth in the Reich over which he rules. While present day Austria is a small country in which party strife would seem to be the only flourishing activity at the moment, Vienna, as the natural and traditional gateway to South-eastern Europe, is the key to German influence in that direction.

Parenthetically, Austria also would for the moment appear to be the key to a large portion of the entire complex of German-Italian relations. While the community of interest between the two now Fascist nations has been stressed in both countries (surely, in great measure, for internal consumption), points of potential political conflict are apparent, and Austria appears to be the axis about which an important part of the shifting political constellation at present revolves.

In pursuing his immediate plans Hitler is seemingly employing a procedure which has become familiar through his tactics in Germany since coming into power. The initial activity is left to the Nazi Party organizations which, as in the case of the Jewish boycott and the seizure of the German Labor Unions, go ahead blithely, sure of recognition by the National Government when the "dirty work" has been successfully done. It is in this light that the formation and activity

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<sup>3</sup> Not printed.

of the Austrian sections of the Nazi Party must doubtless be viewed, and this easily accounts for the rage of the Nazi controlled German press at the check experienced by the Austrian Nazis.

Respectfully yours,

GEORGE A. GORDON

762.63/79

*The Minister in Austria (Stockton) to the Acting Secretary of State*

No. 837

VIENNA, May 18, 1933.

[Received June 3.]

SIR: With reference to my despatch No. 833, of May 13, 1933,<sup>4</sup> concerning the proposed visit of certain German officials to Vienna, I have the honor to inform the Department that Dr. Frank, the Bavarian Minister of Justice, Dr. Kerrl, the Prussian Minister of Justice, and Secretary of State Freissler arrived at the Aspern Flying Field Saturday afternoon, May 13. Only a few of the Nazi leaders were admitted to the field, and it was reported that the Vice President of the Federal Police, Dr. Skubl, was the first person to greet Dr. Frank. The press quoted him as having said:

"I am instructed by the Federal Government to inform you that your visit is not particularly welcome to the Austrian Government in view of the incident which has not yet been closed. (Dr. Skubl evidently referred to Dr. Frank's radio speech in which he had warned the Austrian Government against taking any action which might force Germany to interfere in Austrian affairs—see my despatch No. 781 of March 22, 1933.<sup>4</sup>) Nevertheless, the Federal Government has taken necessary precautions for your safety and for the safety of those accompanying you. In order to fully protect you, I must request that you inform me of your exact schedule during your stay."

Dr. Frank replied sarcastically, "Please convey to the Federal Government my thanks for the cordial manner in which I have been received."

Herr Frauenfeld, the Vienna Nazi leader, then stated that the police had been informed of Saturday's schedule and would be advised as soon as possible of the program for Sunday.

Among those who also greeted the German officials were Herr Proksch, another Austrian National Socialist leader, the German Minister, Dr. Rieth, and members of the Legation staff. There were a few brief welcoming speeches, and the crowd outside of the flying field sang the Horst Wessel song and "Deutschland Über Alles."

<sup>4</sup>Not printed.

The German officials, accompanied by Herr Frauenfeld, thereupon drove off to the Victory Monument in Aspern, where they laid a wreath. As demonstrations and disorders were taking place along the route agreed upon, the police altered it, much to the annoyance of the German guests and the National Socialists. The press of the following day reported that 86 persons had been arrested for minor disturbances. After a short stay at the Brown House, the German officials motored to Mödling, a nearby town, where they were cordially received by the Pan-German *Bürgermeister*. In the evening they attended a celebration in commemoration of the deliverance of Vienna from the Turks, held in the Engelmann Arena. The cautious *Tagblatt* estimated that the meeting was attended by 12,000, the *Freie Presse*, 14,000, while the National Socialist *Doetz* reported that there were 20,000 persons present. However, Mr. MacCormac, the Vienna correspondent of the *New York Times*, told me that he estimated there were only about 5,000.

Dr. Frank, in the course of his address, said that unfortunately the police regulations compelled him to confine his remarks to the deliverance of Vienna from the Turks. However, in conclusion, he conveyed Hitler's greetings to Vienna, of which, he said, the German Chancellor still regarded himself as a citizen. He further announced that Hitler had requested him to state publicly he proposed to visit Austria within the next few weeks whether he was wanted or not. Dr. Frank added that it certainly would not be possible to refuse the German Chancellor the right to visit the tomb of his parents in this country.

Herr Kerrl declared that the German people should stand together as they had 250 years ago and that "One Race, One Nation" should be their slogan.

Frauenfeld referred to the manner in which the Austrians had driven the Turks out of Vienna, and added that the National Socialists would soon rid the city of the Heimwehr cock-feather as their forefathers had rid it of the Turkish fez.

At a luncheon given at the German Legation in honor of the visitors, to which prominent National Socialists were invited, Dr. Frank declared in a speech that he would report to Berlin his unfriendly reception by the police at the flying field. The Vienna papers reported that after dinner a reception was given to certain members of the press. The Nazi *Doetz* quoted Dr. Frank as having declared to the journalists, "We love Austria and nobody will be able to prevent the *Anschluss* between this country and Germany."

Sunday afternoon Dr. Frank motored to Graz. At a reception given in his honor he again referred to the manner in which he had been received at Aspern and declared that it was not only an insult

to the German Chancellor, but also to the entire German Reich. He threatened that until atonement had been made no other Germans would come to Austria. He added that the German Government would not take lightly the coolness of the Austrian Government's attitude towards him.

The Austrian Government took exception to Dr. Frank's remarks and issued an order for his deportation. Upon learning in Salzburg that he was to be expelled, Dr. Frank announced that he would defer his departure for Germany until he had had tea. The news that he was being expelled soon spread and demonstrations followed, which, however, were quickly dispersed by the police. Dr. Frank took his tea rather hurriedly, as the press reported he left Salzburg within half an hour after his arrival.

The semi-official *Political Korrespondenz*, through which the Austrian Government gives out news which it does not wish to issue as an official communiqué, announced on May 16 that Herr Tauschitz, the Austrian Minister at Berlin had been instructed to protest to the German Foreign Office with regard to the utterances of Dr. Frank in Austria, and to urge his recall. It also announced that, under instructions from Berlin, Dr. Rieth, the German Minister, had called upon Dr. Dollfuss to protest against the reception which had been accorded Dr. Frank and the other German officials. Dr. Dollfuss was quoted as having replied that the Austrian Government would consider the German protest when the incident arising out of Dr. Frank's broadcast from Munich had been satisfactorily settled in accordance with the Austrian Government's repeated requests.

The *Neue Freie Presse* of May 13, in one of its usual weak-kneed and ambiguous editorials, declared that the visit of the German officials would sadden every person who feels German. It blamed the controversy between the German Nazi *Völkischer Beobachter* and the *Reichspost*, the Austrian Government organ, for creating an atmosphere which made it impossible for Frank's visit to be without political significance.

On the same day the *Tagblatt*, which supports the Government, stated the propaganda scheme of the visitors had to be abandoned, as the Austrian Government had shown clearly that it had no intention of brooking outside interference in its internal affairs.

*Doetz* of May 16 declared that a great power would hardly have dared to have accorded such a reception to the representatives of an insignificant negro republic, and certainly no small state would be expected to greet in such a manner the representatives of a great power whose people were of the same race, culture, blood, and language. In conclusion it stated that Austria was largely dependent upon tourists, particularly from Germany, and asked if ministers were received in

such a manner, what kind of a reception could the average German expect.

In my opinion, this visit has increased materially the bitterness and tension already existing between the Wilhelmstrasse and the Ballhausplatz. It is generally believed that Dr. Frank announced that Hitler proposed to visit Austria in the near future upon the authority of the Reich Chancellor himself. It is difficult to understand what Berlin expected to accomplish by sending Dr. Frank to Vienna, as he was already anathema to the Austrian Government and a majority of the Austrian people because of his recent radio speech. If Hitler really intends to come to Austria, he chose a strange John the Baptist to prepare the way for him. Many Austrians who formerly were sentimentally inclined toward the *Anschluss*, have suddenly awakened to the danger threatening their country. Dr. Dollfuss is putting up a gallant fight for Austria's independence, and, in my opinion, the great silent vote is rallying to his standard.

The Social Democrats are apparently so bewildered that they don't know which way to turn. However, I am assured by M. Fierlinger, the Czech Minister, who is in intimate contact with the Social Democratic leaders, that they would tacitly support the Government as long as it continued its present policy, provided it does not veer towards legitimism. In spite of the caustic criticism of the Government which from time to time appears in the Social Democratic press, it is nevertheless clear that the Social Democratic leaders now fully realize the Nazi peril and that the Dollfuss Government is the lesser of two evils. The French Socialist press has recently been urging that France take no further part in bringing the Austrian loan to fruition as long as the Dollfuss Dictatorship continues in power. This shows a complete lack of understanding with regard to the situation here. Despite the fact that it is a semi-dictatorship, in my opinion, the Dollfuss Government is the last refuge of liberalism in Austria. Should it be overthrown, the present coalition might well be irreparably disrupted, and the fight would thenceforth be between the National Socialists, who have already practically absorbed the Pan-German Party as well as the Styrian Heimwehr, on the one hand, and the Social Democrats on the other. In view of the trend of the times and the propaganda which will deluge this country from Germany, there is little doubt that the Social Democrats would soon be completely crushed, as they were in the Reich.

Herr Hornbostel, Chief of the Political Bureau of the Foreign Office, recently confided to me that the wealthy Austrian Jews had approached Dr. Dollfuss and had assured him that if the French loan did not materialize they would see that the Government was provided with the necessary funds. Although this was a wise move on the part of the

Jews, it may later prove embarrassing to the Chancellor. The Jews are shrewd enough to realize that an independent Austria is the last bulwark of Jewry in Central Europe. Dr. Dollfuss is, I think, also shrewd enough to grasp the danger of giving the Nazis ground for stigmatizing him as being under the financial domination of the Jews.

Although I still do not believe that more than 30% of the Austrian people are National Socialists, nevertheless they are a compact and dynamic force, and are apparently well financed. Should conditions improve in Germany and not here, the Nazi movement in Austria will take on new impetus. The Dollfuss Government is in a position very similar to that of the Bruening Government. However, it may well profit by the latter's mistakes. Despite the pressure which is being exerted on him from every side, Dr. Dollfuss seems determined to steer a middle course. Should Austrian economic conditions show some slight improvement, he may be able to hold the Nazis off until the danger is past. Through the technicality referred to in my despatch No. 769 of March 10, 1933,<sup>6</sup> he can continue to govern by decrees issued by virtue of the Enabling Act of 1917 until the present Parliament expires in December, 1934, provided his Government is not overthrown by internal dissension or by a *coup d'état* from without. Should the National Socialists come into power in Austria, I do not think any attempt would be made to bring about the *Anschluss* immediately. However, to all intents and purposes Austria would from that day be an integral part of the Reich. The Ballhausplatz would take its orders direct from the Wilhelmstrasse.

Although Proksch and Frauenfeld are the nominal leaders of National Socialism in Austria, a German, Theodor Habicht, Reichstag Deputy and Inspector of the Austrian National Socialists, is the real power behind the movement in this country. It is generally understood that it is to him the Austrian Nazis look for leadership. National Socialism is a German political party and is in no sense indigenous to this country. Therefore, in the event of a Nazi victory, the *Anschluss*, though it might be deferred, would become inevitable. The success of the National Socialists in Austria is accordingly fraught with peril for European peace. It is difficult to believe that either France or Italy would supinely submit to the absorption of Austria by the Reich under any subterfuge. I am apprehensive of the situation in this country and believe that the Dollfuss Cabinet should have all the moral support it is possible to give it. Austria is today in as strategical and critical position as was the Austro-Hungarian Empire in 1914. However, in this instance the present Austrian Government is fortunately a force for peace.

Respectfully yours,

G. B. STOCKTON

<sup>6</sup> Not printed.

863.20/79

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

No. 136

ROME, August 10, 1933.

[Received August 24.]

SIR: With reference to my telegram No. 85 of August 7, 1933, 5 p. m.,<sup>7</sup> reporting among other things Austria's request that she be permitted by France, England, and Italy to increase her military strength in order that the Dollfuss government might be in a better position to combat Nazi opposition, I have the honor to inform the Department that I have learned from reliable sources that Austria desires to raise her armed forces from about 22,000 men, which is her present establishment, to 30,000. Austria is allowed an army of 30,000 maximum by treaty,<sup>8</sup> but the way in which she proposes to effect the increase of 8,000 men is not provided for by treaty, and it is only upon this question that she was obliged to consult the other treaty signatories. It is understood that Great Britain, France, and Italy have agreed to Austria's request for 30,000 men, but no more, and that the Little Entente countries have been invited to do the same.

Respectfully yours,

BRECKINRIDGE LONG

762.63/101

*The Minister in Austria (Stockton) to the Secretary of State*

[Extracts]

No. 894

VIENNA, August 19, 1933.

[Received September 5.]

SIR: With reference to the Legation's despatch No. 885, of August 8, 1933,<sup>7</sup> concerning the provocative attitude of the German Nazis toward Austria, I have the honor to inform the Department that despite the *démarche* of the French Ambassador and the British Chargé d'Affaires in Berlin, and the friendly discussions which took place on the subject between the Italian Ambassador and the Wilhelmstrasse, there has been a renewal of the attacks against this country.

There seems to be considerable confusion with regard to the Wilhelmstrasse's response to the Anglo-French intervention on behalf of Austria. British and French papers indicated that the Reich Government had made a conciliatory reply to the effect that it would investigate and take the necessary steps to put a stop to propaganda against the Austrian Government, emanating from German radio stations and

<sup>7</sup> Not printed.<sup>8</sup> Treaty of Saint Germain between the Principal Allied Powers and Austria, signed September 10, 1919, *Treaties, Conventions, etc.*, 1910-1923, vol. III, p. 3149.



being distributed in the form of leaflets from airplanes alleged to be German. On the other hand the German press declared that the British and French representatives had been plainly told that Austro-German relations were no concern of any other nation. Recent events would make it appear that the reports in the German press were more nearly correct, as on August 9, Herr Habicht, Reichstag Deputy and so-called Provincial Inspector of the National Socialist Party in Austria, broadcasted from Munich another philippic against Dollfuss and all his works. As Habicht has been intimately associated with Hitler in the National Socialist movement in Germany, the Reich Government apparently intends to take no serious steps even to restrict radio propaganda against Austria. In his speech Habicht charged Dollfuss with appealing to anti-German nations, especially France, for the sole purpose of clinging to office, despite the opposition of a majority of the Austrian people. Habicht dismissed the reports of propaganda attacks by air over Austria as mere fairy tales and described the establishment of the Austrian Emergency Police as a violation of the Treaty of St. Germain which had received the approval of the former Allied Powers only because it was directed against Germany. He also declared there could be no peace in Europe until a *rapprochement* between the two German countries had been brought about by the establishment of a Nazi Government in Austria. He challenged the Dollfuss Government to call a general election, adding tauntingly that if it really had the Austrian people behind it, it would have nothing to fear and that the National Socialists would pledge themselves in advance to abide by the verdict at the polls. In conclusion, he naively remarked that friendly representations in Vienna would be more helpful than *démarches* in Berlin, which had nothing whatever to do with internal conditions in Austria.

In my opinion, the Austro-German crisis is becoming serious. The nervousness in French official circles is evident in the comments of the French press on the predicament of Austria. The present situation is not unlike the one which existed in Europe in June 1914. The powder keg is again in Vienna, and matches are being lighted and thrown around indiscriminately. Although the provocative measures of the German Nazis against Austria may not be technically acts of war, nevertheless if they were directed against almost any other sovereign power they would generate friction which would soon flare up into open warfare. Even if Austria were not disarmed, without outside help, it could offer no effective resistance to German aggression. However, despite Mussolini's sympathy for Fascism in the Reich, the Duce is a hard-boiled realist and must of necessity exert every possible effort to prevent Germany's extending its frontier southward to the Brenner Pass.

Germany today is not unlike a crazy man wildly brandishing a revolver. Although, in my opinion, the French are dead set against war, the Quai d'Orsay is aware that should a conflict become inevitable, the sooner it begins the better it will be for France. Under these circumstances France may make Germany shoot and thus bring about a preventive war at a time when the Reich is completely isolated and insufficiently prepared either militarily or economically.

There are many signs that the British Government is also viewing the situation with anxiety. However, this is no time for a waiting policy. I am apprehensive that unless Great Britain, France, and Italy, in the near future, take a decided stand in connection with the Austro-German tension, it may soon be too late. The German Government may go so far that it cannot back down without a serious loss of prestige to Hitler in his own country, which might have grave internal repercussions.

The *Chicago Tribune*, Paris edition, of August 13, quoted Winston Churchill as having declared in a speech that there were foundations for the belief that Germany was rearming contrary to the terms of the Peace Treaty and that its smaller neighbors were growing restive. Churchill went on to say that he had always been opposed to the rearmament of the Reich and had denounced as a perilous policy the proposed weakening of the French army which, fortunately, the Quai d'Orsay had prudently and resolutely refused to consider. He characterized the French refusal to disarm as constituting the keystone of peace in Europe today. Churchill further urged the British to keep their own powder dry and in conclusion emphasized that Britain's hour of weakness was always Europe's hour of danger.

I am afraid that Germany's aggressive policy toward Austria will be the final straw that will break the back of the Disarmament Conference. Although I have long been a sincere advocate of disarmament as a preventive measure against war, were I a Frenchman, in the present ticklish situation existing in Europe today, I would be adamant against giving up a single rifle until the threatening atmosphere clears.

Respectfully yours,

G. B. STOCKTON

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762.63/91 : Telegram

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

ROME, August 23, 1933—10 a. m.

[Received August 23—8:45 a. m.]

93. My 92, August 21, 7 p. m.<sup>10</sup> All high officials still absent from Rome but I learn from official Foreign Office source that Italy will

<sup>10</sup> Not printed.

definitely consider a Nazi Austria as analogous to *Anschluss*. In this connection Suvich<sup>11</sup> told me August 7th "Germany must not be permitted to control Austria." The general opinion here is that this movement of Mussolini is intended as a pointed but indirect notice to Germany that she must cease her anti-Dollfuss activities or provoke a united European opposition which might assume more than diplomatic character.

New economic proposals for Austria and Hungary each to use Trieste more freely as their port and agreements between Italy and each of those countries for reciprocal commodity purchases are the basis for rumors that there is contemplated a political association between Italy and Austria but it is believed Italy would rely on the Four Power Pact and the Paris treaties rather than assume any separate responsibility in that regard except to help the economic situation and foster trade and friendly relations between the three countries.

The Nazi *putsch* in Austria is scheduled for September 6th and it may lead to some definite difficulty.

LONG

762.63/102

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

No. 152

ROME, August 24, 1933.  
[Received September 6.]

SIR: Referring to my despatch No. 136 of August 10, 1933, concerning Austria's request for increase in military strength, and to my subsequent telegrams numbered 92, August 21, 7 p. m.<sup>11a</sup> and 93, August 23, 10 a. m., concerning the Austrian situation, I have the honor to submit a résumé of events, as follows:

On August 7th I learned from an American newspaper correspondent in Rome that Austria had formally requested the consent of England, France and Italy to an enlargement of her military establishment in order better to cope with the Nazi threats against the peace and independence of the Republic. Later, the same day, I had an informal conversation with Mr. Suvich, Undersecretary of State for Foreign Affairs, whom I met by chance. During the course of this conversation Mr. Suvich admitted the Austrian request had been made and also confirmed the rumor that Italy had talked directly to Hitler and had obtained his promise to prevent further airplane flights over Austria from Germany for the purpose of dropping Nazi propaganda leaflets, to prevent radio broadcasting in Germany aimed against the Dollfuss government, and, generally, to try to subdue the violent ex-

<sup>11</sup> Italian Under Secretary of State for Foreign Affairs.

<sup>11a</sup> Not printed.

pressions and manifestations of Nazi sentiment in Austria. Mr. Suvich seemed to think these assurances would be effective and that they would make unnecessary any further discussion of an increase in Austrian arms.

Later events have proven Mr. Suvich over optimistic, however, as Hitler is either unable or unwilling to control Nazi activities against Austria and Austria has consequently increased her standing army already by eight thousand men.

The increasing gravity of the situation between Austria and Germany caused Mussolini and several important officials from the Italian Foreign Office to go to Riccione near Rimini to confer with Dollfuss. Great secrecy has surrounded these conversations, the press carrying no information about them and, due to the simultaneous absence of all the chiefs of the political divisions of the Foreign Office in Rome—which looks almost deliberate—no enlightenment is forthcoming from that source.

A member of the staff of this Embassy sought an interview with a colleague of the Austrian Legation day before yesterday and was told that the conversations between Mussolini and Dollfuss at Riccione had resulted in the clarification of three points on which both countries were in perfect accord. He insisted that these conversations did not deal with any emergency questions and that he felt positive that with Austria's increased military strength backed by the firm stand of the British, French and Italian Governments there was no cause to fear a resort to force by the Nazis. According to this informant the Riccione conversations have covered the following three points;

1. A renunciation of any intention, if any existed, of the formation of a political union or block by Austria, Hungary and Italy, or the conclusion of any political understanding which might lead to the formation of a block in opposition to the Little Entente. Italy acknowledged the necessity that Austria remain a free and independent country.

2. The development of greater commercial interchanges between the three countries by means of commercial accords rather than by the formation of an economic union.

3. The return as soon as possible to normal relations in all respects between Austria and Germany.

Mr. Quaroni, of the Italian Foreign Office, said unequivocally in a conversation with the First Secretary of this Embassy that Italy would consider a Nazi government in Austria as tantamount to *Anschluss* and that Italian public opinion as well as government policy was solidly against it.

On August 23rd I had a talk with the new French Ambassador, M. de Chambrun, which lasted nearly an hour and was devoted

largely to the Austro-German situation. M. de Chambrun quoted Mussolini as saying most emphatically that Italy would not permit an *Anschluss* and that he desired Italy to treat with Germany separately and tactfully rather than to allow Germany to be made a defendant before the world at Geneva. I personally doubt, however, if such an eventuality can be avoided for Germany as Nazi activities are going through too violent and determined a phase to be successfully controlled at the present time even by Hitler.

M. de Chambrun said that Mussolini told him that Hitler was a disciple of Fascism who did not play the game according to the rules, meaning that Mussolini disapproves of persecutions of Jews and other features of the Nazi program. The French Ambassador also quoted Mussolini as saying that Hitler has less real power than is generally supposed and that there are some movements in Germany which he cannot control. The Austrian diplomatic secretary to whose conversation I have already referred, is also of this opinion and thinks that Hitler is unable to curb the Nazi propaganda against Austria even though he may wish to do so.

M. de Chambrun attributed to a British political observer at Vienna, in whose views he had confidence, the opinion that the Dollfuss government was not believed in Vienna to be as strong and as sure of remaining in power as was believed abroad.

M. de Chambrun told me that he intends to propose, if his Government approves, a number of bilateral commercial treaties between Italy, Austria, Hungary, Poland, Yugoslavia, Czechoslovakia, Rumania, and if necessary even with Bulgaria, each country arranging individually with each of the others some commercial agreements. The purpose of this would be to try to ease the economic distress of the various countries and to relieve the depression which exists over the whole area excepting Italy, with the result, it is hoped, of distracting their minds temporarily from the question of boundary readjustments and territorial claims. I suggested that it might not be easy to distract the minds of some of these countries and especially Germany's from territorial questions. He said in reply that he thought it was immaterial whether Germany liked the plan or not and that Germany would not necessarily be a party to any of the treaties as her cooperation was not vital in order for such a movement to be successful.

To sum up, the French Ambassador believes that France probably will be ready to cooperate with Italy even to the extent of using force if necessary to save Austria and he thinks that Italy would not shrink from forceful measures as a last resort.

Respectfully yours,

BRECKINRIDGE LONG

762.63/95 : Telegram

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

ROME, August 25, 1933—7 p. m.

[Received August 25—6:35 p. m.]

94. My 93, August 23, 10 a. m. Mr. Suvich returned today from the Mussolini-Dollfuss conversations and I had a 40-minute talk with him this afternoon devoted practically entirely to those conversations and to the Austrian situation. He denied the emergency character of Dollfuss' visit and said his sudden decision to visit Mussolini was simply expediting a plan to pay him a courtesy visit which had been fixed for September or October. The diplomatic character of Suvich's declarations and the equanimity of Italy's viewpoint, however, is somewhat contradicted by his subsequent remarks.

The Austrian situation he considers not dangerous, but serious, and that Italy is the only government to handle it because Dollfuss cannot talk to Germany and is prevented from talking to France because he would immediately lose prestige at home and be criticised as being anti-German. Mussolini has a policy which comprises two points:

1, an economic and political alliance between Austria and Hungary, each maintaining its complete independence and having its own autonomous agencies but collaborating and cooperating for their mutual economic good and for their political protection;

2, to create a situation of friendly feeling for, and friendly economic cooperation with, their respective neighbors.

As to point 1, Italy is not now considering a political alliance with them but has not discarded the possibility for future use. He called attention to the fact that two small countries would be swallowed up by the Little Entente under the Tardieu plan.<sup>12</sup> Italy is committed to Austrian independence and to help maintain it but thinks it will not be necessary to use force to maintain it because a Nazi *putsch* in Austria would immediately bring international armed cooperation on Austrian soil in order to maintain Austrian independence and they are certain Hitler would exert all his authority to prevent what he knows would be the result of a *putsch*. He thinks there is still remote danger of a *putsch* but he is disinclined to believe it will occur early in September, though he knows of that possibility, and he doubts it will occur the end of September or October though the possibility is still present.

As to point 2, Italy counts on trade agreements with Austria and Hungary to help them individually and collectively. He stated he

<sup>12</sup> For correspondence relating to the plan for a Danubian Federation, see *Foreign Relations*, 1932, vol. 1, pp. 846 ff.

believed Hitler would gradually increase his hold and he thought that although revolutionary troops frequently got out of hand and by their actions gave indication of waning authority of the head of the Government, these were just temporary manifestations which were usually brought under control. He thought Hitler would improve his position but that he would not act in opposition to the trend of Nazi psychology unless confronted with serious consequences of an international character. He denied Hitler had promised to stop radio broadcasts directed at Austria but had promised to tone them down and to cease efforts to stir up forcible opposition to Dollfuss.

LONG

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863.20/79a : Telegram

*The Secretary of State to the Minister in Austria (Stockton)*

WASHINGTON, August 29, 1933—7 p. m.

27. I have been waiting for some days for a report from you of the critical situation in Austria.

The press today carries detailed stories indicating that the Austrian Army, with the consent of the western Powers, is to be enlarged by the compulsory recruiting of militia. In particular, the Minister of War<sup>13</sup> is quoted as saying: "I have succeeded in obtaining this concession and it may be regarded as the first step toward universal military service."

Please ascertain orally and in strict confidence and telegraph me immediately whether a derogation of the military clauses of the Treaty of St. Germain is imminent; whether it has been agreed to by other Powers and, if so, which; what construction the Austrian Government places upon our Treaty of August 24, 1921,<sup>14</sup> which specifies that the United States shall enjoy the rights and advantages defined in the military clauses of the St. Germain Treaty; and any other information which you may consider pertinent. I need hardly caution you not to let your informal inquiries give the impression of any representation either pro or con. You will readily understand that this or more particularly similar problems elsewhere may assume a very great importance for the United States and it is essential that we be immediately and adequately informed in order to determine our course of action.

HULL

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<sup>13</sup> Karl Vaugoin.

<sup>14</sup> Treaty between the United States and Austria establishing friendly relations, *Foreign Relations*, 1921, vol. I, p. 274.

863.20/80 : Telegram

*The Minister in Austria (Stockton) to the Secretary of State*

VIENNA, August 31, 1933—9 p. m.

[Received August 31—2:30 p. m.]

40. Department's 27, August 29. The Chancellor informed me today that the story published in the press that the western powers had consented to an increase in the Austrian Army by compulsory recruiting of a militia was incorrect. He stated that at the Disarmament Conference<sup>15</sup> Austria had sought permission to establish a mixed army composed of long term paid volunteers and short term conscripts but no decision was reached due to the recess of the Conference and that the Austrian Government has since negotiated with Great Britain, France, Italy, and the Little Entente, as the most interested signatories of the Treaty of Saint Germain for permission to recruit an auxiliary army corps by voluntary enlistment of 6 months duration within the limits of the 30,000 men imposed by the peace treaty. He added that the above-mentioned powers regarded the present critical situation as an emergency which justified increasing Austria's armed forces to preserve its independence. He continued that the modification of the treaty desired by Austria was so slight all the powers consulted had already informally approved; that formal consent had been received from France and Italy and was expected in the near future from the other signatories consulted; system would become effective as soon as such consent was received. The Chancellor also informed me that the speech of the Austrian Minister of War which was delivered in Kilb, a little town in Lower Austria of about 1000 population had been incorrectly quoted although he admitted that Vaugoin had spoken extemporaneously and perhaps a little loosely. Hornbostel<sup>16</sup> in confidence referred to the address as a "somewhat demagogic utterance for local consumption". It was not taken seriously here until Vienna began to feel its repercussions from abroad.

In conclusion the Chancellor said he was not contemplating approaching the other parties to the Treaty of Saint Germain as he did not regard the concession granted by the most interested powers as a derogation of the treaty.

At my request our Military Attaché informally queried General Viktorin, senior military officer at the Ministry of War in the absence of the Minister and the chief of the army, who corroborated the Chancellor's statement concerning the remarks attributed to Vaugoin. The General did not know whether the Little Entente had been consulted

<sup>15</sup> For correspondence concerning the Conference for the Reduction and Limitation of Armaments, see pp. 1 ff.

<sup>16</sup> Chief of the Political Bureau of the Foreign Office.



but felt that as soon as the consent of Great Britain, France and Italy had been obtained Austria would inaugurate the new system and probably commence recruiting in September but that enlistments could hardly be made before November 1st.

The British Legation confirmed that the British Government was fully cognizant of the proposed plan and had given its consent.

STOCKTON

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762.63/103 : Telegram

*The Minister in Austria (Stockton) to the Secretary of State*

VIENNA, September 6, 1933—noon.

[Received 5:11 p. m.]

42. Referring to my telegram No. 39, August 30, 4 p. m.<sup>18</sup> the Chancellor has since informed me that Mussolini did not make him a "definite promise" of military support but gave him the "impression" that he could depend on Italy for military assistance "in the event of invasion by Germany" which was less categorical than the statement made to me by Hornbostel. At the same time he invited my attention to a press report from Rome dated August 30th stating that the command of the Italian Fourth Army Corps would be moved in the near future from Verona to Bolzano, 90 kilometers south of the Brenner.

He stated that the press reports concerning Trieste proposal were greatly exaggerated as Austria had no money for shipbuilding. He described Germany's failure to keep its pledge to Italy to stop radio attacks inexplicable.

With regard to press reports that he was seeking a truce with the Nazis, the Chancellor told me frankly that his policy toward Germany had been a purely defensive one and that the Nazis' terrorist acts had compelled him to take repressive measures against them. He added that he had scrupulously striven to avoid challenging the Reich with reprisals. He referred to Austria as a German nation and expressed a desire for the restoration of harmonious relations which he said could be brought about as soon as Germany would treat Austria as an independent German state.

I am not in accord with press reports that the appointment of the opportunist, Rintelin, Governor of Styria, as Minister to Italy was an overture to the Nazis. Rintelin is crafty and strives to stand in with all sides. It is my opinion that he resigned from the Government, see my despatch No. 846 of May 27, 1933,<sup>18</sup> to evade any responsibility for measures against the Nazis and that he was appointed to Rome to remove him from Styria, which is a strategic province due

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<sup>18</sup> Not printed.

to its large pro-Nazi population, which appointment he accepted with alacrity so that regardless of whatever happens in Austria his skirts will be clear.

The opening of a consulate at Innsbruck is evidence of importance the British Government attaches to the situation in Tyrol. It will be chiefly an observation post as there will be few consular functions to perform.

STOCKTON

762.63/107 : Telegram

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

ROME, September 11, 1933—7 p. m.  
[Received September 11—2:35 p. m.]

98. My 94, August 25, 7 p. m. In a conversation today with Suvich I asked him about the situation in Austria. He replied that it seemed quieter there and probably more favorable but was certainly not disposed of; that it was questionable whether Germany had modified or as he expressed it "attenuated" her broadcast interference but it was certain that (1) the air propaganda raids (2) instigation of forceful opposition to Dollfuss had both ceased and (3) that the danger had probably been averted of German incitement of armed opposition to the Dollfuss German Government on the part of expatriated Nazis in German concentration camps along the Austro-German border.

Cipher mailed London, Paris, Berlin, Vienna.

LONG

762.63/113

*The Ambassador in Germany (Dodd) to the Secretary of State*

No. 141

BERLIN, September 13, 1933.

[Received September 25.]

SIR: In continuation of despatch No. 111 of August 29, 1933,<sup>19</sup> I have the honor to report that the German attacks on the Dollfuss régime in Austria have continued with increasing vehemence in the press and over the radio.

The celebration in Austria, from September 9 to 12, of the 250th anniversary of the lifting of the Turkish siege of Vienna was viewed with displeasure here because the Dollfuss régime was found to be stressing unduly the Polish assistance in the liberation of Vienna while overlooking the fact that it had been an historic "feat of arms of all Germans" (*Völkischer Beobachter*, September 10). Two days

<sup>19</sup> Not printed.

later, this journal, which had been at such pains to identify Germany with the defeat of the Turks, rather inconsequentially printed with evident delight a full translation of an article in the Turkish paper *Vakit* which objected strongly to Austria's implied ingratitude towards Turkey, her ally in the World War, saying ". . . Austria officially celebrates the day on which the great-grandfathers of her allies of yesterday, of her loyal war comrades, the Turks, abandoned the siege of Vienna 250 years ago"; and the *Beobachter* added as its own comment—apparently oblivious of the performance at Nuremberg a scant 10 days previously—that this would perhaps teach Dollfuss a lesson as to the disservice he did himself with his "warlike festivals."

The German radio concert on the evening of September 8 was interrupted with dramatic effect "for an important announcement" consisting of a proclamation issued by Hugo Fischer, the Acting Reich Propaganda Manager of the Nazi Party, and published in the press of the next day. As an example of the Nazi idea of "non-interference" in other countries—and of what the German people today swallow—it is here reproduced in translation:

"Our German brothers in Austria stand in the midst of their battle for liberation. The separatist Dollfuss Government defends itself desperately by means of terror, lies, violation of the constitution, and betrayal of the people. The Nazi Party of Austria has been forbidden all political activity! All propaganda for Germany is brutally suppressed! There are no longer any national newspapers. On the other hand the Jewish papers of all system parties [*sic*] carry on a tremendous campaign of lies against Adolf Hitler and Nazi Germany.

"Under these circumstances it is the national duty of every German to support our brothers in Austria in their fight. Everyone who has relations, friends, or acquaintances in Austria must write to them to enlighten them as to what Adolf Hitler has accomplished hitherto for the German people and as to how things really look in Germany!

"In like manner, he should continually send to Austria newspaper clippings treating of the economic and political rise of Germany. Above all, however, all reports and articles published by German papers concerning the situation in Austria must be regularly transmitted to our Austrian brothers who only hear lies and atrocity reports.

"If every German does his duty now and takes upon himself the propaganda work described, the muzzling of the Nazi press and propaganda in Austria can be made good tenfold.

"To work, fellow citizens! It is a question of the maintenance of Germanism in Austria! Strengthen our brothers in their defensive battle! Faithful unto victory!"

Habicht, the "Nazi State Inspector for Austria" on September 10 again spoke from Munich over the radio on Austro-German relations saying that, since Dollfuss had chosen to attempt violent suppression of the Nazis in Austria, and, as Habicht put it, been defeated, it was

for the victorious Nazi to dictate terms. These terms, he continued, could only be based on the liquidation of the Dollfuss régime and included complete reestablishment of the rights and freedom of the Nazi Party in Austria, revocation of all measures against the party's leaders and members, Nazi participation in a transitional Cabinet, and early elections to be followed by the formation of a Government in accord with the results of these elections. This, Habicht asserted, was not tantamount to the accomplishment of *Anschluss* though admitting that "the Austrian Nazi Party never left any doubt that it sees in the treaties of St. Germain and Versailles an oppression of the German people in Austria and that its highest programmatic aim is the union of Austria with the Reich." However, he went on to say, this aim and the revision of the treaties were only to be achieved by "pacific agreement with all the powers in question", concluding that "a Nazi Government in Austria, supported by the confidence of the entire people", was a better guarantee of European peace than "the present Dollfuss Government, hourly threatened with downfall."

In addition to publishing daily what one is tempted to describe with the approved Nazi term as "atrocities reports" from Austria, the German press asserted that *agents provocateurs* of the Dollfuss Government were making efforts to inveigle the Austrian Nazis into attempting a *putsch*, and featured an account of two Austrian army officers who crossed over into Germany "in full uniform" allegedly because they were unwilling to continue to serve the "Francophile Dollfuss régime."

On September 11 Chancellor Dollfuss delivered a speech which was extensively reproduced in the foreign press which reported that it had been heard by a huge crowd which greeted with thunderous applause his announcement that "parliamentarism with its political parties belongs to the past. The death-knell of liberal capitalism has sounded, and with it also that of materialistic Marxism and its war of classes. Our aim henceforth is to build up the German state of Austria, Christian and social, on the basis of a corporative system and under the leadership of a Government which shall be authoritative, but not arbitrary."

Neither the real content of this speech nor its reception was deemed fit for German ears by the German press which merely published accounts of the whole affair so meagre as to be misleading. "The long speech of the Chancellor . . . merely contained a repetition of his praise—already repeated a dozen times—of 'historic Austria' . . . and many bitter attacks on Marxism and 'brown socialism'—on the big German brother . . ." (*Vossische Zeitung*, September 12). Indeed the *Voelkischer Beobachter* of the day after the speech did not mention it with a single word. A day later it condescended to convey

the impression that he must have spoken by saying that he had said nothing worth while and that the speech fell flat.

The whole affair is a chemically pure example of Nazi methods. The German people are now only told what the Nazis believe to be good for them to know and that, with respect to the truth about Austria, is not much.

Respectfully yours,

WILLIAM E. DODD

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762.63/117

*The Ambassador in Germany (Dodd) to the Secretary of State*

No. 180

BERLIN, September 30, 1933.

[Received October 12.]

SIR: With reference to despatch No. 164 of September 22, 1933,<sup>20</sup> I have the honor to report that the recent reorganization of the Austrian Cabinet was viewed in Germany as strengthening Chancellor Dollfuss' position, though it was alleged by the German press that his ascendancy would prove to be only temporary—a "strange interlude", as the *Voelkischer Beobachter* put it—and that the Nazis, after a period of trial and tribulation, would finally gain the upper hand. Incidentally, the influence of Habsburg legitimists was seen to have been strengthened.

This changed attitude was reflected in a radio broadcast by the "Nazi State Inspector for Austria", Habicht, on September 24, in which this indefatigable aspirant to Austrian leadership opined that the new situation in Austria opened up new possibilities of development in various directions. When Hitler had come into power in Germany on January 30, Habicht asserted, the Austrian Nazis had also made great gains, and Dollfuss had been ready to arrive at an understanding with them but had been thwarted in this intention by Ministers Fey and Vaugoin—who had now been relegated to positions of lesser influence at a time when the Austrian Government was, according to the speaker, brought to realize that its policy of force against the Nazis had failed.

Habicht, who, it will be recalled, recently assumed a very uncompromising attitude towards Dollfuss (see despatch No. 141 of September 13, 1933), concluded by stating that in a conversation held just before the conflict between the Nazis and the Austrian Government reached an acute pitch, he had remarked to the Austrian Chancellor: "You, Mr. Chancellor, have two possibilities of going down into the history of Austria and of the German people—either as the Chancellor who helped a new period into existence and thus achieved eternal merit in respect to the future of the German nation, or as the General

<sup>20</sup> Not printed.

Schleicher of Austria who believed he could stop an idea with bayonets, and thus came grievously to fall. You have your choice." Habicht now added that this still held good.

Respectfully yours,

WILLIAM E. DODD

863.00/830 : Telegram

*The Minister in Austria (Earle) to the Secretary of State*

VIENNA, November 18, 1933—1 p. m.

[Received November 18—9:35 a. m.]

68. British Minister Selby tells me he believes Nazis will attempt *putsch* soon; that if successful and Nazis attempt *Anschluss* some nation is certain to march. Selby believes Dollfuss Government has slightly better than even chance to remain.

EARLE

762.65/88

*Memorandum by the Under Secretary of State (Phillips)*

[WASHINGTON,] December 21, 1933.

The Italian Ambassador gave me the substance of a "circular telegram" which he had received two days ago reporting the visit of Suvich to Berlin. He characterized the visit as a courtesy return of the visits which Hitler, Goebbels and Goering had recently made to Rome. He understood that the Germans had been somewhat put out because no Italian official had visited Berlin and that the steps to send Suvich there had been arranged in consequence. Suvich had talked over in particular three subjects—Disarmament Conference, League of Nations, and the relations of Hitler with respect to Austria.

Regarding disarmament Suvich had counseled moderation in German demands, and the Italians hoped through conversations quietly conducted outside the press, an understanding could be arrived at with the French. With regard to the League Hitler had stated his unwillingness to return to it unless its framework had been substantially changed to allow Germany a larger voice. With respect to Austria Suvich had expressed the earnest hope that the Nazi agents in Austria would be less active. Hitler replied that he did not consider that there was any "actual problem" at the present time with respect to Austria. The Ambassador went on to explain the Italian attitude with respect to Austria and the problem which would be created in the event of *anschluss*. He reiterated that nothing of any importance had occurred during the conversation; that Suvich's visit was purely one of courtesy, etc., etc.

WILLIAM PHILLIPS

TENSION ARISING FROM GERMAN-POLISH RELATIONS  
WITH RESPECT TO THE POLISH CORRIDOR AND  
DANZIG <sup>1</sup>

760C.62/202

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

No. 2363

BERLIN, May 4, 1933.  
[Received May 20.]

SIR: With reference to despatch No. 2344 of April 28, 1933,<sup>2</sup> I have the honor to report that, according to the German press, Chancellor Hitler and Foreign Minister von Neurath had two conversations with the Polish Minister to Germany, Wysocki, within the last few days. It was officially stated that in these negotiations, which had to do with "the political questions affecting Germany's relation to Poland," the Chancellor stressed "the firm intention of the German Government to keep its attitude and actions strictly within the scope of the existing treaties. The Chancellor expressed the wish that both countries would review and treat their mutual interests dispassionately." No detailed information was given out as to the subjects discussed.

As indicated by press comment here, it was the German expectation that the Chancellor's statement would convince the world of the "National Government's" love of peace which governed its foreign policy. If this statement did not succeed in altering the aggressive attitude of the Poles and in bringing about a *détente*, it was argued, it would at least show the whole world that Poland bore the blame for every menace to Polish-German relations.

The moderate *Frankfurter Zeitung* (May 5) pointed out that a similar conversation had taken place between the Polish Foreign Minister and the German Minister to Warsaw, adding that the treaties which both parties had recognized as the basis of their foreign policy included not only the Treaty of Versailles<sup>3</sup> and the Kellogg Pact<sup>4</sup> but also the Locarno Pact<sup>5</sup> and the "Eastern Agreement" (presum-

<sup>1</sup> Continued from *Foreign Relations*, 1932, vol. I, pp. 861-864.

<sup>2</sup> Not printed.

<sup>3</sup> *Foreign Relations*, The Paris Peace Conference, 1919, vol. XIII.

<sup>4</sup> Treaty for the Renunciation of War, signed at Paris, August 27, 1928, *Foreign Relations*, 1928, vol. I, p. 153.

<sup>5</sup> Signed at Locarno, October 16, 1925, League of Nations Treaty Series, vol. Lrv, pp. 289-363.

ably the German-Polish Arbitration Agreement<sup>6</sup> is meant), concluded at the same time. The latter contained no renunciation of the territory lost by Germany in the East, but a mutual solemn assurance not to seek a solution of the Eastern questions by warlike means.

Respectfully yours,

GEORGE A. GORDON

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760C.62/204

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

No. 2418

BERLIN, May 19, 1933.

[Received June 3.]

SIR: With reference to despatch No. 2363, of May 4, 1933, I have the honor to report that developments in Danzig are once again affecting Germany's relations with Poland. It would seem to be quite generally assumed that the forthcoming Danzig elections are likely to result in the accession of the Nazis to power there, as is already the case in the Reich.

According to the press, the Nazi leaders in Danzig (Albert Forster and Dr. Rauschning) on May 14 assured the High Commissioner of the League, Rosting, that in the event of a Nazi success, they intended to maintain peace with Poland and to respect the treaties and the constitution of the Free State of Danzig, as guaranteed by the League of Nations.

Nevertheless, in view of the allegiance of the Danzig Nazis to Hitler, and their nationalistic attitude, the apprehension expressed in Poland of impending *Anschluss* can be readily understood, though the German press may not be quite unjustified in its professed belief that Poland is exaggerating this for ulterior motives. The Germans argue that a change in the control of the Danzig Government would not alter the Treaty of Versailles, and thus could have nothing to do with Danzig's international status. Indeed, they assert, a Nazi Government in Danzig would be a strong government and thus all the more worthy of confidence, and if—while legally quite independent of Germany—it were to be in sympathy with Hitler, this would only signify an additional guaranty for Poland, as Hitler had stressed his desire to live at peace with that country.

Considerable feeling was aroused in Germany by the announcement that, in view of the *Gleichschaltung* of the labor unions in Germany, the affiliated ones in Danzig, with Social Democratic leadership, had planned to sever this connection and join forces with the

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<sup>6</sup> Arbitration Treaty between Germany and Poland, signed at Locarno, October 16, 1925, League of Nations Treaty Series, vol. LIV, p. 327.



Polish labor unions, in an attempt to escape a like fate. The carrying out of the *Gleichschaltung* in Danzig, as well, however, forestalled such action.

Respectfully yours,

GEORGE A. GORDON

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862.00 P. R./137

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

[Extract]

No. 2447

BERLIN, June 3, 1933.

[Received June 16.]

SIR:

3. *The Danzig Election.* In the general election in the Free State of Danzig last Sunday, the Nazis were the chief gainers, having polled slightly more than 50 per cent of all the votes cast. With 38 seats out of a total of 72, they will have a clear majority in the new Diet. The voting was unusually heavy, 92.3 per cent of the electorate participating.

The Nazis conducted the campaign in impressive style. On the eve of the election, Hitler himself made a final appeal to the Danzig electorate in a speech from the Brown House in Munich broadcast through the Königsberg radio station.

With the notable exception of the Center Party, all the other parties suffered appreciable losses. The heaviest losses were suffered by the Hugenberg Nationalists, whose followers dwindled by almost 50 per cent. The Communists lost over 25 per cent, the Social-Democrats slightly less than 25 per cent. The parties of the moderate Right, which supported the former Danzig Government, did not put up candidates of their own, recommending to their followers to vote the Nazi ticket. Out of 215,000 votes cast in the Danzig election, the Poles obtained only about 6,700. The German press has not failed to exploit this as proof that "Danzig is German."

The parties of the Left played a relatively unimportant part in the election campaign. The campaign activities of the Social-Democrats and Communists clearly showed that the present political impotence of these parties in the Reich had a depressing effect and had undermined their morale. The campaign centered chiefly on the bitter contest between the Nazis and the Hugenberg Nationalists. The latter, who were the main object of the Nazi attacks, retaliated by accusing the Nazis of lack of patriotism because of their official attitude toward international treaties and especially their conciliatory attitude towards Poland (a situation which certainly gives food for thought).

Through this first Nazi election victory outside the confines of the Reich, a *Gleichschaltung* of the Free State of Danzig with the Reich has been made possible. In future, the policy of the Danzig Senate will be largely, if not wholly, influenced by the Reich Government and the political independence of Danzig will be more theoretical than real. The fact that Dr. Rauschnig, the Nazi leader who is expected to become President of the new Danzig Senate, proceeded to Berlin immediately after the election, leaves little doubt that in practice the head of the Danzig Senate will occupy a position somewhat similar to that of the Nazi *Statthalter* governing the various States of the Reich.

To obtain the required two-thirds majority in the Danzig Senate for an Empowering Law similar to the law which Hitler obtained from the Reichstag, the Danzig Nazis need the support of the Center Party. This support cannot be obtained in Danzig by intimidation or a threat to resort to a dictatorial regime in violation of the existing Constitution. As Danzig has been put under a High Commissioner appointed by the League of Nations, all constitutional changes require the sanction of the League. It will thus be seen that even with an empowering Law a Nazi regime in Danzig must necessarily meet with restraints, with which the Hitler regime did not have to contend.

This explains the striking policy of moderation which the Nazis intend to pursue in Danzig, in marked contrast to their aggressive policy in the Reich, as announced by Dr. Rauschnig at the press conference in Berlin. He expressed the desire for cooperation not only with the Center but also with the Nationalists, their chief political opponents in Danzig. He said that the new Government would adhere strictly to the Danzig Constitution and that in consequence the various legal discriminatory measures against Jews and political opponents enacted in the Reich could not be considered for Danzig. With respect to Poland, the new régime in Danzig would pursue a conciliatory policy.

Respectfully yours,

GEORGE A. GORDON

MONETARY AND ECONOMIC CONFERENCE, LONDON,  
JUNE 12–JULY 27, 1933<sup>1</sup>

I. MULTILATERAL AND BILATERAL PREPARATIONS,  
JANUARY 14–APRIL 12

550.S1 Agenda/6 : Telegram

*The Secretary of State to the American Representatives on the Preparatory Committee of Experts for the Monetary and Economic Conference (Day and Williams)*<sup>2</sup>

WASHINGTON, January 14, 1933—1 p. m.

57. The discriminations and difficulties arising out of compensation and clearing agreements, established in connection with exchange controls, have been increasing. They have been coming into existence in increasing number in South America under the pressure of various European governments. They operate to force trade in artificial directions and often to give arbitrary price advantages to foreign producers competing with American producers in foreign markets, and lead to unfairness in the discharge of accumulated or current debt as between American creditors and other creditors.

All these conclusions were concurred in at a meeting of officials of State and Commerce Departments Thursday. This Government has steadily held the view that these bi-lateral agreements were injurious hindrances. It has striven to combat their extension and abstained from endeavoring to secure them in such countries where the American position enabled it to bring pressure. As a step towards that end you are urged to bring the subject up in the discussion of the Experts Committee and if possible have it entered as an item on the agenda for the Conference.

The suggestion has been made that agreement might be entered into at least by the leading trading countries, that they will not enter

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<sup>1</sup> For correspondence pertaining to the origins of and early preparations for this Conference, see *Foreign Relations*, 1932, vol. 1, pp. 808 ff.

Official data concerning the plenary sessions and several committees are printed in League of Nations, Monetary and Economic Conference, *Journal of the Monetary and Economic Conference; Report of the Bureau to the Conference* (Official No.: Conf. M.E.22); *Draft Annotated Agenda submitted by the Preparatory Commission of Experts* (Official No.: C.48.M.18.1933.II [Conf.M.E.I.]); League of Nations, Economic Committee, *Report to the Council on the Work of the Fortieth Session held at Geneva from November 14th to November 17th, 1933* (Official No.: C.643.M.306.1933.II.B.).

<sup>2</sup> The Preparatory Committee of Experts was meeting in Geneva.

into any new bilateral agreements of this kind, that after a designated period of time (say 1 year) they will end the agreements now in effect, and that they will support the principle of non-discrimination of treatment under exchange controls. It is to be anticipated that countries which proceed to stabilize their currencies will wish to end these agreements as soon as possible.

STIMSON

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550.S1/474 : Telegram

*The Secretary of State to the American Representatives on the Preparatory Committee of Experts (Day and Williams)*

WASHINGTON, January 19, 1933—5 p. m.

58. Please send immediate summary account of progress of your discussions and of main points of policy that they are likely to present. It would serve most useful purpose if this report could be received here tomorrow morning. Norman Davis<sup>3</sup> is in Washington and this and other circumstances make need of such a report urgent.

STIMSON

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550.S1/472 : Telegram

*The Consul at Geneva (Gilbert) to the Secretary of State*

GENEVA, January 19, 1933—10 p. m.

[Received January 19—4:55 p. m.]

9. From Day and Williams. Preparatory Commission adjourned today. Meeting more satisfactory than expected. Report being released to the press immediately. Proposed conference program includes monetary stabilization, improvement of world prices including agricultural prices, relaxation of exchange controls, the question of silver, progressive abandonment of trade restrictions and the moderation of excessive tariffs.

Report states debt settlement must have been reached or be in prospect if Conference is to succeed. Report stresses necessity concerted action on all parts of problem and avoids as far as possible question of priority among parts. We sail on *Leviathan* January 20. [Day and Williams.]

GILBERT

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<sup>3</sup> American representative on the Organizing Committee for the Monetary and Economic Conference.

550.S1/473 : Telegram

*The Consul at Geneva (Gilbert) to the Secretary of State*

GENEVA, January 20, 1933—10 a. m.  
 [Received January 20—9:30 a. m.]

10. From Sackett.<sup>4</sup> Because Sir John Simon<sup>5</sup> had to leave Wednesday for a London Cabinet meeting the Organizing Committee of the Monetary and Economic Conference will meet the 25th so I remain here. In conversation with Simon last Tuesday he discussed the British representative's view of the date to be selected for the Conference in London about as follows:

"The experts now meeting here have agreed that the settlement of intergovernmental debts<sup>6</sup> is a necessary preliminary to the consideration by the London Conference of the agenda and should be accomplished either through negotiations taking place in advance or at least contemporaneously. Therefore, we can now determine our idea of the date of the London Conference at this Cabinet session." While saying that he could not now give me any official opinion because he had not talked with the Treasury officials, he believed MacDonal<sup>7</sup> was definitely in favor of calling the Conference the latter part of April because he felt that the settlement of intergovernmental debts would at least be contemporaneous with the Economic Conference, anticipating the former would be concluded before the latter. Sir John said that the Treasury might look at the sequence differently and place more emphasis on the point that debts should be definitely settled before the Economic Conference, especially as the experts had agreed that, quoting Simon, "The Conference could only operate successfully within an economic framework from which intergovernmental debts had been eliminated."

The work of the experts is completed. It consists of introductory sections defining problems to be overcome with subsequent sections setting out the measures to relieve the depression in both the financial and economic fields. It seems significant that the section of the introduction, covering questions (debts being the first of four points) described in the British opening statement as if they were almost tantamount to conditions precedent to the functioning of the London Conference, was assigned to the British and French experts to draft. Their draft seemed to me considerably at variance with our

<sup>4</sup> Frederic Mosley Sackett, Ambassador to Germany; together with Mr. Davis, American representative on the Organizing Committee.

<sup>5</sup> British Secretary of State for Foreign Affairs.

<sup>6</sup> For correspondence relating to intergovernmental debts, see pp. 826 ff.

<sup>7</sup> J. Ramsay MacDonald, British Prime Minister.

policy that debts were to be excluded, first by acknowledging that the settlement of intergovernmental debts was a necessary preliminary to a successful conference, and second, because the draft could be interpreted to envisage a composite settlement of debts as opposed to our thesis of separate negotiations with debtors. This first draft furnished the basis of Simon's remarks to me. When attention was called to this draft our experts by very clever work secured material changes and revisions of the British, French formulation of this particular section and it is now in much milder form. Though it still links up debts with the Economic Conference quite intimately you may consider it now harmless. The final text of this section is:

“(b) General program of the Conference.

The program of reconstruction which we deem is necessary for governments to undertake is set out below. In this program the problem of intergovernmental indebtedness has not been included because it lies outside our terms of reference. In our opinion, however, it is essential that this question shall be settled and that the settlement shall relieve the world of further anxiety concerning the disturbing effects of such payments upon financial, economic and currency stability. Until there is such a settlement, or the definite prospect of such a settlement, these debts will remain an insuperable barrier to economic and financial reconstruction. We therefore attach the greatest importance to the early resumption and successful conclusion of negotiations upon this problem”.

I gathered the impression that Simon may have in mind for later use a cagey argument that, as the experts have agreed that debt settlement is a necessary preliminary, an agreement by us, made a few days later, fixing a conference date could impliedly be interpreted as an approval by our Government that not only must debts be settled but settled in a general conference with debtors. Therefore, I query whether a reservation should be attached to our formal agreement as to a date for the Conference.

I request you cable views regarding the date to be set for the London Conference. Our experts believe it should take place between late April and early May. My own experience of the rapid changes in the European economic conditions indicates a materially delayed date would render the experts' agenda less applicable to the then existing situation.

I would appreciate your consultation with Norman Davis, my committee associate. [Sackett.]

GILBERT

550.S1/475 : Telegram

*The Consul at Geneva (Gilbert) to the Secretary of State*

GENEVA, January 20, 1933—noon.  
[Received January 20—10:35 a. m.]

11. 1. Department's 58, January 19, 5 p. m. to Wilson repeated to Day and Williams steamship *Leviathan* together with this reply.

2. The report of the experts<sup>8</sup> embodying annotated agenda for the Monetary and Economic Conference stresses in its introduction after the quotation in Sackett's telegram on international debts (this Consulate's No. 10, January 20, 10 a. m.) four points essential to the success of the Conference on which it urges not only concerted action at the Conference but preliminary negotiations by participating governments. These four points are as follows:

(a) The restoration of an effective international monetary standard to which countries off gold can adhere. This should include safeguards against restoration to gold standard leading to a fresh breakdown and recognizes that many conditions, economic and financial, must be satisfied before a return to international gold standard is practicable.

(b) The necessity for arranging increases in the level of world commodity prices through regulation of exports or production with special emphasis laid on wheat. Also recommends the "easing" of credit in order to counteract the fall in prices.

(c) The abolition of exchange control through the stabilizing of governmental budgets and economic systems including recommendations for governmental assistance respecting short term and long term foreign debts as essential to restoring confidence in foreign lending markets. It visualizes also the organization of some means to put present immobilized resources into active circulation and to create a stabilized credit for the purpose of restoring free exchanges which are necessary for financial recovery and resumption of the normal flow of international credit.

(d) Recommendations for governmental efforts to provide greater freedom for international trade through a general agreement for progressive relaxation of emergency restrictions and the necessity for a moderation and stabilization of tariffs and tariff policies in the future. It draws the conclusion that the great creditor nations have a special responsibility in this respect.

The balance of the report is the annotated agenda on the points covered in this Consulate's No. 9, January 19, 10 a. m. [*p. m.*], from Day and Williams with the addition of a further section of the agenda dealing with the organization of production and trade.

3. Should summarization in further detail of any points be desired please instruct.

4. Sackett concurs.

GILBERT

<sup>8</sup> League of Nations, Monetary and Economic Conference, *Draft Annotated Agenda* (Official No.: C.48.M.18.1933.II [Conf. M.E.I.]).

550.S1/479 : Telegram

*The Consul at Cherbourg (Moors) to the Secretary of State*

CHERBOURG, January 20, 1933—4 p. m.

[Received January 20—2:45 p. m.]

From Day and Williams. "Approve Geneva Consulate No. 11, January 20, noon, with the following clarification of paragraphs (b) and (c).

(b) Some increase in world prices highly desirable. Possible methods to be explored include continuation and development of easy money policy and regulation of exports and production of certain primary commodities including wheat.

(c) Abolition of exchange controls through stabilization of government budgets and internal economic system, an essential condition of world recovery. Report recognizes need of satisfactory solution of international private debt situation especially short term debts of certain countries. A few members suggested governmental aid to facilitate capital exports by such devices as Francqui's plan for international credit institute and a monetary normalization fund but such measures not favored by majority. Day and Williams.["?"]

Repeated to Geneva.

MOORS

550.S1/480 : Telegram

*The Consul at Geneva (Gilbert) to the Secretary of State*

GENEVA, January 22, 1933—4 p. m.

[Received January 22—11:50 a. m.]

13. From Sackett. Reference Consulate's telegram number 10, January 20, 10 a. m., from Sackett. *London Times* Saturday 21st carries the White House statement<sup>10</sup> issued afternoon of the 20th regarding discussion of debts in March. Late Saturday [same] afternoon Simon's secretary brought me the suggestion telephoned from London that the Organizing Committee meeting 25th should declare in effect as follows: It is not possible to fix the time of the London Conference at present but the date will be announced later. It is thought, however, that because the delegates appointed will need time to carefully prepare the questions involved, the Conference cannot meet earlier than 3 months from the present time.

While the British evidently desire to see how the debt question is progressing before committing themselves to a definite date, I suggest we also can safely agree to a declaration of this kind. Simon has

<sup>9</sup> Emile Francqui, Belgian representative on the Preparatory Commission of Experts.

<sup>10</sup> *Post*, p. 827.



previously indicated that the Organizing Committee might appropriately wish to name MacDonald as President of London Conference. Might it not be expedient for us to make that motion? [Sackett.]

GILBERT

800.51W89/668

*Memorandum by the Assistant Secretary of State (Rogers)*<sup>11</sup>

[Extract]<sup>12</sup>

[WASHINGTON, January 23, 1933.]

The following is the substance from memory of the telephone conversation between Secretary of State Stimson and President-elect Roosevelt at noon, January 23:

S[TIMSON] Now the third thing is that we have to take some attitude on the procedure in the Economic Conference. Sackett telegraphed<sup>13</sup> the other day that the Organizing Committee (on which you will remember he and Davis are our representatives) had to meet on the 25th and then would be called upon to fix a date and place. This troubled me very much.

R[ROOSEVELT] Oh, yes indeed. We must not get tied down to anything on that just now.

S. Well I felt the same way but it was cleared up this morning by Sackett's telegraphing<sup>14</sup> that the British had suggested a statement to be made by the Committee at its meeting on the 25[th] which seems to satisfy the needs. I will read it to you from the telegram:

"It is not possible to fix the time of the London Conference at present but the date will be announced later. It is thought, however, that because the delegates appointed will need time to carefully prepare the questions involved, the conference cannot meet earlier than three months from the present time."

My idea was to telegraph Sackett that that statement was acceptable to us. If you approve, I will tell him that that is the best way to handle it and will instruct him to accept that statement.

R. Yes, that seems to me entirely satisfactory. All right, we must keep that matter open.

S. Now there is another matter in connection with the Economic Conference. You remember I showed you at the White House the telegrams showing the outline of a program made by the Experts which

<sup>11</sup> This memorandum bears the marginal notation: "Herbert Feis says O. K."

<sup>12</sup> For the omitted portion of this memorandum which pertained to intergovernmental debts, see p. 829.

<sup>13</sup> Telegram No. 10, January 20, 1933, 10 a. m., p. 454.

<sup>14</sup> See *supra*.

includes a statement to the effect that a debt settlement is involved in making progress on economic agreements.

R. Yes, I remember. They tied them together some way.

S. Well now Sackett thinks that if we are anxious to keep the debts and the Economic Conference clear that we ought to make some statement or reservation at the time of the meeting of the Organizing Committee which will avoid any implication that we accept the principle that the Economic Conference is tied into the debt settlement. I want to know whether you would approve of our instructing him to that effect.<sup>15</sup> I have a draft here of a wire. It would read like this:

"It is important that you make it entirely clear (as the Experts themselves unquestionably already stated) that the American Experts in any views they have expressed or may later express are not to be deemed as expressing the views of the Government of the United States or of the incoming administration. Nor is any approval of any time of convocation of the conference to be deemed by implication or otherwise to commit the United States to any policy in respect to the debts owed to the United States."

R. Yes, that seems to me entirely all right. That would seem to meet it.

S. Yes, I have been trained for three years on that subject. I think I can do it in all these conversations. Now that is all we had to submit to you and I will go ahead with the two matters, namely, the other nations who want to be heard and the message to Sackett about the Economic Conference. Then you will let me know what your desires are in regard to the matter of France.

R. Yes, that is all right. Is Moley<sup>16</sup> there?

S. No. Moley left here Friday or Saturday and I have not heard from him since except that he called me up because he was disturbed about the newspaper reports that there had been trouble here.

R. Oh, yes.

S. There were some troublesome newspaper reports trying to indicate there had been a disagreement in our conferences.

R. Yes, we always get that.

S. Moley talked to me on the telephone about that.

R. Well, if Moley comes through, as I presume he will, and sees you,

S. Yes, I expect to see him.

R. Give him copies of what you have said or sent in regard to these matters.

S. Yes indeed. I will see that he has everything. That I [*is*] all I had to talk to you about. I hope you are having a nice vacation.

R. Yes, it is a very nice one.

J[AMES] G[RAFTON] R[OGERS]

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<sup>15</sup> See *infra*.

<sup>16</sup> Raymond Moley, adviser to President-elect Roosevelt.

550.S1/487 : Telegram

*The Secretary of State to the American Representatives on the Organizing Committee for the Monetary and Economic Conference (Davis and Sackett)*

WASHINGTON, January 23, 1933—7 p. m.

59. For Sackett. Your Nos. 10, January 20, 10 a. m., and 13, January 22, 4 p. m. This Government actively favors the suggestion transmitted to you by Simon's secretary regarding the declaration which the Organizing Committee should make regarding the date of the Conference. You are instructed to support it. It is greatly to be desired that this proposal should come from the British or other member of the Organizing Committee. If you should find, however, that this suggestion is not carried through and an effort is made to set a precise date, you may announce that the judgment of the American Government is in the sense of Simon's suggestion and that this Government does not think it wise or advisable to fix the time now; this matter must be left for the new administration to pass upon in the light of all the circumstances confronting it.

You are further instructed to make at a suitable moment during the meetings of the Organizing Committee a statement with the general purpose suggested by you in your No. 10. That statement should run as follows:

"I am instructed by my Government to make it entirely clear (as the experts themselves have unquestionably already stated) that the American members of the Preparatory Committee of Experts in any views they have expressed or may later express are not to be deemed as setting forth the official opinions of the present Government of the United States or of the incoming administration. Nor is American approval of the time of the convocation of the Conference to be deemed by implication or otherwise to commit the American Government to any policy in respect to the debts owed to it."

You may if you consider it advisable informally explain that you make this statement in order to avoid possible though unlikely misunderstanding. The American Government in reserving completely its freedom of action does not of course thereby mean to impugn the actions of the American members of the Experts Committee or of the full Committee.

The preceding decisions have been agreed to by President-elect Roosevelt. Norman Davis has also been consulted.

Repeat to London as Dept's 18 and Paris as 18 as strictly confidential.

STIMSON

550.S1/490 : Telegram

*The Consul at Geneva (Gilbert) to the Secretary of State*

GENEVA, January 25, 1933—4 p. m.

[Received January 25—1:25 p. m.]

19. From Sackett. Your American delegation telegram 59, January 23, 7 p. m. Meeting of the Organizing Committee of Economic Conference was held and finished today with the following result.

1. Transmission of the draft annotated agenda drawn by the Preparatory Commission was ordered to the governments invited to the London Conference. At the time this order was agreed upon I spread upon the record of this meeting the reservation clause set out in paragraph 2 of the telegram under reference. It was received without comment.

2. Regarding date of Conference considerable effort was made by some nations to fix an early date or even to secure agreement that some date within a definitive time would later be fixed. The resolution, however, was finally adopted in effect as proposed to me by Simon (see my telegram 13, January 22, 4 p. m.) with the addition that within 3 months the Chairman<sup>17</sup> of the Organizing Committee should call another meeting of the Committee to fix the date. No conference date was therefore fixed at the meeting today.

3. MacDonald, proposed by France, was unanimously designated President of the Conference.

4. The Economic and Financial Committees of the League, the International Labor Organization, the International Institute of Agriculture and the Bank of International Settlements were invited to send representatives to assist the work of the London Conference in a consultative capacity. The International Chamber of Commerce is to be given opportunity to explain its views to the Conference and invited to hold representatives at disposal and give oral explanations if requested. Other applying organizations were not invited but may communicate their views to the Secretary General of the League.

5. A suggestion to limit the number of representatives in government delegations was not passed. The meeting was entirely harmonious.

I leave for London tonight. [Sackett.]

GILBERT

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<sup>17</sup> Sir John Simon.

550.S1 Agenda/42

*The American Representatives on the Preparatory Committee of Experts (Day and Williams) to the Secretary of State*

NEW YORK, February 24, 1933.

[Received February 28.]

DEAR MR. SECRETARY: We have the honor to submit herewith the official version of the Draft Annotated Agenda<sup>18</sup> for the International Monetary and Economic Conference, as prepared by the Commission of Experts in Geneva, January 9-19th, 1933. This document does not differ materially from that which we delivered in person and discussed with you in some detail upon our return from Geneva in late January.

We take this opportunity to indicate once more what we conceive to be the salient features of the agenda and to interpret these features in terms of the principal contributions which each country might make toward the program of world recovery. In the view of the commission this depression is without precedent in its world-wide scope and severity. Whatever its origins, which are complex, the depression represents the repercussions upon international and domestic trade of the severe and protracted fall of prices, which repercussions in turn depress prices further. Escape from this vicious circle, which threatens the very existence of the world's social system as we have known it, can be achieved only by vigorous, courageous, and concerted action upon an international scale. Such action, to be successful, must be based upon the principle that nations must make mutual sacrifices in order to achieve mutual benefits.

The fall of world prices, with attendant conditions of panic, has upset the equilibrium of international trade and capital movements and has threatened (and in many instances accomplished) the breakdown of national monetary systems. To protect their national economy so far as possible from these external strains and maladjustments, the nations have been driven to defensive measures designed to lessen international payments accruing against them and to increase international payments receivable by them. The chief of these measures are:

(1) Depreciation of currencies, involving departure from the gold standard;

(2) Control of foreign exchanges, permitting a purely nominal adherence to the gold standard at a par of exchange artificially maintained by means of restrictions upon the outflow of payment in the form of currency or foreign exchange balances;

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<sup>18</sup> League of Nations, Monetary and Economic Conference, *Draft Annotated Agenda* (Official No.: C.48.M.18.1933.II [Conf. M.E.I.]).

- (3) Direct restrictions upon international trade, by prohibitions, quotas, contingents, clearance agreements, licenses, and similar devices;
- (4) Indirect restrictions on trade, by tariff rates.

It is important to recognize that these defensive measures, while differentiated in form, are essentially one in origin, purpose, and effect. It is also important to recognize that they are not in the main the result of deliberate, voluntary action but are the outcome of an unbalanced situation from which each nation is forced to defend itself by actions which force others to take like recourse. The general effect is that of destructive economic warfare resulting in a progressive strangulation of international trade, which in turn produces severe repercussions upon domestic trade and employment. The total value of world trade is now less than one-third of that in 1929, and the physical volume has fallen by at least 25 percent, by far the largest decline on record. World unemployment is estimated as at least thirty millions, exclusive of dependents. National incomes have fallen by more than 40 percent.

The Preparatory Commission discussed two main methods of attacking this vicious circle. One is a direct attack upon the world price level; the other, an attack upon the system of defensive measures which depress prices. The agenda gives a qualified approval to the first method in so far as a rise of prices can be accomplished consistently with balanced budgets and sound monetary measures, but places chief reliance upon the second method. The agenda stresses the fact that, in the nature of the case, remedial action cannot be undertaken by any one nation without supporting and compensating action on the part of others; what is required is "a broad solution by concerted action along the whole front."

In terms of countries and key situations such a solution, in our judgment, would mean such contributions to the common program as the following:

(1) *By England*, a *de facto* stabilization of the pound sterling, looking toward the ultimate restoration of the gold standard. Such action would probably result fairly promptly in the stabilization of exchanges in the entire group of countries whose currencies are closely related to sterling. It would remove the depressive effects upon world prices which result from exchange instability, with its attendant threat of further depreciation. The Commission recognizes that there may be difficult technical problems in determining the time and the rate of exchange at which sterling should be stabilized, and it sets forth in some detail the steps which should later be taken in order to insure the better working of the international gold standard.

(2) *By Germany*, the relaxation of exchange control. As indicated in our first report, last November, the German delegates took the position that such relaxation could be undertaken provided sterling

were stabilized, international trade made freer, and the Standstill Agreement modified to remove the danger of undue withdrawals of short term credits. We understand that the Wiggin Committee has completed such a modification. Relaxation of exchange control in Germany would have a salutary effect upon other central and eastern European countries where similar conditions exist to a more acute degree than in Germany itself.

(3) *By France*, relaxation of direct, artificial restrictions upon trade, such as quotas, clearance arrangements and licenses. This policy has been carried by France to an extreme degree, so that today some eleven hundred articles of commerce are under special restraints of this character. It seems fair to state, also, that France's action has been less the result of compelling external pressure and more the result of deliberate intent than is the case in other leading countries.

(4) *As to the United States*, it is the Commission's opinion, in which we concur, that our main possible contributions to the common program lie in a satisfactory settlement of the war debts and in the field of tariff policy. What definite action can be taken at the conference itself with respect to tariff rates it is difficult to determine, but it is clear from our conversations in Geneva that Europe profoundly believes that American high tariff policy is one of the root causes of the world's economic difficulties, and that any action looking toward a relaxation of this policy would enhance the possibilities of international cooperation.

With respect to the war debts, the Agenda states: "The problem of inter-governmental indebtedness has not been included (in the Commission's program of reconstruction), because it lies outside our terms of reference. In our opinion, however, it is essential that this question shall be settled and that the settlement shall relieve the world of further anxiety concerning the disturbing effects of such payments upon financial, economic and currency stability. Until there is such a settlement, or the definite prospect of such a settlement, these debts will remain an insuperable barrier to economic and financial reconstruction."

From the American viewpoint it would seem desirable: (1) that advantage be taken of the forthcoming discussion of war debts with the British government to survey the whole range of questions considered in the Agenda for the world conference, and to reach, in so far as may be possible, an Anglo-American understanding of these questions; (2) to time the world conference in such wise as to make the best use of such power to influence the decisions of other nations as the debt question affords to us. A debt settlement which formed a part of the fulfilment of a general program of reconstruction toward which each of the leading countries made an important contribution on the lines previously indicated would probably gain stronger public support in all the countries concerned, and lead to broader constructive results, than a debt settlement made without the background of this wider setting.

We have [etc.]

EDMOND E. DAY  
JOHN H. WILLIAMS

550.S1/671

*The British Embassy to the Department of State*<sup>19</sup>

## BRITISH POLICY ON ECONOMIC PROBLEMS

1. It is a matter of vital moment to the peoples of the United Kingdom, as it is to the people of the United States of America, to counteract the present world depression, to relieve the constant pressure of unemployment, to restore the level of prices and to revive prosperity. It becomes more and more clear that the operation of normal economic forces cannot be relied upon to bring this about in any reasonable period and that positive action by Governments is called for to expedite it. But in fact the efforts made by each Government up to the present time have been singularly ineffective and there is growing impatience on the part of the ordinary man and woman in all countries at the apparent inability of their Government to master the blind forces which seem to be working relentlessly to a general breakdown of the financial, economic and social structure of society. The fact is that the depression cannot be effectively remedied by isolated action on the part of individual Governments: it is essentially international in its character and requires for its solution international action on a very broad front. It will therefore be necessary to secure concerted measures on the part of all the principal countries of the world and the World Monetary and Economic Conference offers an opportunity for devising such measures. But it would greatly help towards success in that Conference if the attitude of His Majesty's Government and the United States President were similar towards the objectives to be promoted at the Conference, and His Majesty's Government for their part will gladly enter into an exchange of views to this end.

2. The Report and Agenda for the World Conference, recently elaborated by the Preparatory Commission of experts appointed by the League of Nations, affords a useful basis for this discussion. The Report of the Commission, accepted unanimously by eminent experts of seventeen different countries, including all the principal countries of Europe, the United States of America, the Argentine, China and India, as well as by representatives of the Bank for International Settlements and other international institutions, sets out in a clear and concise form the actual position and the programme which the Governments have to face, followed by an annotated agenda summarising the detailed issues involved. Taking this programme as the basis,

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<sup>19</sup> Memorandum attached to the original: "April 15, 1933. The attached memorandum, entitled 'British Policy on Economic Problems', was, as nearly as Assistant Secretary Moley can recall, handed to Secretary Hull by the British Ambassador shortly after the Ambassador's return from England and sometime just before March 4, 1933."



His Majesty's Government propose to indicate the general lines on which they would envisage co-operation between the United States of America and the United Kingdom in promoting a solution of the world economic problems.

*Rise in the Level of Prices.*

3. It is accepted in all quarters that an increase in the general level of world prices—and, more particularly, in the prices of farm commodities—is highly desirable. His Majesty's Government are in entire agreement with this view and have repeatedly declared that it is one of the main objects of their policy to secure a rise in wholesale prices, especially in the wholesale prices of foodstuffs and raw materials, not only in Great Britain but throughout the world. While the export trade of Great Britain is mainly in manufactured goods, His Majesty's Government are convinced that no real prosperity can be secured by the manufacturing interests until the primary producers in all countries are once more in a position to recommence normal purchases.

A vivid sketch of the existing price situation is given in the introduction to the Report of the Preparatory Commission. Wholesale commodity prices in general have fallen by over one-third since October 1929, while raw material prices have dropped by from 50 to 60 per cent. since that date. The remedial measures which appeared to the Preparatory Commission to deserve consideration are mentioned on page 8 of the Agenda, while a fuller analysis is given on pages 18 to 20.

4. Monetary action is, in the view of His Majesty's Government, necessary to secure a rise in prices. It is a question whether monetary action is sufficient by itself to raise prices without long delay, which the condition of the world hardly permits, but that does not alter the fact that monetary action is necessary to create the conditions in which a price rise can take place. His Majesty's Government believe that many valuable results have been achieved by the measures taken both in the United States of America and in London to ensure the provision of cheap and abundant short-term money, but on the other hand, they are convinced that well co-ordinated action between the leading Central Banks is likely to have more effect in improving world conditions than isolated efforts by particular countries. His Majesty's Government would be happy to co-operate in any measures which the United States Government might think well designed to secure this object.

5. Monetary action, however, operates only to increase the supply of credit, and simultaneous action is required to increase the demand. Monetary action would require to be supplemented therefore by action

to restore the purchasing power of debtor countries, to promote international trade and in some cases to regulate production. All these interconnected problems are dealt with in the Agenda and must receive detailed consideration at the World Economic Conference. The concerted action of many countries is required for success, but, as already indicated, His Majesty's Government are of opinion that a preliminary survey by the two Governments would be most helpful.

*Stabilisation of Currencies.*

6. Among the difficulties confronting international trade a prominent place must be assigned to currency disorganisation. The world crisis which commenced in the Autumn of 1929 has now lasted for more than three years. For the first two years of that period practically the whole world remained on the gold standard. But the continued disastrous fall in prices and the steady and rapid diminution in trade made currency breakdown inevitable. With the international economic system in course of rapid destruction it was impossible that an international currency system should survive. Very few countries now retain free gold standard currency systems. A large number have remained nominally attached to gold, but only by imposing restrictions which are destructive of trade and financial intercourse between nations. Other countries have abandoned the gold standard.

7. A general return to an international monetary standard would be welcomed by His Majesty's Government, but they fear that this will not be a practical possibility until some degree of health has been restored to the international economic system. The experience of the first two years of the crisis indicated the defective conditions under which the international monetary standard then worked, while the struggle of so many countries to remain attached to that standard by the adoption of deflationary measures and by placing growing restrictions on trade was a powerful factor in accelerating the collapse. A general return to the gold standard, so long as that is only possible by deflationary measures or by imposing fresh restrictions on trade could but do harm.

On the other hand, provided that a reasonable degree of equilibrium between prices and costs can be restored and the defects which have shown themselves in the working of the Gold Standard are removed by suitable international co-operation, His Majesty's Government, as at present advised, see no reason why the way should not be open to the re-establishment of an international system.

*Exchange Controls.*

8. The Exchange controls recently imposed by many countries and the Clearing and compensation agreements to which they have given

rise, have proved a most serious obstacle to international trade. His Majesty's Government would gladly co-operate with the Government of the United States in pressing for the abolition of all such measures. It must be recognized, however, that many of the countries which have adopted these controls will plead their inability to remove them, unless they are first assured against a collapse of their currencies by the provision of additional foreign exchange reserves or by the re-adjustment of their external commercial debts. The United Kingdom and the United States of America have in the past been the largest international capital markets, and they have common interests in securing that these difficulties are wisely dealt with. Owing to the collapse of confidence, it is hardly to be expected that the flow of international capital can be resumed in the near future through the ordinary market channels, and it may be necessary to contemplate special measures (such as have been set on foot in the United States for internal purposes) to facilitate the revival of international credit. Any such action would largely depend on the possibility of securing co-operation between Central Banks, with a view to putting into circulation resources which are at present immobilised, and the precise method by which this could best be done would require careful investigation by the financial authorities of the principal creditor countries.

His Majesty's Government would willingly associate themselves with the United States Government in furthering such an investigation, as it appears to them that a restoration of world prices must depend in a large measure on the possibility of restoring the purchasing power of the debtor countries, whether in Europe or overseas.

#### *Relaxation of Trade Barriers.*

9. The Preparatory Commission points out that one of the most significant features of the present crisis is the fall which has taken place not only in the value but in the quantum of international trade. Apart from exchange controls, the principal reason for this fall seems to be the growing network of quantitative restrictions on international trade in the form of prohibitions and quotas on imports which have recently been imposed.

These restrictions on imports have proved a far greater obstacle to international trade than any tariffs, and His Majesty's Government would gladly co-operate with the United States Government in pressing for a general agreement with a view to their relaxation and their abolition as soon as possible, particularly as regards manufactures. As regards farm products, and particularly meat and dairy products, exceptional measures may be required to cope with the present glut, and the possibility of relaxation will depend largely on the possibility of ensuring a better regulation of production (see paragraph 13, below).

*Tariffs.*

10. His Majesty's Government would also favour a general agreement for the reduction of tariffs and for the maintenance of a more moderate tariff policy in the future. They have in the past supported the most unconditional interpretation of the most-favoured-nation clause, and their existing treaty obligations render it difficult for them to accept proposals which might conflict with most-favoured-nation rights. They would, however, be ready to consider co-operation with the United States with a view to securing (a) a general Gentleman's agreement under which no country would increase its actual tariffs above their existing level pending the outcome of the Conference, and (b) an arrangement for the gradual reduction of high protective tariffs to a more moderate level. As regards any tariff truce, it must be remembered that the British tariff represents a comparatively low measure of protection and it would not be possible for His Majesty's Government to tie their hands for an indefinite period by adopting an arrangement which stereotypes the existing position. As regards reduction of tariffs, it must be borne in mind that the national budgets of many countries depend on high revenue duties on spirits, tobacco and other luxuries.

*Anglo-American Tariff Discussions.*

11. As regards direct American trade with this country, it is obvious from the figures that His Majesty's Government are not in a position to offer any substantial advantages over and above those which America already enjoys. For the year 1931 British imports from the United States of America amounted to £104 million, while the exports of British domestic products to the United States were £18 million; for the year 1932 British imports from America were £84 million, and domestic exports only £15 million. There is, therefore, an enormous excess of United States exports to this country over British exports to the United States. As it is essential to restore equilibrium in the balance of payments if sterling is to be stabilised, the United Kingdom can obviously not afford to buy larger quantities of United States goods unless the United States offer greatly increased outlets for the manufactures of this country. His Majesty's Government will, however, gladly enter into discussions, if and when the United States so desire, with a view to concluding a tariff agreement on the basis of reciprocity.

*Silver.*

12. As regards silver, the Preparatory Commission point out that such schemes as bimetallism, etc., are impossible of adoption, and His Majesty's Government assume that the United States concur in this

view. The Experts also agreed that what is required is not a rise in the price of silver as such (which would involve great economic difficulties for the silver-using countries, particularly China), but a rise in the general level of commodity prices which would bring up the value of silver at the same time. The criticism levelled against the Indian Government in connection with silver is largely due to misapprehension. The Government of India has made no radical alteration in its currency system during the last forty years, but it has been greatly embarrassed by the surplus silver flowing into its reserves following upon the fall in commodity prices. It would not be possible for the Government of India to agree to restrict sales of silver from these reserves while there was no similar restriction on sales by the silver producers. It may be pointed out that in fact, on balance, over the last few years the Government of India has increased, not decreased, the stocks of silver held in its reserves. The most that could be said on this subject is that the Government of India have expressed their readiness to discuss an arrangement with the silver producers with a view to some general regulation of sales of silver.<sup>20</sup>

#### *Regulation of Production.*

13. While the regulation of production has many critics, it appears to His Majesty's Government that some measure of this kind may be justified and helpful in the case of certain primary materials, especially where large stocks are overhanging the market. Regulation schemes are already in existence for sugar and tin, and His Majesty's Government are proposing to call a Conference in order to secure an agreement for the regulation of production in the meat trade. They are also contemplating further agreements in respect of dairy produce.

As regards wheat, His Majesty's Government are not directly interested, as the United Kingdom is an importing country, but they agree that the Economic Conference should consider the possibility of an international agreement<sup>21</sup> between the main producing countries for a restriction of acreage in those countries coupled with a reduction in the excessive tariffs on wheat now imposed in some of the more important consuming countries.

14. In this connection His Majesty's Government would like to point out the particular interest which they have in seeking to put the shipping industry on a more economic basis. At the present time the subsidies to shipping given by many countries has led to the construction and the working of a much greater tonnage than is required by existing international trade, so that in many countries shipping has become a burden on the national economy, instead of a contribu-

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<sup>20</sup> For correspondence relating to an international agreement on silver negotiated at London, see pp. 763 ff.

<sup>21</sup> For correspondence relating to negotiation of a wheat agreement, see pp. 787 ff.

tion to its prosperity. They will welcome the co-operation of the United States Government in securing a remedy for this situation.

15. His Majesty's Government have here outlined the objectives which they would aim at securing by the World Economic Conference, and they trust that the Government of the United States will find it possible to support similar objectives. But it is essential to stress throughout that any hope of arriving at better conditions is dependent on a satisfactory settlement of the War Debts question<sup>22</sup> having been reached, or at least assured. The existence of these debts constitutes, as the Preparatory Commission have said, an insuperable barrier to economic and financial reconstruction, and there is no prospect of the World Economic Conference making progress if this barrier cannot be removed.

[WASHINGTON,] February 1933.

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550.S1/569 : Telegram

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

WASHINGTON, March 17, 1933—11 a. m.

53. Have you any information as to the significance of the conference between Bonnet, the French Finance Minister, and the British Cabinet?

Please report any immediate developments of significance by wire and further by mail.

CORDELL HULL

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550.S1/542 : Telegram

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

LONDON, March 17, 1933—7 p. m.

[Received March 17—5:53 p. m.]

46. In reply to an inquiry from me today French Ambassador<sup>23</sup> stated that Monsieur Bonnet, French Finance Minister, had arrived here last night to discuss not only questions arising from the agenda of the World Economic Conference but also certain other economic matters in which France and England had common interest, more especially the Egyptian debt. I understand in connection with this latter that Monsieur Bonnet frankly pointed out how much England's authority had suffered in international economic questions since she had gone off gold. However, French Ambassador informed me that during the conversations which took place at the British Treasury

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<sup>22</sup> For correspondence relating to the payment of war debts by various governments, see pp. 826 ff.

<sup>23</sup> Aimé-Joseph de Fleuriau.

today, both he and Bonnet received very distinct impressions that an early return to the gold standard was contemplated, very possibly even before the summer was over. The French Ambassador then expressed the opinion that an early return to the gold standard by England was the beginning of general stabilization but must be followed by a devaluation of currencies in certain European countries, Austria, Serbia and Bulgaria expressly.

I gather also that Bonnet had discussed with Chamberlain<sup>24</sup> reports that the United States Government would welcome an early meeting of the World Economic Conference with possibly Washington as venue.

French Ambassador was most skeptical as to any results arising from MacDonald's visit to Rome.<sup>25</sup> Foreign Office informs me that Prime Minister will probably return to London on Wednesday and Simon proceeding direct to Geneva for disarmament discussions.<sup>26</sup>

ATHERTON

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550.S1/672

*The Department of State to the British Embassy*

MEMORANDUM<sup>27</sup>

The Government of the United States has studied with interest the memorandum entitled British Policy on Economic Problems and has noted with satisfaction the desire of the British Government to cooperate with the Government of the United States in promoting a solution of the world's economic difficulties. With many points in the British memorandum the Government of the United States is in agreement, and it is the hope of this Government that a rapid exchange of views may bring speedy agreement upon those matters in regard to which the two governments now appear to differ.

To expedite agreement it seems desirable that the Government of the United States should state briefly its general approach to the field of mutual interest which we might profitably explore.

The Government of the United States is of the opinion that a number of problems must be solved if the economic life of the world

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<sup>24</sup> Neville Chamberlain, Chancellor of the Exchequer.

<sup>25</sup> For correspondence relating to negotiation of the Four Power Pact, see pp. 396 ff.

<sup>26</sup> For correspondence relating to the Conference for the Reduction and Limitation of Armaments, see pp. 1 ff.

<sup>27</sup> Approved by President Roosevelt, Secretary of State Cordell Hull, Under Secretary of State William Phillips, and Assistant Secretary of State Raymond Moley.

is to be revived and that it is undesirable to establish an order of priority in regard to those problems. The solution of all is essential for a restoration of prosperity. This principle seems to be recognized by the British Government in paragraph 4 of its memorandum, in which the statement occurs: "It is a question whether monetary action is sufficient by itself to raise prices without long delay, which the condition of the world hardly permits, but that does not alter the fact that monetary action is necessary to create the conditions in which a price rise can take place." The Government of the United States is, therefore, of the opinion that, although we should seek the best solution for each problem individually and not bargain one solution against another; we should in so far as possible explore simultaneously such questions as international commerce, tariffs, quotas, embargoes, monetary questions, the gold standard, the rehabilitation of silver and others.

The Government of the United States is of the opinion that nothing is to be gained by partial solutions and, if paragraph 15 of the British memorandum indicates that the British Government considers that a new settlement of the debt owed by the British Government be a precedent to a solution of the questions outlined in the tentative draft agenda prepared for the Economic and Monetary Conference, this Government must express entire disagreement. In this connection, it is perhaps well to note that this Government considers that the closing sentence of the British memorandum is not in accord with the observations of the Preparatory Committee on this point.

The Government of the United States, however, in response to the request made by the British Government, is prepared to discuss the debt question at the same time as—but separately from—the range of questions on the tentative draft agenda. This Government in this connection, however, notes with satisfaction the fact that the British Government has raised no question as to the validity of the debt it owes under the existing agreement nor of its present ability to pay.

The Government of the United States, believing that a close collaboration between the British and American Governments in all the fields of foreign affairs is today of the utmost importance not only for the welfare of the peoples of the United States and Great Britain but also for the welfare of the whole of mankind, suggests that the representatives of the British Government in Washington should as soon as possible discuss with the officials of the Department of State any questions which may have been raised by this memorandum.

WASHINGTON, March 24, 1933.



550.S1/623 : Telegram

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

WASHINGTON, March 30, 1933—4 p. m.

60. For Davis from Phillips. As of possible interest to you, the British Government has not yet replied to our memorandum, and while several conversations have been held with Lindsay<sup>28</sup> during the past few days they have been exploratory in scope.

HULL

550.S1/577 : Telegram

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

LONDON, March 30, 1933—9 p. m.

[Received March 30—8:30 p. m.]

60. From Davis. My talks<sup>29</sup> with the Prime Minister and Sir John Simon this morning and afternoon were largely devoted to considering ways and means of making a success of the Economic Conference and also time for holding it. They both think it important—on account of world conditions—to fix earliest possible date. Simon said that from the practical standpoint he felt that latter part of May was earliest possible date and that then the question of the June 15 debt payment would come up and asked what could be done about that. The Prime Minister added that in his opinion he could not summon a majority to vote in favor of making this payment unless the government agreed at the same time to demand payment from France and Italy which would cause great trouble. I said that unless something should happen in the meantime to change the situation, I did not see how our Government could hold out any hope of doing anything other than to request payment on June 15th; that I thought that the thing to do was to put the debts completely in the background for the time being and to concentrate upon ways and means of recovering from the

<sup>28</sup> Sir Ronald Lindsay, British Ambassador.

<sup>29</sup> Between March 30 and April 10, the schedule of conversations which Mr. Davis had with various officials in London, Paris, and Berlin was as follows: London, March 30, 10 a. m., Davis, MacDonald, Simon; March 30, 4 p. m., Davis, MacDonald, Simon, Allen W. Dulles; March 31, 3 p. m., Davis, MacDonald, Simon, Dulles; April 2, 6 p. m., telephone conversation between Davis and MacDonald at Chequers; April 2, 7 p. m., Davis, MacDonald; April 3, 2:45 p. m., Davis, MacDonald, Stanley Baldwin, Neville Chamberlain, Simon, Dulles; Paris, April 4, 7 p. m., Davis, Joseph Paul-Boncour, Dulles; April 5, 12:45 p. m., Davis, Édouard Daladier, James Theodore Marriner, Dulles; April 5, Davis, Henry de Jouvenel, Marriner, Dulles; April 6, Davis, Édouard Herriot, Hugh S. Gibson; Berlin, April 8, 4 p. m., Davis, Adolf Hitler, Baron von Neurath, George Anderson Gordon, Dulles, Herr Hanfstaengl; April 8, 9, Davis, Von Neurath, Herr Bernhard W. von Bülow, Rudolf Nadolny, Dulles; En route from Berlin, April 9, 10, Davis, François-Poncet; Paris, April 11, 4:30 p. m., Davis, Count Pignatti, Marriner.

depression, and that if we could really show that we were working shoulder to shoulder in good faith on a program which effectively held out some hope of ameliorating general economic conditions there might be some change in sentiment. This, however, was only my personal opinion and must not be taken as holding out the slightest promise but that in any case it was necessary to sit down and come to grips with the program for the Economic Conference. Before terminating the morning conference MacDonald asked whether I would like to have Neville Chamberlain and Baldwin<sup>30</sup> attend the afternoon meeting. I replied that I doubted the wisdom of such a formal and larger meeting because of the danger of creating the impression that I was in London to deal with debts or was attempting to carry on here the type of conversations which the President suggested should be held in Washington. I said I thought that our conversations should now be purely exploratory to permit me to communicate accurately to Washington the British Government's views with regard to the Economic Conference and then to take up disarmament and other questions.

At this afternoon's conference we again explored the possibilities for the Economic Conference and I made it clear that as far as I knew there would be no objection on our part to the fixing of a date toward the end of May.

MacDonald then outlined his idea as to procedure for the Conference, namely, that a plenary session for a general exchange of views should be held to last only a week or two. The main delegates would then depart leaving six or seven subcommittees which could work through until the fall. He suggested one committee to deal with each one of the chapters of the annotated agenda with such readjustment of subject matter between committees as the Conference might decide.

In connection with proposed preliminary conversations between the British and ourselves I threw out the idea of working up a model commercial treaty between the two countries and possibly Canada also, which might open the way toward reduction of existing trade barriers. I pointed out that if such a treaty could be worked out between this limited group which had such large trade relations with each other it might open the way to a general form of commercial agreement. MacDonald seemed to think well of the idea and I suggested that such questions could be fully considered with a delegation which the British might send now.

MacDonald said in strict confidence that the Cabinet had opposed his going unless some assurance could be given that the June 15th payment could be postponed. He was not asking that attempt be made now to deal with the broader question of debt adjustment. He was con-

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<sup>30</sup> Stanley Baldwin, Lord President of the Council; Lord Privy Seal.

vinced this would require more time than remained available between now and June 15th. While he gave me the impression that he personally desired to go to Washington, he referred to criticism here of his frequent absences from London and said that he did not feel that his Government could risk the possible consequences of his taking this trip to prepare for the Economic Conference and have all his efforts nullified by the difficulties which would arise if the June 15th payment was demanded. I made it clear that no one could give advance assurance of this character in view of the exclusive authority of Congress over the payment and that if hopes were created and not realized it would only make the situation worse. I again emphasized the importance of immediately attacking economic problems on broad lines in the hope that if these efforts were successful a situation would be created which would permit both debtor and creditor to deal in a constructive way with the problem of the debts.

The Prime Minister was called away for a conference with the King before we had concluded and we shall continue tomorrow Friday afternoon. [Davis.]

ATHERTON

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550.S1/580 : Telegram

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

LONDON, March 31, 1933—5 p. m.

[Received March 31—2:35 p. m.]

63. Personal from Davis. At meeting this afternoon with MacDonald and Simon they suggested that Organizing Committee for the Economic Conference be called to meet on April 10th and that Organizing Committee then fix June 1st as the date for convoking of Economic Conference. In reply to their inquiry I stated that I thought date of June 1st would probably be agreeable to you but that I would immediately ascertain your views. Simon urgently requested me to do this as he wished to canvass the other members of the Organizing Committee immediately upon hearing from us that date of June 1st was satisfactory. I agreed that I would return to London for meeting of Organizing Committee. As other states have not yet been consulted on date, foregoing should be considered confidential. Please cable so that I can advise Simon Saturday since he must make immediate arrangements if Organizing Committee is to meet April 10th which is approximately latest available date prior to Easter.<sup>21</sup> If meeting of Organizing Committee delayed until after Easter this would delay opening of Conference as 6 weeks is minimum period required for notice to participating governments and preparations

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<sup>21</sup> April 16.

here. It is evident from my conversations that there is no change in MacDonald's attitude as regards the holding of the Conference in London. [Davis.]

ATHERTON

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550.S1/581 : Telegram

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

LONDON, March 31, 1933—8 p. m.

[Received 9 : 09 p. m.]

64. Personal for the President from Davis. In a long conversation today with MacDonald and Simon we discussed with entire frankness the question of the possible visit of the Prime Minister to the United States. He told me that initially the Cabinet had been almost unanimously against it but that following our recent conversations which he had reported to the Cabinet there had been a considerable change in sentiment and there was still a possibility that the trip could be worked out. He said the matter had been discussed from every angle at a meeting this morning of the Cabinet Council. He remarked that many of the Cabinet object to his going without prior assurance that the June 15 payment could be postponed. At this point Simon remarked that possibly he could explain more easily than the Prime Minister exactly what the Cabinet had in mind. They felt that if Mr. MacDonald made the trip to the United States and immediately after his return the Government were faced with the issue of the June 15 payment, it would have a disastrous effect upon the Prime Minister's personal prestige and might mean the end of the National Government. I stated that it seemed to me entirely out of the question to get any such assurance prior to or as a condition of the Prime Minister's possible visit to the United States and that it would be highly unwise to attempt anything of this nature. As I saw the situation there was no hope whatever that any action could be taken about the June 15 payment if, prior to the adjournment of Congress, (which I assumed would be about the 15th of May) we were not already engaged in preparatory work for the Economic Conference with the British representatives under conditions which held out some hope of working together to improve economic conditions generally. I made it absolutely clear that even if such conversations were initiated no one could state what the effect might be upon public opinion in the United States as related to the debt issue and that nothing that I had said should be interpreted as holding out any assurance or promise of any character. They would have to be the judge of their course of action. MacDonald said he fully appreciated this point of view and clearly indicated that he personally was disposed to accept the risk of making the

trip as he felt that personal conversations with you could not help but be useful. He stated that there were, however, many practical difficulties. The four power agreement would have to be nursed along. He will continue to deal with an extremely critical situation with Russia, and there was the general feeling to which he had already alluded that he was too often absent from London during these critical days. Further, he was completely tired out and felt it essential to have at least a week's rest at Lossiemouth. Hence the earliest date he could get off, assuming he made the trip, would be around the 20th of April. He realized that he should make his trip and return prior to the adjournment of Congress and obviously he should not be in Washington at the time of any move, if any was made, with regard to the debt. He quite agreed that now was not the time to attempt debt negotiations and if he came to Washington he would make it absolutely clear publicly that he was not going for the purpose of discussing debts or dealing in any way with this question; but he has been chosen as President of the Economic Conference primarily to see what endurable collaboration could be achieved in order to help make a success of that Conference. He could probably take with him experts and possibly a man like Runciman<sup>32</sup> who could carry on the economic discussions after his departure. Thus it could be made clear that the object of the trip was only to initiate this work and to have a personal exchange of views with you and that he, himself, would not attempt to reach any agreements on any subjects so that the world would not be led to expect concrete results from his trip.

MacDonald authorized me to lay these considerations before you and said that it would be helpful to him in considering what was best for him to do to learn quite informally whether you felt his visit to Washington for a few days at the end of April would be agreeable. He emphasized that he did not seek any formal urging and desired no communications on the subject to be sent through other channels. I gained the impression that in the delicate Cabinet situation existing here an invitation extended through official channels might complicate rather than facilitate a favorable decision. In fairness to MacDonald, I should add that the problems he has to face in reaching his decision are such that any message you send him through me had best be limited to a very general suggestion that you would welcome his visit at the time indicated, if he felt free to come then, to help prepare the way for the Economic Conference. If, on the other hand, you feel that a date between the 25th and the end of April is for any reason inconvenient, MacDonald would like to know it as soon as possible. [Davis.]

ATHERTON

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<sup>32</sup> Lord Walter Runciman, President of the Board of Trade.

550.S1/591 : Telegram

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

WASHINGTON, April 1, 1933—2 p. m.

62. For Davis. Your No. 64, March 31, 8 p. m. The President entirely approves of your conversation with MacDonald in relation to his visit and re-emphasizes his belief that it is of the highest importance. It is also satisfactory that debt discussion should be eliminated from visit. For your information, date of end of April would be satisfactory, but legislative program is proceeding so fast that it is in realm of possibility that Congress might finish by May 1st.<sup>33</sup> If this occurred it would be inadvisable to have the Prime Minister here at that time. He should be in Washington either after Congress adjourns or at least 2 weeks before adjournment. President suggests it would be very satisfactory if we could have till April 10th to get clearer picture of Congressional dates, and that in meantime the Prime Minister gives serious consideration to coming over even at fairly short notice either about April 20th or in early May if Congress adjourns.

You may tell the Prime Minister that the President is not sending an official invitation at this time, but that he knows how delighted the President would be to talk with him and what great importance the President attaches to the meeting.

HULL

550.S1/590 : Telegram

*The Chargé in Great Britain (Atherton) to the Secretary of State*LONDON, April 2, 1933—3 p. m.  
[Received April 2—1:30 p. m.]

68. Personal from Davis. Anxiously awaiting a reply to my message to you with regard to agreeing on June 1st as the date for convening Economic Conference. Unless I can let Simon know promptly he will not be able to arrange meeting of Organizing Committee before Easter holidays. This would mean that a date later than June 1st would have to be chosen in view of prior notice which must be given to other states.

In my talks with MacDonald and Simon, they have made it quite evident they have no thought of changing place of Conference. My impression also is that MacDonald rather hopes he may end his political career in a blaze of glory as chairman of a successful World Economic Conference and that he would most probably oppose and perhaps resent any effort, at least on our part, to have it transferred

<sup>33</sup> Congress adjourned June 16.

from London to Washington. Realizing that there is a considerable sentiment, particularly on the part of France and certain other European powers, to have the Conference transferred to Washington, I tried to feel MacDonald out by referring to this but he brushed it aside. As nearly as I can gather the moves which are being made with a view of having the Conference held in Washington instead of London are prompted by two motives and considerations. First, France and particularly the smaller powers friendly to her are still somewhat resentful over the British effort to force its disarmament proposal<sup>34</sup> upon them and are hopeful of curbing the British influence. They argue against London on the ground that the international conferences held in London have not been successful; second, they also believe that if Washington has the responsibility of making the Conference a success and avoiding a loss of prestige by failure, the United States would be more willing to cancel the debts as the price of success of the Conference. In substance it would seem that their desire to have the Conference in Washington is not due to any friendship for us but to the belief that they can put us in a hole and get more out of it for themselves and incidentally strike at the British for their attempt to force their kind of a settlement on Europe. [Davis.]

ATHERTON

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550.S1/592 : Telegram

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

LONDON, April 3, 1933—1 a. m.  
[Received April 3—12: 42 a. m.]

69. From Davis. Your 62, April 1, 2 p. m. I telephoned today to MacDonald, who was at Chequers, the substance of the President's message with which he was highly pleased. He said that there were certain aspects of the matter which he would like to talk over and suggested that he come by and dine alone with me on his way in from the country which he did. MacDonald reiterated that although the attitude of the Cabinet has altered considerably as a result of our conversations no affirmative decision has yet been reached. He believes that most of the Cabinet now realize as he does that it was out of the question to get, and in fact unfair to ask, any assurance from the President that he will endeavor to secure authority to deal with the June 15 payment and that the only hope of creating a change in sentiment which would permit of any such action lies in subordinating the debt issue to the broader problem of economic

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<sup>34</sup> For text of the proposal, see telegram No. 569, March 17, noon, from the Acting Chairman of the American delegation, p. 43.

recovery and thus evidence in a concrete form their willingness to collaborate with us in every possible way. MacDonald is personally disposed to risk his reputation and the future of his government by a trip to the United States as the most effective method of showing their desire to collaborate with us in the hope thereby of bringing about that change in public sentiment which would help to make it possible for the President to secure authority to deal as he may deem necessary and advisable with the payments which fall due through the period of mutual endeavor to improve world economic conditions. He says that if the President would prefer he would make every effort to sail on the 15th assuming that Congress might sit until, say, May 6th. If, on the other hand, he should wait until Congress adjourns and if it should adjourn without granting authority to the President to postpone in full or in part demand for payment during the period of negotiations it would put him in an embarrassing position. He fears that opposition would again develop in the Cabinet to his going in view of the fact that almost immediately upon his return he would have to face the issue before Parliament that would arise over being called upon to make payment on June 15.

MacDonald says that irrespective of what kind of settlement may be finally made, with the terms and conditions of which he is not now concerned, he does feel that it would be calamity now to have this issue arise and that he hopes the President will see fit to ask for authority from Congress not to reduce or alter in any way the existing obligations but merely to postpone during the period of joint discussions and negotiations the collection of payments accruing during such interim period. In substance if it will be helpful and preferable for him to get there before Congress adjourns he will make every effort to sail on the 15th or on the 22nd if the 15th proves impossible for him. He says that irrespective of the question of debts he feels that it would be most advisable for him and the President to have a frank and full discussion with regard to the many major problems which confront our two countries in the world today particularly as the solution thereof depends largely upon our cooperation. My own view, however, is that if the President finds it inadvisable to ask for or impossible to secure from Congress authority to accord some temporary relief with regard to the debts for the period of work of the Economic Conference the Cabinet will be opposed to his going after the adjournment of Congress.

My guess is that if the British are faced with the alternative of paying or defaulting on June 15th they will pay but that we can make a better and more satisfactory trade later if we do not force the issue now and hold this as a leverage for use in the Economic Conference.

I would reiterate that I have repeatedly stated that any debt negotiations must be conducted in Washington and that I neither have the



authority nor the inclination to enter into any discussions on the subject. You will realize, however, that these people here will not discuss the problems of the Economic Conference without dragging in some reference to the debts and that it has been my task to try to bring them to subordinate this issue to that of working towards general economic recovery. I believe I have succeeded to a considerable extent in bringing them around to the view that under present conditions it is not practicable to attempt to arrive at any mutually satisfactory basis for modifying the terms of existing arrangement and that we should concentrate on the same economic issue in which we have a common basis. [Davis.]

ATHERTON

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550.S1/593 : Telegram

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

WASHINGTON, April 3, 1933—11 a. m.

65. For Norman Davis. Your numbers 56 and 60, March 30, 63 March 31;<sup>35</sup> please inform MacDonald and Simon that in view of the bilateral discussions regarding Conference problems and the difficulties of forecasting how long Congress will remain in session, this Government would prefer not to make a final decision regarding the date of the Conference now. It suggests that the meeting of the Organizing Committee be held not before the 15th of April and preferably some days later. It hopes that by the time the Organizing Committee meets it will be able to commit itself to a decision regarding the date of the Conference. A meeting on, say, April 20 would still give 6 weeks, roughly, for preparations before June 1st.

HULL

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550.S1/595 : Telegram

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

LONDON, April 3, 1933—midnight.

[Received April 3—11 p. m.]

71. From Davis. My 68, April 2, 3 p. m., and your 65, April 3, 11 a. m. Based on conversations before I left I have been working on the theory the President and you preferred to have the Conference meet late in May or early in June. However, I fully appreciate considerations advanced in your number 65, April 3, 11 a. m., and shall arrange with Simon to have meeting of Organizing Committee after Easter and we can then decide whether

<sup>35</sup> No. 56 not printed.

to attempt to have the Conference convene prior to June 15th or put it off for a week or two after that date.

If early date of meeting is decided upon and there is no further exhaustive preparatory work it might be necessary to follow some such plan as suggested by MacDonal'd, namely, to have a short plenary meeting with general statements only and leave the detailed negotiations to subcommittees.

Another and I believe preferable alternative and one which seems to be gaining in favor even though some delay might be involved is to have a preliminary meeting in Washington which could be initiated by the discussions with the British and then broadened to include the Germans and Italians. In order to avoid creating the impression that we were taking up economic negotiations solely with countries involved in the debt and reparation issue from facing a united front [*sic*] you might wish to bring in Japan and for various reasons also China. Assuming that such preliminary collaboration could take place in Washington during the last of April and the greater part of May the Conference might still be convened about the middle of June.

I place these two alternatives before you and when our legislative situation clarifies I would be glad if you could let me have for my guidance an indication as to which you consider preferable. On the whole I am inclining to the opinion that the second alternative of preliminary conversations in Washington is more likely to lead to the success of the Conference and that this would be advisable even though it may retard somewhat the convening of the Conference. I would therefore suggest for your consideration the advisability of working along this line unless there are political or other considerations which make it desirable to have meeting of the Conference around June 1st. [Davis.]

ATHERTON

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550.S1/600 : Telegram

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

LONDON, April 4, 1933—4 a. m.

[Received 4:12 a. m.]

73. From Davis. MacDonal'd asked me to meet Monday afternoon with him and his colleagues Baldwin, Simon, Chamberlain and Runciman. Obviously he wished me to learn at first hand the objections certain of them were raising to his proposed trip and also for them to learn at first hand from me the possible advantage which I have felt might accrue from the trip. MacDonal'd restated the difficulties he would face if he made the trip and no action were taken to defer the debt payments falling due during the Economic Con-

ference negotiations and then he had to return to deal with the June 15th payment. Baldwin, and then Chamberlain, restated in somewhat more forceful language the same position. They all state that they realize that the President could give no assurances. Chamberlain, who was obviously the least inclined to favor the trip, stated however that he felt that at least they should have an indication from the President that the door was not closed to the possibility of favorable action. (I understand that one of the chief difficulties has been that Chamberlain has been anxious to go to Washington himself instead of or with MacDonald and his colleagues in the Cabinet have realized that he would not be an appropriate choice.) MacDonald and the others present clearly indicated that they realized that the President must be the sole and final judge as to whether he should ask any authority from Congress to deal with the debt issue during the interim period of the Economic Conference. They said they only wished to know before the Prime Minister decided to make the trip whether or not the President had determined against asking such authority; that is to say whether there was still the hope that if the Prime Minister made the trip he would not arrive and find the issue foreclosed against them. They would then take their chances whether the effect of his trip would be such as to help create a situation which would facilitate favorable action. I said that I had fully reported the preoccupations of the Cabinet with regard to the Prime Minister's trip but that I could give no assurances and that I thought it inadvisable to ask the President to do so.

Furthermore, I could not hold out any hope whatever that they would not be expected to make the June 15th payment and that I did not see how the President could be asked to express himself on this subject without an implication which might cause a misunderstanding. I told them that all I could say was that as matters now stand a payment accrues in June which the President has no authority to postpone but that aside from the question of the next payment on the debt there were many more important questions in which both countries were vitally concerned and that naturally the President who was fully alive to their difficulties as well as his own would not encourage a visit from the Prime Minister if he did not think it might hold out possibilities of serving a useful purpose. Our conference then adjourned and MacDonald told me that they would talk the matter over themselves and see if it were possible to reach a definite decision. I may say that I explained to him that the discussion might be more or less academic depending upon whether or not the Prime Minister could get away in time to arrive 2 weeks before Congress adjourns and that I hoped to have further word by the 10th.

At 10:30 this evening the Prime Minister called me by telephone to say that they had been discussing the matter further but that there

was still some question in the mind of some of his colleagues. He said they did not want the President to commit himself in any way but that if he should think that it is outside the bounds of possibility to arrange for a postponement of the June 15th payment they would like to know it as it would raise a serious question as to whether the Prime Minister should go. I told them I did not think it advisable to put such a question up to the President because the reply might be construed as an implied commitment but that if the Prime Minister insisted I would cable his inquiry. He did not insist but said that if I would even tell them that in my opinion there was a possibility, even slight, of the President getting authority and would inform the President that I had made such a statement they would be satisfied. I told him I would be unwilling to do this, that I thought the only thing for them to do was to decide their course of action on the information before them. The Prime Minister said that he was anxious to go and hoped to get the matter settled tonight. He did not wish to give the impression that they were trying to get a promise to which I replied that I did not see how I could put the matter up to the President and avoid the possibility of any reply being construed as something in the nature of a promise. MacDonal'd then went back into conference and said that if there was anything more definite to report he would call me in the morning before my departure for Paris. [Davis.]

ATHERTON

550.S1/614 : Telegram

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

WASHINGTON, April 4, 1933—7 p. m.

65. For Norman Davis. For your information, the discussions now under way here with the British representatives are already turning in the direction of your second alternative.<sup>36</sup> The British Ambassador and I have already tentatively agreed to invite from time to time representatives of other nations to join informally in our current discussions of world economic questions.

HULL

550.S1/621 : Telegram

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

PARIS, April 5, 1933—9 p. m.  
[Received April 5—6:11 p. m.]

136. From Davis. In conversations with Boncour last night and Daladier today<sup>37</sup> they both raised the question of joint collaboration

<sup>36</sup> See telegram No. 71, April 3, from the Chargé in Great Britain, p. 482.

<sup>37</sup> For memorandum of the conversation with Daladier, see p. 82.

preparatory to the Economic Conference. Boncour stated that they strongly favored preliminary conversations in Washington and were prepared at any time to send representatives there for that purpose.

It seems clear that their apparent enthusiasm for the Economic Conference and for the preliminary conversations in Washington is due to the belief that it will furnish them an opportunity to take up the debt issue with us in the hope either of effecting a settlement or at least a postponement during the Economic Conference work. The French now realize that they have got themselves into a jam by their December default and the more liberal school like the idea of the preliminary conversations as furnishing a possible means of getting authority from the Chamber to effect the payment. The more conservative group, represented by the Finance Ministry for example, hope to get an assurance of a postponement of June 15 payment before making the December payment. I suspect that the British treasury is encouraging the French treasury to believe that it is advisable to defer correcting the December 15 default until there is some assurance that none of them will be called upon to make June 15 payments.

If you think it desirable to bring pressure on the French to make the December 15th payment this might most effectively be done before final arrangements are made for the sending of any French representatives to Washington for preliminary conversations if such conversations are to be held. [Davis.]

MARRINER

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550.S1/622 : Telegram

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

PARIS, April 6, 1933—noon.

[Received April 6—8:30 a. m.]

137. From Norman Davis. MacDonald called me by telephone this morning. He seemed delighted that everything seems set now for him to go but said he had not yet received an official invitation; that the first acknowledgment that his visit would be welcome at the time proposed was through the statement given to the press in Washington.<sup>38</sup> I told him that as he knew the President had withheld an invitation at the Prime Minister's own request to me (see my 64, March 31, 8 p. m., from London) but that I was satisfied that he could count on the official invitation coming through now. I therefore suggest that you arrange the invitation with Lindsay. [Davis.]

MARRINER

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<sup>38</sup> Department of State, *Press Releases*, April 8, 1933, p. 219.

550.S1/704

*Memorandum by the Secretary of State*

[WASHINGTON,] April 11, 1933.

The British Ambassador came in and handed to me the text of a telegram from the British Government in further comment and reply to the reply of our Government<sup>39</sup> to the original British memorandum<sup>40</sup> on the debt and economic problems. I hurriedly read the telegram, but stated to the Ambassador that I, of course, would not discuss any phase of the situation until I had first conferred with my associates. I then requested either a copy or, if this was not consistent, a synopsis of the telegram of his Government so prepared as to bring out clearly each point contained in the telegram. The Ambassador promised to send me a paraphrase of the telegram tomorrow,<sup>41</sup> and added that he did not desire our Government to get the impression that his Government was prepared or expected to be prepared or disposed to pay the June installment of the British debt due our Government.<sup>42</sup>

C[ORDELL] H[ULL]

550.S1/704<sub>1</sub>*The British Ambassador (Lindsay) to the Secretary of State*

WASHINGTON, April 12, 1933.

DEAR MR. SECRETARY: In accordance with your suggestion of yesterday evening I enclose a note of the message which I then gave to you. I trust you will understand that it is to be regarded as an oral communication.

Yours very sincerely,

R. C. LINDSAY

[Enclosure]

## ORAL COMMUNICATION

In our view the main purpose of the Economic Conference is to restore both commercial and financial confidence between the nations of the world. We hope to achieve international agreements for cooperation on policies aiming at the restoration of free and stable exchanges and the raising of world prices by credit expansion, better distribution of bank reserves, removal or lowering of trade barriers and abolition of exchange controls, and all these topics are intercon-

<sup>39</sup> *Ante*, p. 472.<sup>40</sup> *Ante*, p. 465.<sup>41</sup> *Infra*.<sup>42</sup> For correspondence relating to debt negotiations with Great Britain, see pp. 826 ff.

nected, and must be attacked comprehensively. But international agreement on these questions presupposes general confidence. No fresh disturbing influence must be allowed to arise in the near future. And no confidence such as is desired can exist so long as there is uncertainty as to the ratification of the Lausanne agreements<sup>43</sup> or on the question whether interallied debts or reparations may be reopened. This was the meaning of the sentence in paragraph 15 of your [*our*] memorandum to which exception has been taken. It was a simple description of the European situation as it appears to us and ought not in any way to be taken as an ultimatum or a bargaining point. The views expressed are unanimously held by the principal experts of the Preparatory Committee as stated in their declarations at Geneva as well as in their report. We are at a loss to understand the suggestion that our statement is inconsistent with that contained in their published report.

The Geneva report says "until there is such a settlement or definite prospect of such a settlement these debts will remain an insuperable barrier to economic and financial reconstruction".<sup>44</sup> We said that "any hope of arriving at better conditions is dependent on the satisfactory settlement of war debts having been reached or at least assured." There is no material difference between the two statements. It is well known that we would prefer a prior settlement of the war debts; but we have also made it clear that we would discuss the subject of debts concurrently with world economic problems if this prior settlement is unattainable.

Such is still our position but perhaps we should explain it more fully in view of the American comments contained in their memorandum. We believe that, failing a prior agreement as to how a final settlement of war debts can be reached and in fact is to be reached, progress at the conference on any financial and economic problem will be attended with the greatest difficulty. Failing such an agreement some of the most important issues of the conference can only be dealt with provisionally, as indeed was the case at Lausanne. But if it is impossible in the available time to reach a final settlement, and if it becomes clear that no decision can be reached during the conference involving cancellation, or that not even a moratorium (if the United States Government dislike the word) can be arranged, yet it ought to be possible to reach some practical arrangement under which, during the period of the conference and for that period, any debt instal-

<sup>43</sup> For texts of the agreements signed at the Lausanne Conference, June 16–July 9, 1932, see Great Britain, Cmd. 4126, Miscellaneous No. 7 (1932): *Final Act of the Lausanne Conference, Lausanne, July 9, 1932*; Great Britain, Cmd. 4129, Miscellaneous No. 8 (1932): *Further Documents relating to the Settlement reached at the Lausanne Conference*.

<sup>44</sup> League of Nations, Monetary and Economic Conference, *Draft Annotated Agenda* (Official No.: C.48.M.18.1933.II [Conf. M.E.I.], p. 7).

ment would be regarded as held in suspense. We feel convinced that the conference will not only be severely handicapped but may even be wrecked if, before it has well begun, its work is interrupted by claims which at once raise the whole disputed issue of debts isolated from the other matters which concern the world situation. But we also believe that if this does not happen, then the conference could get to work early, and discussions for a final settlement of debts could proceed concurrently though independently. This is an objective statement of the position in Europe and is not an *ex parte* argument.

The Prime Minister's reply <sup>45</sup> to the President's invitation makes it clear that his object is to confer on world economic problems with especial regard to the conference, and on disarmament. In the foregoing paragraphs we have stated our view of the relation of the war debt question, and particularly of the June instalment, to the economic conference and no mention has been made of this subject in the Prime Minister's reply to the invitation. We nevertheless hope that the President will bear these considerations in mind in connection with Mr. MacDonald's visit for we feel sure that he is as deeply interested as ourselves in promoting good will and in solving the problems common to both countries and to the whole world.

## II. PRELIMINARY CONVERSATIONS AT WASHINGTON, APRIL 7-JUNE 3

550.S1 Washington/3 : Telegram

*The Secretary of State to the Ambassador in France (Edge)*<sup>46</sup>

WASHINGTON, April 7, 1933—7 p. m.

72. In addition to the invitation already made public to Prime Minister MacDonald to visit the United States,<sup>47</sup> the President has expressed to the French Ambassador <sup>48</sup> the pleasure with which he would welcome a visit from the French Prime Minister <sup>49</sup> or Mr. Herriot.<sup>50</sup>

The Under Secretary received today the diplomatic representatives of Italy, Germany, Japan, China, and the three principal Latin American Powers,<sup>51</sup> and told them that the President would be happy to have the Chief of their respective Governments come to the United

<sup>45</sup> Department of State, *Press Releases*, April 8, 1933, p. 220.

<sup>46</sup> Substantially the same message as telegram No. 117, April 8, 2 p. m., to the Minister in China, and repeated to the Ambassador in Japan as No. 37; as telegram No. 46, April 8, 2 p. m., to the Ambassador in Mexico; and as circular telegram, April 8, 3 p. m., to the Ambassadors in Argentina, Brazil, and Chile.

<sup>47</sup> Released April 6, 7 p. m.; printed in Department of State, *Press Releases*, April 8, 1933, p. 219.

<sup>48</sup> Paul Claudel.

<sup>49</sup> Edouard Daladier.

<sup>50</sup> Edouard Herriot, member of the Chamber of Deputies.

<sup>51</sup> Argentina, Brazil, and Chile. On April 8 a similar invitation was extended to the Governments of Canada and Mexico.



States if he cared to do so. If this proved to be impossible, we should be happy to receive a high Government official or to have an exchange of views through diplomatic channels,—all for the purpose of reaching some fundamental understanding in regard to the economic problems between the United States and the countries in question. The Under Secretary asked that his remarks be accepted in the light of an invitation similar to that recently sent to Prime Minister MacDonald.

The Under Secretary explained that in order to assure the success of the forthcoming World Economic Conference in London, it seemed not only essential for us to have some previous understanding on fundamentals with the principal Governments but also to educate the people of this country and of other countries to the importance of the renewal of world trade and commerce. An understanding therefore of mutual problems and the creation of a favorable public opinion throughout the world were therefore two essential factors to the success of the conference.

Please repeat to London, Rome and Berlin.

HULL

**A. Exchanges of Views Between President Roosevelt and  
Foreign Representatives**

**GREAT BRITAIN**

*Joint Statement by President Roosevelt and the British Prime  
Minister (MacDonald)*<sup>52</sup>

A preliminary discussion was held this forenoon between the President and the Prime Minister at which the following were present:

President Roosevelt	The Prime Minister
The Secretary of State	The British Ambassador <sup>53</sup>
Assistant Secretary of State, Raymond Moley	Sir Robert Vansittart <sup>54</sup>
Senator Key Pittman, of Nevada	Sir Frederick Leith-Ross <sup>55</sup>
Mr. Herbert Feis, Economic Advisor of the State Department	Mr. James Barlow <sup>56</sup>
William C. Bullitt, Special Assistant to the Secretary of State	Mr. Arnold E. Overton <sup>57</sup>

<sup>52</sup> Issued by the White House as a press release, April 22, 1933; reprinted from Department of State, *Press Releases*, April 22, 1933, p. 259.

<sup>53</sup> Sir Ronald Charles Lindsay.

<sup>54</sup> Permanent Undersecretary of State for Foreign Affairs.

<sup>55</sup> Chief Economic Adviser to the British Government.

<sup>56</sup> Principal Private Secretary to the Prime Minister.

<sup>57</sup> Assistant Secretary, Board of Trade.

The main problems of the World Economic Conference were reviewed and a decision was reached that these should be allocated in the first instance to the experts who would commence their discussions this afternoon and continue them tomorrow.

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*Joint Statement by President Roosevelt and the British Prime Minister (MacDonald)*<sup>58</sup>

The President and Mr. Ramsay MacDonald had a further meeting this evening at which the Secretary of State, the British Ambassador, American and British experts were present.

Some of the subjects generally outlined at Saturday's meeting<sup>59</sup> were explored in further detail. The discussion centered around the monetary aspect of the agenda<sup>60</sup> of the World Economic Conference.

After a helpful exchange of views it was arranged that a further discussion should take place between the experts at the office of the Secretary of State on Monday morning at 11 o'clock, preliminary to a further conference with the President and Mr. MacDonald on Monday afternoon at 3:30 o'clock.

*Joint Statement by President Roosevelt and the British Prime Minister (MacDonald)*<sup>61</sup>

The Prime Minister, the President, the British Ambassador and the Secretary of State met this afternoon with the officials and experts participating in the discussions of the past few days. They reviewed the substance of their discussions with deep satisfaction.

Among the subjects considered in these discussions were the world price level, central bank policies, monetary standards, exchange restrictions, improvement of the status of silver and, in addition, a number of world problems relating to trade and particularly the limitation of trade restrictions.

Agreement with reference to any of these subjects has been reserved for the World Monetary and Economic Conference itself.

It was never the purpose of the present discussions to conclude definitive agreements. They were designed to explore and to map out the territory to be covered. This purpose has been admirably served by the conversations which have taken place.

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<sup>58</sup> Issued by the White House as a press release, April 23, 1933; reprinted from Department of State, *Press Releases*, April 29, 1933, p. 269.

<sup>59</sup> April 22.

<sup>60</sup> League of Nations, Monetary and Economic Conference, *Draft Annotated Agenda submitted by the Preparatory Commission of Experts* (Official No.: C.48.M.18.1933.II. [Conf. M.E.I.]).

<sup>61</sup> Issued by the White House as a press release, April 24, 1933; reprinted from Department of State, *Press Releases*, April 29, 1933, p. 270.

550.S1 Washington/360

*Joint Statement by President Roosevelt and the British Prime Minister (MacDonald)*<sup>62</sup>

As stated yesterday,<sup>63</sup> our discussions on the questions facing the World Conference were not designed to result in definitive agreements, which must be left to the Conference itself. But they showed that our two Governments were looking with a like purpose and a close similarity of method at the main objectives of the Conference, and were impressed by the vital necessity of assuring international agreements for their realization in the interests of the peoples of all countries. The practical measures which are required for their realization were analysed and explored. The necessity for an increase in the general level of commodity prices was recognised as primary and fundamental. To this end simultaneous action needs to be taken both in the economic and in the monetary field. Commercial policies have to be set to a new orientation. There should be a constructive effort to moderate the network of restrictions of all sorts by which commerce is at present hampered, such as excessive tariffs, quotas, exchange restrictions, etc. Central Banks should by concerted action provide an adequate expansion of credit and every means should be used to get the credit thus created into circulation. Enterprise must be stimulated by creating conditions favorable to business recovery and Governments can contribute by the development of appropriate programs of capital expenditure. The ultimate re-establishment of equilibrium in the international exchanges should also be contemplated. We must when circumstances permit re-establish an international monetary standard which will operate successfully without depressing prices and avoid the repetition of the mistakes which have produced such disastrous results in the past. In this connection the question of silver,<sup>64</sup> which is of such importance in trade with the Orient, was discussed and proposals were tentatively suggested for the improvement of its status.

These questions are all inter-related and cannot be settled by any individual country acting by itself. The achievement of sound and lasting world recovery depends on co-ordinating domestic remedies and supplementing them by concurrent and simultaneous action in the international field. The proposals examined will be discussed with the representatives of the other nations who have been invited to Washington with a view to securing the fullest possible measure of common understanding before the Conference meets. It is the hope of both

<sup>62</sup> Issued by the White House as a press release, April 26, 1933.

<sup>63</sup> The statement referred to is apparently that of April 24, *supra*.

<sup>64</sup> For correspondence relating to an international agreement on silver negotiated at London, see pp. 763 ff.

Governments that it may be possible to convene the Conference for June.

We have in these talks found a reassurance of unity of purpose and method. They have given a fresh impetus to the solution of the problems that weigh so heavily upon the most stable, industrious and deserving men and women of the world—the human foundation of our civilization whose hard lot it is our common object to alleviate.

550.S1/783

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

No. 862

LONDON, May 6, 1933.

[Received May 17.]

SIR: Referring to the last paragraph of the Embassy's confidential telegram No. 97, May 3, 8 p. m.,<sup>65</sup> I have the honor to enclose herewith a clipping from the *Times* of May 6 giving the text of the broadcast speech made by the Prime Minister on Friday evening, May 5, in which he discussed his conversations in Washington with the President. I understand that Mr. MacDonald's remarks were cabled textually to the United States for press publication.

The Prime Minister summed up his Washington conversations as follows:

(1) The final decision, which has been so long delayed, to open the International Conference on June 12.

(2) A preliminary mutual examination of the causes of the world crisis and the means of overcoming them, so that we may cooperate together, and with other nations, in procuring good results from the Economic Conference.

(3) The personal exchange of information regarding War debts<sup>66</sup> and an agreement that on their settlement depends the success of the work of the Economic Conference. As we both pledged ourselves to leave no stone unturned to make that Conference a success, this agreement means that we are to use every means in our power to find a way to settle those debts.

(4) An understanding of how to cooperate in trying to bring the Disarmament Conference<sup>67</sup> to a successful issue.

(5) An improvement generally of the friendly relations and the mutual esteem of our two countries, so that the influences making for peace, confidence, and appeasement in the world have undoubtedly been strengthened.

Paragraph 3 is generally interpreted here to mean that in the Washington conversations some sort of agreement had been reached

<sup>65</sup> *Post*, p. 586.

<sup>66</sup> For correspondence relating to the debt question, see pp. 826 ff.

<sup>67</sup> For correspondence relating to the Conference for the Reduction and Limitation of Armaments, see pp. 1 ff.

that an endeavor would be made to obtain some easement of the debts question from Congress to run over the period of the World Economic Conference, but that if such action were found to be impossible, Great Britain would not be condemned should she announce the intention to withhold the next payment on the Anglo-American war debt while the Conference was in session.

A debate is to take place in the House of Commons on May 9 on the subject of the World Economic Conference in which the Prime Minister will participate. A discussion of the proposed tariff truce<sup>68</sup> is expected. As the Embassy's recent telegrams to the Department have reported, the British Government's present attitude toward the proposed tariff truce is one of approval as long as it does not interfere with the trade agreements already concluded with the Argentine, Denmark and Germany, and with the trade negotiations already in progress with the Scandinavian countries, even though the latter group of agreements may be delayed for the time being.

Respectfully yours,

RAY ATHERTON

#### FRANCE

550.S1 Washington/434

*The Chairman of the American Delegation to the Disarmament Conference (Davis) to the Secretary of State*

[PARIS,] April 13, 1933.

DEAR CORDELL: Marriner, of the Embassy here, gave me this morning a copy of your dispatch instructing him to see the Foreign Office and try to postpone by a couple of days Herriot's departure. He suggested that I also see Herriot and try to flag him but I thought it better for me not to mix in it and to let the Foreign Office handle it. However, as the Embassy cabled you the Foreign Office thinks it too late to rearrange the plans for sailing. I hope it is not too embarrassing to have Herriot there at the same time as MacDonald. Had I been advised of what the President wanted and asked to do so I am sure this could have been arranged here so as to avoid any mix up.

The French Foreign Office was apparently quite disturbed by a long dispatch from Monick, the French Financial Attaché in New York, setting forth the proposed program for the preliminary meetings in Washington which had been read to him at the Department. They were, I understand, disturbed mainly because they did not feel that Herriot would be equipped for dealing with technical matters of this character since he was going merely to discuss broad lines of general

<sup>68</sup> *Post*, p. 605.

policy. However, after talking with Rueff, their Financial Attaché in London, they calmed down and decided that this was a very good program to discuss although they do not see how they can do anything about silver. They have decided now to send Rueff to Washington as he is a very able and broadminded man. You may be interested to know that he remarked that the best thing that has happened since the war has been your pronouncements against economic nationalism. Rueff should help balance Coulondre<sup>69</sup> who is going along and who is not so broad minded.

I can see the advantages of having Herriot go to Washington, although there seems to be some feeling here that it may result in certain embarrassments all around. I am a little afraid his absence may retard somewhat progress on disarmament, because, although he is not in the government he is the leader of the dominant political party and I am afraid Daladier, may not feel justified in taking any really important steps on disarmament without Herriot's concurrence.

In fact, Lord Tyrrell, the British Ambassador, told me in confidence yesterday that Daladier had told him that if it were not for Herriot's opposition he would be willing to go to Berlin and to Rome to sit down and have a perfectly frank talk with Hitler and Mussolini now with regard to the proposed Four Power Pact<sup>70</sup> and try to reach an agreement on political questions which would facilitate an early agreement on general disarmament.

Herriot's trip has stirred up a lot of feeling here for which it seems that Paul-Boncour<sup>71</sup> is largely responsible because of his jealousy and his desire to go himself. Herriot is quite disturbed because they are all expecting him to get at least a moratorium on the debts and my judgment is that it is a mistake for him not to make his going provisional upon France's agreeing to pay. At any rate I think it is important that you and the President tell the French bluntly that we will not consider any debt settlement or concession so long as France is excluding our goods by quotas and so long as she discriminates against our trade through her Turnover Tax or any other such devices. Edge informs me that during the past six weeks France has raised many of her tariff rates, primarily for the purpose of later getting the credit of reducing them down merely to where they were a few weeks ago, and that we recently lost a sale of nearly ten million dollars worth of copper because

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<sup>69</sup> Robert Coulondre, Assistant Political Director, French Foreign Office.

<sup>70</sup> For correspondence relating to negotiation of the Four Power Pact, see pp. 396 ff.

<sup>71</sup> Joseph Paul-Boncour, French Minister for Foreign Affairs.

through a special agreement between the two countries Belgium gets what is in effect a substantial rebate on the Turnover Tax.

The French are, I understand, bringing great pressure on the British to agree to a default on the June 15th payments in case we refuse to postpone payments, provided France now makes the December 15th payment. I am, therefore, more than ever convinced that the wisest thing to do would be for the President to get authority to put the British debt on the same basis as the French and to do so voluntarily. This would ultimately break up the united front and it would stop this flirting with the idea of a default. If we could announce that we were of our own accord putting the British debt on the same basis as the French, without prejudice to a later consideration of adjustments on this or other debts, it would throw the French into consternation and perhaps bring them to their senses. If I were the President I would do that even though I felt it advisable and possible also to get authority from Congress to make concessions as to payments on other debts accruing during the interim period of the Economic Conference.

It now looks as if the Four Power Pact will not materialize. Certainly it will not go through in its original form. If it goes through at all it will be considerably modified. The failure of this Pact, however, will make it all the more necessary to reach an agreement on disarmament but just how we are to do so unless they can find a way to settle or to bridge over certain of the political questions involving some revision of treaties is at present hard to tell.

The reactions here to your statements attacking economic nationalism are very good. You are going about it in the right way. I was interested in the statement which you gave out specifying the questions to be dealt with in the preliminary conversations in Washington. I have been a little fearful that we might get entangled in our own rope. I am, therefore, glad you are making it clear that there is no intention of having the Washington conversations take the place of the Economic Conference because otherwise, if the Conference should be a failure, the British might be tempted to blame us for messing it up.

I notice the press included disarmament in the list of questions to be discussed at Washington. I assume that there is no intention of any detailed disarmament discussions or negotiations because if there were I do not see how we could avoid crossing wires. I do hope, however, that you and the President impress upon all of them the necessity for genuine disarmament. At any rate, if disarmament is dealt with at all, I hope you can keep me advised of what is done so that I will not be put in the embarrassing position at Geneva of not knowing what to do.

Very sincerely yours,

NORMAN H. DAVIS

550.S1/707

*Memorandum by the Under Secretary of State (Phillips) of a Conversation Between President Roosevelt and the French Representative (Herriot), Thursday Afternoon, April 27, 1933*<sup>72</sup>

[WASHINGTON,] April 28, 1933.

The conversation opened with a reference to the Russo-Japanese situation and to the military conditions in the Vladivostok region. The President mentioned the fact that it was very difficult for us to follow the conditions in Russia because we had no diplomatic or consular representatives there, no one in fact who could give us a continuing picture of developments. M. Herriot replied that he was very closely in touch with the Russian Ambassador<sup>73</sup> in Paris and that he would be happy at all times to furnish us with any information which we desired. Moreover, he offered to transmit any messages that we might care to send to the Russian Government through his friend, the Russian Ambassador. The President raised the question of a tariff truce to be applicable not only during the life of the Economic Conference but also during the weeks between April 29th and the assembling of the Conference. M. Herriot said that he had telegraphed to Paris from the boat to ask the attitude of his Government in this regard, and that he had received a reply in favor of the principle of such a truce. In its reply, however, he was informed that the French Government would have to ask guarantees to protect French agriculture. The complication was, he said, that a law already exists giving the French Government power to stop agricultural imports and that this law, of course cannot be altered without special legislation. M. Herriot said he had cabled to-day to Paris to ask that this law should be suspended during the period of the London negotiations. The President described his idea of a tariff truce, which should be in two parts: One, a truce during the life of the Conference; Two, a gentleman's agreement to be carried out in good faith to last during the intervening weeks before June 12. The President asked me to see that instructions were sent to Norman Davis in London<sup>74</sup> suggesting that there might well be a resolution of the Organizing Committee, which could be made a part of the general invitation to the Conference, calling for the truce to prevent tariff increases during the life of the Conference. The President's thought was that this resolution or motion of the Organizing Committee would also express the hope that between April 29 and June 12 none of the nations invited to the Conference would

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<sup>72</sup> On the previous day, President Roosevelt and M. Herriot had had a conversation which related exclusively to European political conditions and disarmament. For memorandum of this conversation, see p. 109.

<sup>73</sup> Valérien Dovgalevsky.

<sup>74</sup> See telegram No. 83, April 28, 6 p. m., to the Chargé in Great Britain, p. 578.



increase their tariffs nor take advantage of the intervening weeks to change the *status quo* in relation to imports and exports of goods. (It was to be understood that if there is a devaluation of the dollar or the pound, steps may be taken to compensate.)

At this point the President introduced the subject of intergovernmental debts.<sup>75</sup> He described how his hands were tied by Congress and that he was in no position to discuss a moratorium nor a revision. He referred to the fact that under these conditions President Hoover felt that he would not be able even to speak to the debtor governments on the subject of debts, but he, Mr. Roosevelt, regarded this viewpoint as absurd because, under the Constitution, the President is free to talk, discuss and negotiate with foreign powers on any subject. He said that Congress would remain in session until June 1. He could ask for powers in connection with the debt problem, but he had no idea now whether he would receive such powers or whether they would be limited in certain respects. He had, so he said, told Mr. MacDonald that he would probably ask Congress to give him power, but he has no idea now in regard to what powers he will receive from Congress. Therefore, he said, he can promise nothing. If France decides to make the December payment, he can say now, however, that he will ask Congress for power. Meanwhile there is no objection to exploring the realm of figures. He insisted that there are possibilities in the figures themselves, and then he went on to explain the American point of view. He used the simile of a house which is rented for a certain sum of money. Later the lessee says he cannot pay the full rent. The lessor says, in reply, "Pay as much as you can but remain in possession of the house." The President went on to explain how the loan to France was originally made; that it was a loan by the American people to the Government of the United States for the benefit of France; that the Liberty Bonds were held by the American people; and that the Government must make good to the people themselves who held the obligations. M. Herriot seemed greatly interested in this aspect of the matter and admitted that the French politicians did not approach it from this angle. He wished to be able to take back a formula that would strengthen the "partie democrat". He gave a picture of the attitude of the French Deputies towards payment. In brief, it was: "Germany won't pay; therefore, we shall not pay." Herriot stated his personal position as follows: "I wish to satisfy the law in order to plead equity." Herriot described how in 1926 Mr. Mellon, Secretary of the Treasury, had said that "capacity to pay did not mean mere capacity to pay in gold but the true capacity of a country to pay its obligations." Herriot maintained at the same

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<sup>75</sup> For correspondence relating to debt negotiations between the United States and France, see pp. 866 ff.

time that Mellon had said that if the Germans cannot pay, the whole question of payment will be reconsidered. He referred to the fact that in Congress Senator Smoot and others had agreed to the Mellon viewpoint, and then went on to describe the French acceptance of the Dawes Plan,<sup>76</sup> the French acceptance of Gilbert Parker's [*S. Parker Gilbert's?*]<sup>77</sup> advice that Germany was capable of payment, and other steps, all taken by this country. He touched upon the point that from the French viewpoint, although many of them were taken by American citizens outside of the Government, they were nevertheless construed in the French mind as representing the acts of the Government itself.

There was a diversion at this point when the President told a story of the visit to the United States of Marshal Joffre and Viviani on May 1, 1914 [1917]. Their insistence was that there should be American soldiers in France on July 14. They were told that there was no hope for such accomplishment and left Washington in a dejected state of mind for Chicago. From Chicago they telegraphed asking to be allowed to return and restate their plea. President Wilson agreed. The President described the interview at the White House—how the Marshal appeared suddenly at the door of the President's room with tears pouring down his face and his arms stretched out in urgent plea. The result of the emotional proceeding was that the President granted the request and the soldiers were in France on July 4 instead of 14. In referring to the debt problem the President repeated that he can explore but cannot do more. Herriot replied somewhat sadly "Je vous [ai] compris." The President mentioned that any back payments by France would, of course, be included in any arrangement which might be made, should he be given power to make one. The President made clear, and Herriot understood, that the difficulty of going forward in debt conversations was the failure of France to make its December payment. The President concluded the subject of debts by an assurance that he was certain that a settlement of this whole problem could be reached; only it required a little time to accomplish.

WILLIAM PHILLIPS

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*Joint Statement by President Roosevelt and the French Representative (Herriot)*<sup>78</sup>

The President has discussed with M. Herriot the problem of inter-governmental debts. The President has set forth the entire situation from the American point of view and M. Herriot has explained how

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<sup>76</sup> Great Britain, Cmd. 2105 (1924): *Reports of the Expert Committees Appointed by the Reparations Commission.*

<sup>77</sup> Agent General for reparation payments under the Dawes Plan.

<sup>78</sup> Issued by the White House as a press release, April 28, 1933; reprinted from Department of State, *Press Releases*, April 29, 1933, p. 276.

the problem appears to the French Government and Parliament. This long exchange of views, which was of the most frank and friendly character, was for the purpose of reaching a clearer understanding of the realities of the situation and will undoubtedly help in determining the steps to be taken hereafter.

It is the hope of the President and of M. Herriot that these conversations, which have proved to be of value, may be continued in Paris and in Washington after M. Herriot has had an opportunity to report to the French Government.

Our conversations had as their object and as their result as complete an understanding as possible between our two countries in regard to our common problems, the conclusion of definite agreements being reserved for the World Economic Conference.

At no moment has understanding been more necessary between France and the United States for the maintenance of peace, for progressive and simultaneous economic disarmament and the restoration of stable monetary conditions in an atmosphere of general security. We have noted with deep satisfaction that our two Governments are looking with like purpose at the main problems of the world and the objectives of the World Economic Conference. The Government of the United States and the French Government have been able already to announce their full agreement in regard to the necessity of a prompt meeting of this Conference, the object of which must be to bring about a rapid revival of world activity and the raising of world prices by diminishing all sorts of impediments to international commerce such as tariffs, quotas and exchange restrictions, and by the reestablishment of a normal financial and monetary situation.

We have examined in particular the manner in which commercial policies should develop for the purpose of promoting rather than restricting international trade. We have studied monetary problems and the different methods possible for a coordination of central bank policy; the remedies which may be brought forward to attack the menacing problem of unemployment and the stagnation of business by the execution of programs of public works to be carried out by the different governments by such methods as are within their means; the effects of the depression on silver and the different methods proposed to improve its status.

The questions which are before the world today are for the most part, in our opinion, intimately bound up with one another. They constitute the separate elements of a single problem, the sound and permanent solution of which should be sought in an international

collaboration supplementing the indispensable domestic efforts of each country.

The world-wide suffering of millions of unemployed demands without delay that this collaboration, which has been so happily begun here, should be continued. In conclusion, our free and cordial exchange of views has led us together to record the will of our two countries to continue this collaboration and to seek to extend it to all other nations in order to assure to the peoples of the world the opportunity to labor under conditions of real peace.

#### CANADA

550.S1 Washington/104½

*Memorandum by the Under Secretary of State (Phillips)*

[WASHINGTON,] April 13, 1933.

The Canadian Minister <sup>79</sup> came in to ask what date we preferred to have Mr. Bennett <sup>80</sup> come to Washington in response to the President's invitation. Without waiting for my reply, Mr. Herridge went on to say that, for a good many reasons, it would be preferable to have Mr. Bennett's visit overlap that of MacDonald. If Mr. Bennett came to Washington after Mr. MacDonald had left, it would look in London, according to Mr. Herridge, as though he, Bennett, were trying to upset the picture created by Mr. MacDonald. On the other hand, it would look in Canada as though Mr. Bennett were trying to avoid Mr. MacDonald and political capital would be made of it, especially as it was well known that both Prime Ministers were warm friends.

In the circumstances, Mr. Herridge suggested that if it was entirely agreeable to us, Mr. Bennett should arrive in Washington on Tuesday, April 25th and be here during the last day of Mr. MacDonald's visit. On Tuesday he would be a guest at the Canadian Legation and then, if the President so desired, he could move over to the White House for Wednesday, the 26th. Mr. Herridge felt that a two day visit to Washington would be all that was needed.

I gathered that there was something else in Mr. Herridge's mind, which was more or less on the following lines: Sir Robert Vansittart and some of the others in Mr. MacDonald's entourage were "defeatists," that it was their business to restrain the Prime Minister. On the other hand, Mr. Bennett would see the situation more clearly from the point of view of this continent and that the injection of Mr. Bennett into the picture would fortify the President in his policies. If, he

<sup>79</sup> William Duncan Herridge.

<sup>80</sup> Richard Bennett, Canadian Prime Minister.

added, the President could say to Messrs. MacDonald and Bennett that "we three represent the leading English-speaking part of the world and must pull together," that the whole program of economic reconstruction would rest on sure ground.

Mr. Herridge concluded his remarks by saying that Mr. Bennett knew that he, Mr. Herridge, was to have this conversation with me this afternoon, but the Minister was very careful to avoid saying that the views, as expressed by him, represented those of Mr. Bennett.

I told him in reply that I appreciated perfectly his viewpoint and would be glad to give him a reply by Saturday.

WILLIAM PHILLIPS

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*Joint Statement by President Roosevelt and the Canadian Prime Minister (Bennett)*<sup>81</sup>

Our conversations<sup>82</sup> have been eminently satisfactory in establishing a common ground of approach to the principal problems of the World Monetary and Economic Conference. We are agreed that our primary need is to insure an increase in the general level of commodity prices. To this end simultaneous action must be taken both in the economic and in the monetary fields. Economic and monetary policies must be adjusted to permit a freer international exchange of commodities.

It is recognized that as soon as practicable an international monetary standard must be restored, with arrangements that will insure a more satisfactory operation of international monetary relationships. We have examined a series of proposals for the more effective employment of silver.<sup>83</sup>

No one of these problems can be profitably dealt with in isolation from the others, nor can any single country accomplish a satisfactory solution. We therefore recognize the vital importance to mankind of the World Economic Conference, and the necessity of reaching, in the weeks which remain before it is convened, as great a measure of mutual understanding as possible.

We have also discussed the problems peculiar to the United States and Canada. We have agreed to begin a search for means to increase

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<sup>81</sup> Issued by the White House as a press release, April 29, 1933; reprinted from Department of State, *Press Releases*, May 6, 1933, p. 303.

<sup>82</sup> Further conversations between Canadian and American representatives were held on April 26; see Department of State, *Press Releases*, April 29, 1933, p. 274.

<sup>83</sup> A tripartite discussion among Canadian, Mexican, and American representatives on the world silver problem was held on May 16; see p. 516.

the exchange of commodities between our two countries, and thereby promote not only economic betterment on the North American Continent, but also the general improvement of world conditions.

## ARGENTINA

550.S1 Washington/535

*Joint Statement by President Roosevelt and the Argentine Ambassador to France (Le Breton)* <sup>84</sup>

The conversations <sup>85</sup> in which we have been engaged had as purpose the fullest possible exchange of views and ideas between our two countries upon the tasks that confront all countries at the coming Economic Conference. They were inspired by the wish to examine all possible phases of economic and monetary policy which by international action might restore employment, improve prices and the turnover of trade, and aid in the solution of financial and monetary difficulties. The exchange of views was to prepare the way for action between all countries, and not to lead at the moment to definite agreements.

The conversations have been characterized by the spirit of warm friendship that has long existed between these two countries, and by the quick and friendly understanding of each other's minds and spirit which has grown up between the two countries whose history has made us neighbors in mind and feeling.

We have joined in the realization that the gradual and simultaneous economic disarmament of the world is imperative, and the restoration of stable monetary conditions. We have surveyed with a close similarity of views and judgments the ways and means of bringing about an increased movement of trade between the two countries and throughout the world. We have entered into related questions of trade policy <sup>86</sup> in which the two Governments have an important and immediate concern.

These conversations, we believe, will greatly help to forward the common purposes that we have, and to prepare the way for undertakings at the Economic Conference and the development of the mutual interests of the two countries. In warm friendship we will continue to carry forward this work.

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<sup>84</sup> Issued by the White House as a press release, May 6, 1933; reprinted from Department of State, *Press Releases*, May 13, 1933, p. 327.

<sup>85</sup> Further conversations between American and Argentine representatives were held May 2 and 3; see Department of State, *Press Releases*, May 6, 1933, p. 306.

<sup>86</sup> For correspondence relating to trade policies concerning the United States and Argentina, see vol. iv, pp. 642 ff.

## ITALY

550.S1 Washington/535

*Joint Statement by President Roosevelt and the Italian Minister of Finance (Jung)*<sup>87</sup>

At the close of our conversations<sup>88</sup> we note with profound satisfaction the close similarity of our views on the questions which are harassing the world today. The world faces a crisis of the first magnitude. If normal life is to be resumed, the World Economic Conference must be made a success. It must not only meet soon, but come to its conclusions quickly. The task is so complex and difficult that unless it is approached by all nations with the fullest and sincerest desire to arrive at a result, the Conference cannot succeed. But the other course before the world is clearly an increase in economic warfare and all nations must cooperate in attempting to avoid this alternative.

We agree that political tranquillity is essential for economic stability; that economic disarmament can take place only in a world in which military disarmament is possible.

A truce in the field of tariffs and other obstacles to international trade is essential if the Conference is to undertake its labors with any hope of success. We are in agreement that a fixed measure of exchange values must be reestablished in the world and we believe that this measure must be gold.

The entire problem of raising world prices and restoring the opportunity to work to the men and women who today wish to work and can find no employment is a unit. It must be attacked as a unit. Along with the measures which must be taken to restore normal conditions in the financial and monetary field, and stability in international exchanges, must go hand in hand measures for removing the obstacles to the flow of international commerce.

In the period immediately before us, governments must employ such means as are at their disposal to relieve the unemployed by public works, and these efforts of individual governments will achieve their fullest effect if they can be made a part of a synchronized international program. Similarly, the central banks of the various nations should by concerted action attempt to provide such adequate expansion of credit as may be necessary to support constructive work, avoiding as much as possible the use of credit for illegitimate speculative purposes.

We have found ourselves in the closest agreement on many other measures to reestablish the economic life of the world and we are both

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<sup>87</sup> Issued by the White House as a press release, May 6, 1933; reprinted from Department of State, *Press Releases*, May 13, 1933, p. 323.

<sup>88</sup> Conversations between American and Italian representatives were held at the Department of State on May 4; see Department of State, *Press Releases*, May 6, 1933, p. 306.

determined to approach the problems of the World Economic Conference with the firmest resolve to bring its labors to success.

## GERMANY

550.S1 Washington/535

*Joint Statement by President Roosevelt and the German Representative (Schacht)*<sup>89</sup>

In our conversations<sup>90</sup> we have been guided by the hope that the World Economic and Monetary Conference may be successful. Quick and far-reaching solutions are necessary to save the economic life of the world.

We are convinced that this aim cannot be achieved unless, along with economic disarmament, there is military disarmament. We emphasize the necessity of a speedy elimination of the obstacles to international trade, and we feel that the creation of stable conditions in the monetary field is equally important. Economic and monetary questions are so interdependent that the adjustment of both must necessarily go hand in hand.

Until the restoration of order in economic life has had its effect in relieving unemployment, all possible endeavors must be made to help the unemployed by sound internal credit expansion and by a synchronized international program for the mobilization of public and private credit for productive purposes. International cooperation is needed above all else to restore economic life and to insure peace. We fully agree in our firm resolve to help the world situation by attacking present problems vigorously along these lines.

## CHINA

550.S1 Washington/554

*Joint Statement by President Roosevelt and the Vice President of the Executive Yuan and Minister of Finance of the Republic of China (T. V. Soong)*<sup>91</sup>

At the conclusion of our conversations,<sup>92</sup> we note with profound gratification that we are in agreement in regard to the practical measures which must be taken for a solution of the major problems which today confront the world.

We agree that economic stability cannot be achieved without political tranquillity and that economic disarmament can be attained only in a world in which military disarmament is possible. It is our

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<sup>89</sup> Issued by the White House as a press release, May 12, 1933; reprinted from Department of State, *Press Releases*, May 13, 1933, p. 331.

<sup>90</sup> For memorandum of a conversation between the German representatives and those of the Department of State on May 11, see p. 532.

<sup>91</sup> Issued by the White House as a press release, May 19, 1933.

<sup>92</sup> Conversations between the Chinese representatives and those of the Department of State were held May 9 and 10; see pp. 521 and 523.



ardent hope that peace may be assured and that to this end practical measures of disarmament may soon be adopted. In this connection our thoughts naturally have turned to the serious developments in the Far East, which have disturbed the peace of the world during the past two years. There the military forces of two great nations have been engaged in destructive hostilities. We trust that these hostilities may soon cease in order that the present effort of all the nations of the world to re-establish political and economic peace may succeed.

We are in entire agreement that present unreasonable obstacles to international trade must be removed and that the present financial and monetary chaos must be replaced by order. In this connection we consider it essential that the price of silver, the great medium of exchange of the East, should be enhanced and stabilized. We are in the closest agreement as to many other measures which must be adopted for the rehabilitation of the economic life of China and of the world, and we are both resolved to approach the problems of the World Economic Conference, as well as the problems of the Disarmament Conference, with the determination necessary to bring their labors to success.

#### MEXICO

#### *Joint Statement by President Roosevelt and the Mexican Minister of Finance (Pani)* <sup>93</sup>

In the course of our conversations,<sup>94</sup> it has been highly satisfactory to confirm that the judgment of the two Governments coincides not only as regards the imperative need of coordinated effort of all nations to restore economic equilibrium in the world, but also, specifically, in connection with the outstanding subjects in the Agenda which with such purpose is to regulate the work at the London Conference.

Likewise, we have been able to determine general features for a future understanding looking to removing obstacles that are in the way of normal development of trade relations between the two nations.

It is also of great interest to announce that, Mexico and the United States being the two main silver-producing countries in the world, a project of agreement toward the stabilization of the price of this metal has been the subject of special and fruitful consideration in these conversations.<sup>95</sup>

We may justly expect, therefore, that as a result of these conversations there will be unalterable cooperation at the World Conference, and that soon normal trade between Mexico and the United States will be restored.

<sup>93</sup> Issued by the White House as a press release, May 18, 1933; reprinted from Department of State, *Press Releases*, May 20, 1933, p. 345.

<sup>94</sup> For memoranda of conversations between Mexican representatives and those of the Department of State, held May 11, 12, and 17, see pp. 548, 549, and 550.

<sup>95</sup> A tripartite discussion among Canadian, Mexican, and American representatives on the world silver problem was held on May 16; see p. 516.

## BRAZIL

*Joint Statement by President Roosevelt and the Brazilian Representative (Brasil)*<sup>96</sup>

As a result of the conversations<sup>97</sup> in which we have exchanged in the fullest and most cordial manner the views entertained by our respective Governments, we are gratified to find there is entire identity of purpose between them respecting the solutions of the economic and financial problems which confront the world. These conversations have been characterized throughout by the most frank spirit of friendship which has always existed between our two countries. We recognize fully the imperative need for removing the existing barriers to commerce between nations and both countries will lend their best efforts to that end at the approaching conference.

We have found ourselves in complete agreement as to the fundamental importance of a tariff truce as a first step towards ultimate reduction of tariff barriers and a general revival of international trade. We have also recognized the paramount need for stabilization of currencies as a basis for such revival.

In touching on the problems of trade between our two countries there was a completely friendly and cordial interchange of views regarding the conditions of international payments. In this connection the Brazilian delegation took the opportunity spontaneously to declare "that the Brazilian Government assures and will always assure all American interests completely fair treatment in connection with the service of loans and the disposition of exchange under the exchange control. It will in no way discriminate between different nations."<sup>98</sup>

It is gratifying to us to look forward to the opportunity which the delegations representing our respective countries will have of cooperating fully with the other nations of the world at London towards the realization of the purpose of the Conference.

## JAPAN

550.S1 Washington/629

*Joint Statement by President Roosevelt and the Japanese Privy Councilor (Ishii) and the Vice Governor of the Bank of Japan (Fukai)*<sup>99</sup>

At the conclusion of our conversations,<sup>1</sup> we are happy to note that our views coincide in regard to practical steps which need to be

<sup>96</sup> Issued by the White House as a press release, May 25, 1933; reprinted from Department of State, *Press Releases*, May 27, 1933, p. 385.

<sup>97</sup> For memoranda of further conversations between Brazilian and American representatives, held May 19, 22, and 23, see p. 514, and vol. v, pp. 45, 46, and 48.

<sup>98</sup> This statement was agreed upon in the fourth and final meeting between Brazilian and American representatives held May 23.

<sup>99</sup> Issued by the White House as a press release, May 27, 1933; transmitted to the Minister in China as telegram No. 179, May 29.

<sup>1</sup> For memoranda of further conversations between the Japanese and American representatives, held May 25 and 26, see pp. 537 and 542.

taken toward solving the outstanding economic problems which are now of common interest and concern to all nations.

We concur in the view that economic stability and political tranquillity are complementary essentials to a sound basis for peace; that neither of these can be achieved without the other; and that both economic and military disarmament are needed for their attainment. It is our ardent hope that both may be achieved. We have had, of necessity, to think of the unusual situation which has prevailed in the Far East during the past two years. We hope that the countries of the Far East along with those of the Occident will be able to contribute substantially, in a spirit of cooperation, to the laying of solid foundations for a structure of world peace and prosperity.

We are in complete concurrence in the view that in place of the existing monetary chaos, there should be established, by international effort, an orderly regime and that unreasonable obstacles to the flow of trade and capital where they now exist should be removed and where they do not exist should be adequately safeguarded against.

We consider it highly desirable that the price of silver be reasonably enhanced and that silver exchange be stabilized. With regard to many other measures which need to be adopted in order to establish the conditions of economic and political health throughout the world, we are in close agreement.

We look toward the convening of the World Economic Conference and we observe the work of the Disarmament Conference resolved to contribute to the maximum of our ability, in a spirit of utmost cooperation, to the end that through the instrumentality of sincere and determined efforts on the part of all the nations principles and practices may be agreed upon which will be helpful to each and to all.

#### CHILE

##### *Joint Statement by President Roosevelt and the Chilean Representative (Torres) <sup>2</sup>*

Our conversations <sup>3</sup> have had as their object a frank and cordial exchange of views between our two countries in regard to our common problems in connection with the forthcoming World Economic Conference at London.

We are happy to announce that our two Governments are in complete agreement regarding essential remedies for the present world crisis, such as the necessity for international action at the London

<sup>2</sup> Issued by the White House as a press release, June 3, 1933; reprinted from Department of State, *Press Releases*, June 3, 1933, p. 412.

<sup>3</sup> Further conversations between Chilean and American representatives were held May 27 and June 2; see p. 517.

Conference looking to an improvement of the world price level, stabilization of currencies, and removal of obstacles to international trade which have so far retarded a world recovery.

Definitive agreement with reference to any of these subjects had, of course, to be reserved for the London Conference itself, the present conversations having as their purpose merely the exploration of the territory to be covered and a helpful exchange of views in order to assist the Conference in its high objectives. We feel that our conversations have served this purpose.

#### B. Exchanges of Views With the Department of State<sup>4</sup>

550.S1 Washington/44

*The Secretary of State to the Albanian Minister (Konitza)*<sup>5</sup>

WASHINGTON, April 11, 1933.

MY DEAR MR. MINISTER: I am sending you herewith an official invitation similar to one we are addressing to all countries suggesting an early exchange of views between our two Governments before the forthcoming Economic Conference in London and hope very much that the idea will appeal to your Government. There is so short a time remaining before the probable opening of the Conference that a detailed examination with a special representative sent to this coun-

<sup>4</sup>In addition to those recorded in this chapter, conversations were held by the Department of State with representatives of the following countries: Albania (May 31); Austria (May 23); Belgium (May 11); Bolivia (May 23); Bulgaria (May 17); Colombia (May 20); Costa Rica (May 24); Cuba (May 16); Denmark (May 19); Dominican Republic (May 22); Ecuador (May 20); Egypt (May 24); Finland (May 16); Greece (May 17); Guatemala (May 17); Haiti (May 22); Honduras (May 26); Hungary (May 23); Irish Free State (May 17); Latvia (May 22); Lithuania (May 17); Nicaragua (May 24); Panama (May 22); Paraguay (May 23); Persia (May 24); Portugal (May 16); Siam (May 31); Spain (May 15); Switzerland (May 16); Union of South Africa (May 23); Uruguay (May 16); and Venezuela (May 20).

In the conversations for which memoranda have been omitted no suggestions of importance regarding subjects to be considered at the Conference were offered by the foreign representatives.

In notes of May 15 and June 7, respectively, the British Ambassador informed the Secretary of State that the Governments of New Zealand and India were not prepared to take part in an exchange of views prior to the Conference.

For an exposition of the American point of view on matters relating to the Conference, see memorandum of a conversation of May 15 between American and Polish representatives, p. 553. A similar explanation of the views of the American Government was apparently made to the representatives of each of the Governments consulted. Unless otherwise indicated, the material omitted from the memoranda herein printed was descriptive of the American point of view.

<sup>5</sup>Substantially the same note to the following nations' diplomatic missions in Washington: Austria, Belgium, Bolivia, Bulgaria, Cuba, Czechoslovakia, Denmark, Dominican Republic, Colombia, Costa Rica, Ecuador, Egypt, Estonia, Finland, Greece, Guatemala, Haiti, Honduras, Hungary, Irish Free State, Latvia, Lithuania, Netherlands, Nicaragua, Norway, Panama, Paraguay, Persia, Peru, Poland, Portugal, Rumania, Siam, Union of South Africa, Spain, Sweden, Switzerland, Turkey, Uruguay, Venezuela, and Yugoslavia. On April 29 a similar invitation was extended through the British Embassy in Washington to the Governments of Australia, India, and New Zealand.

try would only seem possible with a very few countries. In the case of the others, I believe that the conversations could most usefully take place through regular Diplomatic channels, the more so as I am convinced that we can satisfactorily cover the same broad ground. I look forward therefore to receiving an expression of your Government's views whenever it is most convenient to you.

I am [etc.]

CORDELL HULL

[Enclosure]

*The Secretary of State to the Albanian Minister (Konitza)*

The Secretary of State presents his compliments to the Minister of Albania and has the honor to suggest the advisability of an early exchange of views preliminary to the forthcoming World Economic Conference in London. Experience has shown the wisdom of adequate preparation in advance of any international gathering, and the desirability of full and frank discussion of problems which are of common interest to the participating nations. The American Government would accordingly welcome an expression of the views of the Albanian Government on any of the items of the agenda for the Economic Conference, and is in turn prepared to set forth its own views, thus initiating an informal discussion.

Mr. Hull does not need to reiterate the high importance the American Government attaches to the outcome of the World Economic Conference or to the resultant improvement in world trade and commerce which it anticipates. Meantime, he looks forward to the suggested interchange of opinions as a measure of cooperation which will result not only in a better understanding of the problems involved, but in the creation of a favorable public opinion, both of which should contribute to the final success of the Conference.

WASHINGTON, April 11, 1933.

AUSTRALIA

550.S1 Washington/557

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

No. 171

WASHINGTON, May 15, 1933.

SIR: With reference to the Note which I addressed to you on May 12th<sup>a</sup> informing you that His Majesty's Government in the Commonwealth of Australia would be pleased to exchange views with the Government of the United States through the diplomatic channel as a preliminary to the World Economic Conference, I have the honour

<sup>a</sup> Not printed.

now, at the request of the Prime Minister of Australia, to communicate to you the enclosed Memorandum setting forth the views of the Commonwealth Government.

I have [etc.]

R. C. LINDSAY

[Enclosure]

#### MEMORANDUM

1. His Majesty's Government in the Commonwealth of Australia attach the highest importance to a successful outcome of the Conference and would welcome any action that would bring about a restoration of price levels especially in the case of primary products. Gold prices for Australian exports have fallen to less than thirty per cent of the 1928 level, sterling prices to forty-two per cent with a corresponding increase in the real burden of overseas interest. This now takes one third of the value of a greatly increased volume of exports. So far Australia has been favoured by an exceptional season, but the future balancing of external payments is less assured. In such circumstances, His Majesty's Government in the Commonwealth of Australia, while agreeing that restoration of an effective international monetary standard—subject to effective safeguards—is urgently to be desired, and accepting the view that gold alone is likely to secure sufficiently universal acceptance, would have to insist on complete freedom in fixing a new parity of international standards which would be suitable to its internal needs and consistent with its external obligations. Nevertheless, until such time as an international standard is widely adopted, His Majesty's Government in the Commonwealth of Australia are determined to avoid at all costs a depreciation of its currency not rendered inevitable by a deficiency in its balance of payments.

2. His Majesty's Government in the Commonwealth of Australia are in almost complete agreement with the suggestions contained in the annotated agenda,<sup>7</sup> which, where they call for individual action, have already been carried out extensively in Australia. They refer particularly to vigorous steps to restore budget equilibrium, maintenance of sound conditions in the internal money market and avoidance of note inflation, complete conversion of internal debt and other fixed income, avoidance of competitive currency depreciation, discouragement of currency speculation, maintenance of the independence of the central bank, release of reserves to balance external payments, substantial lowering of gold cover ratio and provision for reserves to be held in sterling exchange, liberal credit policies, complete abolition of exchange rationing and prohibition on imports and removal of practically all surcharges on ordinary tariff duties.

<sup>7</sup> League of Nations, Monetary and Economic Conference, *Draft Annotated Agenda* (Official No.: C.48.M.18.1933.II. [Conf. M.E.I.]).

3. In accordance with their treaty obligations His Majesty's Government in the Commonwealth of Australia are pressing forward with a complete revision of the Australian customs tariff. Under this review, which is still proceeding, considerable reductions have already been effected. His Majesty's Government in the Commonwealth of Australia are convinced of the necessity of freeing international trade from every restriction compatible with the reasonable requirements of the internal policy of individual governments and also from the effects on trade and shipping resulting from shipping subsidies.

4. Subject to the above, His Majesty's Government in the Commonwealth of Australia are in general agreement with the draft annotated agenda (English edition) pages 12 to 17.

5. Silver. His Majesty's Government in the Commonwealth of Australia agree that bimetallism with a fixed ratio of gold and silver is impracticable but would welcome a step to raise the price of silver. They think that universal abolition of notes of small denomination and general adherence of the world to a silver token currency of a minimum fineness of 95 per cent would be calculated to secure this end.

6. On prices (pages 18 to 20) they are strongly of opinion that further cutting of costs would be attended by political dangers from extreme opinion and hence would welcome action directed rather to restoration of price levels. They feel that much more prominence should be given to an examination of the effects of a simultaneous adoption by a majority of the stronger countries of a vigorous public works policy as a means to an initial fostering of activity and consequent stimulation of private investments; but they feel that such a policy should be so directed as to place its nature as a temporary stimulus beyond doubt.

7. On capital movements (pages 20 to 23), Australia as a debtor country struggling under a heavily increased real burden of indebtedness, supports especially the suggestion for dealing with long-term debt. His Majesty's Government in the Commonwealth of Australia draw special attention to the position that will ultimately arise with all international contracts which call for payments in gold coin of a specified weight and fineness and to the necessity which will arise for a complete revision of these contracts.

8. On restrictions on international trade, (pages 23 to 26) Australia is vitally interested and has already abolished restrictions. On tariff policy (pages 26 to 31) they would call attention to the observations contained in paragraphs two and three of this memorandum. On production and trade (pages 31 to 34) His Majesty's Government in the Commonwealth of Australia agree that discussion would be valuable, and consider that a checking of excessive government subsidies to shipping is of considerable urgency.

WASHINGTON, May 15, 1933.

550.S1 Washington/605

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

WASHINGTON, May 24, 1933.

MY DEAR MR. AMBASSADOR: I take pleasure in communicating to you the acknowledging reply of this Government to the memorandum presented by you in behalf of His Majesty's Government in the Commonwealth of Australia.

I should be greatly obliged if you will transmit this memorandum to that Government.

I am [etc.]

CORDELL HULL

[Enclosure]

## MEMORANDUM

The Government of the United States has studied with interest the observations made by His Majesty's Government in the Commonwealth of Australia in regard to various questions that will arise for discussion in the Monetary and Economic Conference. It is pleased to observe with how many points its own judgment corresponds with that expressed in the memorandum.

The emphasis which His Majesty's Government in the Commonwealth of Australia places upon the necessity for pursuing a monetary policy which will make it possible for it to meet its large external indebtedness is well understood.

The Government of the United States wishes to take occasion to note particularly the remarks of His Majesty's Government in the Commonwealth of Australia in Paragraph 5 dealing with silver and in Paragraph 6 dealing with prices.

To the proposal contained in Paragraph 5 this Government is prepared to give full adherence. In addition it believes additional measures necessary in order first to bring about a moderate improvement in the price of silver (approximately to the point where its price might be had it not been subject to special demonetizing influences) and then to stabilize its price.

The measures which it has discussed with various other Governments include the possibility of an agreement between the Governments holding large stocks of silver and the Governments of the important silver producing countries whereunder the movement of silver in the world market might be safeguarded, and an agreement whereunder central banks might be authorized optionally to keep, in addition to their gold reserve, a five percent. reserve when and as silver might be obtainable below an indicated price.



With the judgments expressed in Paragraph 6 on prices the Government of the United States is in complete agreement. It hopes that at the Conference a means will be found for bringing out the simultaneous adoption of a vigorous public works policy by many countries, as a means of getting accumulative, immediate stimulation of private economic activity.

This Government looks forward to the opportunity for full cooperation with His Majesty's Government in the Commonwealth of Australia at the Monetary and Economic Conference.

WASHINGTON, May 24, 1944.

#### BRAZIL

550.S1 Washington/628

*Memorandum by Mr. William R. Manning, of the Division of Latin American Affairs, of a Conversation Between American and Brazilian Representatives*

[WASHINGTON,] May 22, 1933.

At 10 o'clock this morning there was another meeting with the Special Delegation. In addition to those present at the two previous conferences (last Friday),<sup>8</sup> Doctor Augusto Amaral, who had in the meantime reached Washington, was present with the Delegation. The Secretary, Senator Pittman, and Mr. Warburg<sup>9</sup> were present part of the time.

Doctor Feis, Messrs. E. C. Wilson, Manning, Merrell and Grosvenor Jones<sup>10</sup> were present. Doctor Feis opened the conference by asking whether the Members of the Delegation had any comment to make or questions to ask regarding monetary and financial matters which had been discussed in the conferences on Friday. Some time was spent in reviewing the discussion of Friday afternoon concerning Brazilian exchange restrictions and it was decided to hold a further meeting on this subject.

Members of the Brazilian Delegation asked what Brazil might be able to do, looking toward the general improvement of her financial and commercial situation, referring to the fact that Brazil possesses no gold on which to base her currency, which consists of inconvertible paper.

Doctor Feis suggested that with an improvement in business and trade between countries, together with more rational distribution of gold, Brazil would inevitably recover gold. Mr. Warburg referred

<sup>8</sup> For memoranda of conversations, held May 19, 10 a. m. and 3 p. m., and May 23, which dealt with the subject "distribution of exchange cover," see vol. v, pp. 45, 46, and 48.

<sup>9</sup> Vice Chairman of the Board of Directors, Bank of the Manhattan Co.

<sup>10</sup> Chief, Division of Finance and Investment, U. S. Bureau of Foreign and Domestic Commerce.

to the top-heavy debt structure of Brazil and suggested that a solution of this problem would also contribute to putting Brazil in such a position that gold would normally flow back.

Doctor Amaral brought up the question of the gold clause in the loan contracts, referred to the arbitral award which obliged Brazil to pay her loans to France in gold francs, and inquired whether this question had been discussed with other delegations and what the position of our Government was. Doctor Feis stated that it had not been discussed with other delegations, and that so far as we were concerned it was a matter for the courts to deal with.

Doctor Feis then began discussion of the economic phase of the questions before the London Conference. When he reached the tariff truce,<sup>11</sup> the Brazilian delegation stated that their Government had for some months had under consideration increases in certain items of the tariff. It was explained to them that practically all countries were in exactly the same position and that it was precisely in order to enable Governments to abandon efforts to push up their duties and to enable them to take a stand against private interests in all countries which were urging tariff increases, that this tariff truce proposal had been made, and we very much hoped the Brazilian Government would get behind the tariff truce and support it fully. Doctor Eulalio stated for the delegation that despite the difficulty Brazil would find in abandoning its program of tariff increases, nevertheless the delegation had instructions which authorized it to accede to the truce.

The Brazilian delegation then raised two questions in connection with coffee. They intend to propose at the conference an agreement under which nations would refrain from increasing beyond a certain maximum figure, domestic taxation on commodities not produced within their respective countries. They asked what the attitude of the United States would be on such a proposal. Doctor Feis explained that it had been customary in this country to place excise taxes on liquors and tobacco, but that with these two exceptions he personally felt that a proposal such as the Brazilians mentioned would not find any objection on the part of the United States. The second point the Brazilians raised had to do with the various substitutes for coffee. They intend to propose an agreement under which countries that place revenue duties on coffee would place duties no lower on coffee substitutes. Doctor Feis said that he could not see any objection on the part of the United States to such an arrangement.

It was agreed that there would be another meeting with the Brazilians tomorrow at eleven o'clock.

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<sup>11</sup> *Post*, p. 605.

## CANADA AND MEXICO

550.S1 Washington/568

*Memorandum of a Conversation Between American Representatives  
and Canadian and Mexican Representatives*

[WASHINGTON, May 16, 1933?]

Meeting: At Department of State, 3:30 p. m., May 16.

Present: The Secretary of State, Senator Pittman, Mr. Warburg, Mr. Johnson, Mr. Alberto Pani, Mexican Minister of Finance, the Mexican Ambassador, Mr. Gomez Morin, Director of the Mexican National Railways and the Bank of Mexico, Mr. Arroyo, Chief of the Tariff Section of the Mexican Ministry of Finance, Mr. de la Torre, Secretary to Mr. Pani, the Honorable Charles McCrea, Minister of Mines of the Province of Ontario, Canada, and Mr. Hume Wrong, Chargé d'Affaires of Canada in Washington.

The Secretary of State opened the meeting but was obliged to leave immediately for other business, and turned it over to Senator Pittman.

Senator Pittman requested Mr. McCrea to expose his views. This Mr. McCrea did at length, but it soon developed that neither he nor Mr. Wrong had any authority from the Canadian Government to make any commitments even in principle. Mr. McCrea discussed the background of the world silver situation, which he considered must create a demand for world action. He discussed the relation of world trade to money, pointing out that the industrial nations can produce more than any possible world demand under present conditions. He pointed out that the Atlantic trade is saturated, and that the industrial nations must look to the Pacific trade for any further expansion, as in that region the purchasing power is almost entirely in silver. He said that it was a mistake to tell the people in Eastern Asia that their money is a commodity. World action is necessary to increase the purchasing power of the Asiatics. Mr. McCrea is of the opinion that the Pacific demand eventually will be greater than the Atlantic for manufactured commodities, but not through the migration of peoples and the development of new countries. It will come about through raising of the standard of living in the Eastern Asiatic countries.

Senator Pittman then spoke, outlining the ideas of this Government in regard to the stabilization of silver values and the restoration of its purchasing power.

Mr. Warburg then spoke of the advisability of a definite commitment to remonetize silver at the Economic Conference, and explained in detail the plans suggested by this Government.

The Canadian representatives expressed their personal approval of the suggestion that silver coinage should not be further debased, that it should return by degrees to a proper fineness, and that silver should be included in the reserves of the central banks.

The Canadian representatives at the conclusion of the various ex-

pressions of opinion, left the meeting at 6 p. m., but later returned at the request of Mr. Pani, who was evidently very much disappointed at the attitude of the Canadians who did not agree entirely with the propositions of this Government, and at their lack of powers to carry on any authoritative discussions.

Upon their return, Mr. Pani asked the question "Can the United States, Mexico, and Canada agree on any common program on silver before the London Conference?" Mr. McCrea and Mr. Wrong stated that they were sympathetic to the general program outlined by Senator Pittman, but could not make any commitment in regard to the special. Mr. Pani ventured the remark that we were not here to sign an agreement but to explore the situation. Senator Pittman again detailed some of the plans of the United States. Mr. McCrea and Mr. Wrong then definitely stated that while Canada was sympathetic to the restoration of silver, it would not commit itself as to any ways and means. Mr. Pani said that he was compelled to leave Thursday evening<sup>12</sup> for Mexico, and would therefore not be able to remain for any further conversations after that date with the Canadians. Mr. Wrong suggested that the matter might be carried on when proper authorization had been received from Ottawa, with the Secretary of State and the American Ambassador.

Senator Pittman read the following points with which the Mexican representative said he was in agreement:

1. Against further debasement of silver coinage.
2. The remon[et]ization of debased coins to a proper degree of fineness.
3. Favor the use of silver as part of bank reserves.
4. Against any tariff on silver.
5. That the interested countries will participate on an equitable basis to offset sales from India of silver bullion if necessary.

#### CHILE

550.S1 Washington/640

*Memorandum by Mr. Stuart E. Grummon, of the Division of Latin American Affairs, of a Conversation Between American Representatives and the Chilean Representative (Cohen)*<sup>13</sup>

[WASHINGTON,] May 27, 1933.

Conversation: Señor Benjamin Cohen  
 Mr. Livesey  
 Mr. John Wiley  
 Mr. Grummon

Señor Benjamin Cohen came in by appointment to hear a discussion of the matters already previously discussed with other foreign rep-

<sup>12</sup> May 18.

<sup>13</sup> A second conversation was held on June 2, during which "no new ideas were developed."

representatives preparatory to the London Economic Conference. Mr. Livesey outlined for Mr. Cohen's information the major measures which the United States would like to see adopted at the Economic Conference with a view to remedying the present world depression. As in the other conferences, the need for currency stabilization, economizing of gold, appreciation in the value of silver by various measures, the abolition or mitigation of exchange controls, and other obstacles to international commerce and internal measures in the various countries, looking to a program of Government public works expenditures and the reduction of unemployment, were mentioned.

Mr. Cohen, in reply, said that he was authorized to state that Chile is in general agreement with the objectives listed in the Agenda for the Conference and with those specifically mentioned by Mr. Livesey. He said, however, that, for the present, Chile, on account of her internal situation and particularly present political conditions, is not in a position to take any action herself for the time being other than to lend her intelligent support at the Conference, as suggested by Mr. Livesey, in agreeing to general international measures that may be adopted looking to world recovery. Mr. Cohen talked at some length regarding the necessity for a settlement of the debt problem of Chile prior to taking up the question of the relaxation of the present strict measures of exchange control.<sup>14</sup> He outlined the extremely difficult internal situation which now prevails in Chile and the necessity for his Government to proceed with the utmost caution in order to bring some order out of the present financial chaos in Chile by the reduction of expenses and the finding of sufficient new sources of revenue to balance the budget, without thereby provoking social disorders which are a constant menace. He mentioned particularly the navy, as though he felt that renewed difficulty might be expected from that quarter. He attempted to show that Chile's debt, which, he admitted, was out of all reason and incurred on the whole for trivial purposes, had not given Chile very much in the way of ready cash to expend on constructive projects. He mentioned the sending of military missions abroad, the luxury of a 100 per cent gold coverage merely as a matter of national pride when Chile was borrowing funds abroad at higher interest rates than she was paid on her gold deposits held abroad; the purchase of luxurious motor-cars, and, in general, the payment of debts by further borrowings, which, he alleged, resulted in Chile's obtaining actually only some 40,000,000 pesos in gold out of over 260,000,000 borrowed. Mr. Cohen mentioned in this connection that the Chilean Government, being of the opinion that something must be done about debts prior to any general financial rehabilitation

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<sup>14</sup> For correspondence relating to the Chilean exchange control system, see vol. v, pp. 103 ff.

of Chile, has, some months ago, provided by decree for the establishment of a collecting agency and, moreover, that the terms of organization of the recent Nitrate Sales Corporation provide for twenty-five per cent of the profits to be devoted to the rehabilitation of Chilean credit. He said that he hopes that the Chilean delegate to the London Conference will very early announce as an incentive to action of the same nature on the part of other countries similarly placed the resumption of some service on the foreign debt. This is in a line with the suggestion made to him by Mr. James Warburg which he telegraphed his Government.

Continuing his exposition, Mr. Livesey said that he appreciated the situation in which Chile has found itself during the past two or three years, but that Chile's good-will and assistance at the Conference would be important even though Chile cannot take immediate internal measures in harmony with the views of the Conference. He mentioned that, of course, any world recovery which might result from the action at London would have an immediate favorable repercussion in Chile by raising prices of Chile's principal export products. He mentioned the desire of this Government to proceed in due time to the conclusion of reciprocity treaties based on the unconditional most-favored-nation clause in the hope that a network of such treaties would assist materially in stimulating international trade. Mr. Cohen interposed that, of course, the Department was familiar with the Chilean policy of conditional most-favored-nation treaties with exceptions in favor of the nations of Latin America. A non-committal reply was given to Mr. Cohen to the effect that, to be sure, there would probably be reservations made by certain other countries to concluding such treaties under the unconditional most-favored-nation clause and that that was a subject which would doubtless come up at London. Mr. Livesey pointed out that, while we do not feel that multilateral treaties of this nature would be as useful as bilateral ones, we would, nevertheless, lend our support should that be the consensus of opinion at the Conference. He likewise mentioned the tariff truce at present in effect.

Mr. Cohen brought up the question of sanitary tariffs and said that, although it is of minor importance to Chile, nevertheless his Government is interested in as favorable a treatment as it is possible to obtain under our sanitary regulations. Mr. Livesey said, in reply, that that matter would also come up at London, and that he understood the Secretary to be in favor of an impartial review of the existing regulations with a view to assuring the strictly scientific basis thereof. Mr. Cohen stated parenthetically that, as a result of the recent visit to Chile of two American phytopathological experts, the Chilean Government has taken definite control measures in a line with their recommen-

dations and that he plans shortly to send a report regarding this matter to the Department.

Mr. Cohen then requested information regarding present measures looking to currency stabilization. Mr. Livesey stated, in reply, that it had been decided that no formal arrangement would be made prior to the London Conference, but that already informal conversations were in progress and that, naturally, it would be to the advantage of every nation to have *de facto* stabilization as soon as feasible, which would probably assist the Conference in establishing *de jure* stabilization. Mr. Cohen stated, as of interest in connection with the currency problem and in line with the desire to take some action on silver, that the Chilean Government has today forbidden by decree the exportation of silver from Chile. The Government apparently hopes to accumulate a certain amount of the silver which is obtained in Chile as a by-product of the extraction of gold and copper.

After the discussion was at an end, Mr. Cohen asked Mr. Livesey personally and unofficially whether he was optimistic regarding the results to be expected from the London Conference. Mr. Livesey expressed his own optimism based on the real necessity of arriving at some definite relief measures and mentioned that the Lausanne Conference<sup>15</sup> had been productive of extremely encouraging results after much more discouraging prospects than confront the London Conference. Mr. Cohen thereupon stated that he very much feared the selfishness of some of the big nations and expressed the apprehension that the Conference might be sabotaged by one of them. He seemed to have Germany or France or England in mind as he mentioned, apparently sincerely, his conviction that the American Government is inspired by a genuine idealism which he felt is warmly supported by the American people. He went on to say, as a personal expression of opinion, that, should the Conference fail, inevitably the United States and Latin America would have to come into closer relationship for their mutual advantage. He said that he would then look for the conclusion of reciprocal trade agreements between this country and all the countries of Latin America with the possible exception of Argentina; that the United States would gain largely by assuring itself of the Latin American market; that Latin America would need the assistance of the United States in the matter of credit facilities, and that a close cooperation of the central banks would also result. He spoke of Latin America as the greatest immediate potential world market today and said that he felt that the whole idea of a close cooperation between the

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<sup>15</sup> For correspondence relating to the Lausanne Conference, June 16–July 9, 1932, see *Foreign Relations*, 1932, vol. I, pp. 636 ff.

United States and countries of Latin America might successfully be used as a club during the London Conference, should any of the great Powers endeavor to "sabotage" a world agreement. He felt that the United States delegation might well use a certain amount of pressure in support of disinterested world measures by intimating that, if the world conference should break down, the most constructive measures advocated thereat would be immediately put into effect on the American continent and that large European nations would be extremely apprehensive of such a development through fear for their own markets in Latin America. He emphasized the value which the united support of Latin America would have at the Conference.

### CHINA

550.S1 Washington/630

*Memorandum by the Chief of the Division of Far Eastern Affairs (Hornbeck) of a Conversation Between American and Chinese Representatives*

[WASHINGTON,] May 10, 1933.

Meeting at Department of State 10 a. m., May 9.

Present: The Secretary of State, Senator Pittman, Mr. Warburg, Mr. Tugwell,<sup>16</sup> Mr. Taussig, Mr. Bullitt, Mr. Hornbeck, the Chief Chinese Delegate,<sup>17</sup> the Chinese Minister,<sup>18</sup> Mr. Pei, Mr. Wei, Mr. Young.

The Secretary of State explained the American Government's conception of the purposes and general scope of the conference.

Mr. Warburg explained the American Government's views with regard to monetary problems, price levels and currency.

Mr. Warburg concluded with the statement that we would welcome an expression of the Chinese Delegation's views.

After some consultation among the Chinese group, Mr. Soong said that he was prepared to make a statement. He said that China's tariff policy had been fiscal rather than protective. China's tariff theory was that of free trade. On the matter of tariffs, the Chinese were in complete agreement with the United States. We would enter the conference on common ground.

Turning to the monetary question, Mr. Soong said, China's outlook was different from that of other countries. In China silver is the standard of internal commercial transactions. On the part of other countries, silver is looked at from the point of view of inter-

<sup>16</sup> Rexford Tugwell, Assistant Secretary of Agriculture.

<sup>17</sup> T. V. Soong, Chinese Minister of Finance.

<sup>18</sup> S. K. Alfred Sze.



national exchange. To a certain extent China debases silver in currency. They would welcome the linking of silver to commodity prices. They would like to see silver stabilized. Fluctuations of exchange are harmful. Soong himself did not believe that a higher price for silver would decrease the flow of exports from China. However, some people do not agree with that. He attaches much importance to the contemplated conference between silver-producing and silver-using countries. Indian silver still hangs over the market like a sword of Damocles. He would like to know what suggestions we have for stabilizing silver.

Mr. Warburg said: restore silver to its proper relation to commodity level. It is our feeling that the level probably should ultimately be about sixty cents—in terms of the current American dollar.

Mr. Sze said that an eight cent difference in exchange was a large difference. Senator Pittman said that silver, as a commodity, had always been a little below commodity prices. We might say to certain banks: carry a reserve of twenty-five per cent, one-fifth of which should be in silver. If silver is drawn out in process of exchange, fill in with gold. The tendency would be to transfer silver when above the index price and withdraw it when below. We might finally agree on the normal price in terms of the commodity price level. There would be a stabilizing factor. This was the idea: it had not yet been worked out in detail.

Mr. Soong asked: Could we not first agree on the general principles? Senator Pittman said that we should abandon the policy of debasing currency; all were in favor of this and favor restoring coinage to its old fineness.

There followed a discussion between Mr. Soong and Mr. Warburg of how the reserves would be operated. Mr. Young asked how the silver one-fifth of the reserves would be determined. The answer was given: "market value".

Mr. Sze asked how India feels. Mr. Warburg replied that we do not know; but that the indications are that it would be possible to bring them into line; after all, "they are reasonable"; if they agree not to sell more than  $x$  million ounces per annum that would give certainty on that point.

There followed a discussion of Indian silver.

Senator Pitman gave an account of the bill which he introduced in Congress last year and explained what he thought might be done about Indian silver.

Mr. Soong said that China was the only country that uses silver as currency on a large scale, the only real consumer for that purpose: therefore, he asked, cannot China and the United States work very closely together?

Senator Pittman talked of an agreement<sup>19</sup> between the chief producers of silver and the governments which use silver.

Mr. Soong said that it was surely not to the interest of India to have the price of silver go so low as to kill everybody's trade.

Senator Pittman expressed concurrence. He said that it is very possible for the United States to have a reciprocity treaty with China that would have great value. He said we should withdraw restrictions on the rise of silver to its natural level. He did not anticipate any trouble with England or with India.

At this point Senator Pittman suggested that there be a recess in order to give the Chinese time to think over the ideas which had been presented to them.

The meeting then adjourned.

S[TANLEY] K. H[ORNBECK]

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550.S1 Washington/650

*Memorandum by the Chief of the Division of Far Eastern Affairs (Hornbeck) of a Conversation Between American and Chinese Representatives*

[WASHINGTON,] May 11, 1933.

Meeting at Department of State 3:30 p. m., May 10.

Present: Senator Pittman, Mr. Tugwell, Mr. Bullitt, Mr. Hornbeck, Mr. Feis, the Chinese Chief Representative, the Chinese Minister, Mr. Pei, Mr. Wei and Dr. Young.

Sen. Pittman asked whether Mr. Soong would open the conversation.

Mr. Soong said that from the standpoint of China, they were very anxious to see silver stabilized. They had much in common with the position of the United States. With regard to the question of the minimum reserve, the possibility of using silver in part was important. But if such use was to be merely optional, we could not estimate the effects. If some countries keep more than the legal requirement of gold, the influence on silver would be difficult to observe. With regard to debasing of subsidiary coins, they were in favor of restoration. (Sen. Pittman remarked that all were agreed on that). Mr. Soong continued that the effect thereof was difficult to estimate. The Chinese favored the idea of agreement between silver producers and the silver using countries. There was the possibility that India would allow free circulation instead of an export tax. The opinion had been expressed to him that this was not impossible of achievement. But we would want to know what amount would be offered per annum.

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<sup>19</sup> For correspondence relating to an international agreement on silver negotiated at London, see pp. 763 ff.

Sen. Pittman said that India would probably ask to sell fifty million ounces per annum for five years: India's program had been to sell four hundred million ounces and she had already sold one hundred fifty million.

Mr. Soong said: limit the price beyond which India will not sell. The Chinese have noted that there is pending legislation in the United States to authorize receiving two hundred million ounces of silver on debts at fifty cents an ounce. He inquired about this.

Sen. Pittman explained. He said that the bill had been passed today.<sup>20</sup> The debtors may or may not make use of it. We cannot count on this to take silver off the market. Mr. Soong asked how this would affect governments other than the British. He said that in the long run view, the power of China to absorb silver is the outstanding factor. Therefore, improvement of the China market would add to ability to absorb silver. He inquired whether the Senator thought that if the nations of the world made an agreement there would be a sudden rise in the price of silver.

Sen. Pittman explained the buying and selling process in relation to the question of stabilizing silver.

Mr. Soong asked whether Mr. Young had any observations.

Mr. Young emphasized the advantage of stabilizing silver, as fluctuations in silver interfere with and tend to reduce the volume of China's commerce.

Sen. Pittman said that all have recognized that we must consider silver in exchange matters.

Mr. Tugwell said that we have not discovered much dissent. Sen. Pittman spoke of certain constant factors.

Mr. Soong wondered whether there could be a tax on production.

Sen. Pittman expressed doubt. Much of the product is a by-product. He referred to past mining experience. Efforts to increase silver production have not been very successful. The average of many years indicates that silver is a rare metal.

Mr. Soong mentioned the accumulation of seventy million ounces of silver in the New York market.

Mr. Pei said that recent shipments out of China had been heavy.

Mr. Soong suggested danger lest if nothing be done this supply, if thrown on the market, might produce a slump.

Mr. Pei made inquiries with regard to the one-fifth silver reserve. He felt the reserve must be maintained up to the full one-fifth. In case any government did not wish to participate, would there be any alternative whereby to take up the slack?

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<sup>20</sup> 48 Stat. 53.

Sen. Pittman said there had been a bill here authorizing the Government to buy two hundred fifty million ounces. It might be, if no plans were consummated, that the Government of the United States would make an agreement with the Government of India. India might agree to sell us fifty million ounces per year at a given price; the United States agree to take this over a period of say five years; and both agree that there be a limit to the melting up of silver coins.

Mr. Bullitt said the United States was not afraid of silver.

Sen. Pittman said we had \$800,000,000 of silver currency.

Sen. Pittman asked whether a 2% silver reserve would facilitate exchange relations between the United States and China.

Mr. Soong replied "Yes".

Mr. Pei said that stabilization would benefit the trade relations of China.

Mr. Soong said there had been a period when there was a panicky feeling about silver. China had bolstered silver up. This was when India put on an import duty. He hoped that phase was closed. We want achievement,—but the Economic Conference may fail.

Sen. Pittman referred to the resolution<sup>21</sup> which he had introduced two years ago. He said four countries could have controlled the price. He explained what happened. He thought it would never be permitted to occur again. If the thing is not taken care of, five or six countries can have a conference of their own and control the situation. He also spoke of difficulties which China has encountered. He believes that China can be developed as a great market. He referred to the economists' theory of international exchange (trade). He said that in a pioneer country, of which China is one, the theory does not hold: in such, they are not dependent in international trade solely on what they sell.

Mr. Soong said that, all speculation notwithstanding, the low price of silver has compelled China to do without many things that she would like to buy.

There came a suggestion that Senator Pittman introduce Mr. Soong to his colleagues in the Senate, especially of the Banking and Currency Committee. Sen. Pittman wanted Mr. Soong to answer to them certain questions which the Senators ask all the time.

Sen. Pittman said that he wished he were as satisfied that other questions could be settled at London as he was that the silver question can be settled.

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<sup>21</sup> *Congressional Record*, vol. 75, pt. 1, p. 596.

Mr. Bullitt said that even if the Conference broke down completely the United States would make great effort to rehabilitate its trade with China.

Sen. Pittman said that action had been delayed by the American Government because of waiting for the Economic Conference. President Hoover had taken the position that we must wait because one or two governments important to the success of an agreement were holding back. When he, the Senator, was leaving for China the press stated that the American Government thought that some country more interested than the United States should call the Conference; on the day when he landed in China, the press stated that the American Government did not think China was the country to call a conference.

Mr. Soong said he wished to make a statement in regard to the Chinese tariff. China was going to make a change. At the time when the new treaties were made, Japan had held China up and compelled her to make a reciprocity agreement on various commodities for three years. This expires on May 16. China intends to bring up the rates on which the reciprocity limits have been fixed, to harmonize the schedules. This would affect chiefly cotton goods, rubber, fish products and other items in which Japan had been interested. They wanted the American Government to understand the spirit of their action.

Mr. Soong said that he had to have a press conference today. The press will ask about silver. What would be advisable for him to say?

Sen. Pittman said that he thought four questions would be raised, among which: Do you wish that silver be stabilized; what would be the effect on Chinese commerce; what would be the effect on American commerce? Mr. Bullitt explained some of our thoughts with regard to the tariff and to procedure; combined use of multilateral and bilateral agreements; most-favored-nation clause, etc. He said there would have to be exceptions. There are no fixed ideas with regard to what will be brought up. It is an open question—for debate. In principle, we favor the unconditional most-favored-nation clause. Bilateral treaties must be negotiated within that framework. Exceptions are problematical.

There followed some discussion, in which Messrs. Sze, Bullitt, Young and Feis participated, of the most-favored-nation clause.

Sen. Pittman said that Mr. Breckinridge Long<sup>22</sup> has suggested that it be best first to find what are the exceptions and then to draw up the formula.

After some miscellaneous comments the meeting was adjourned.

S[TANLEY] K. H[ORNBECK]

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<sup>22</sup> Ambassador to Italy.

## CZECHOSLOVAKIA

550.S1 Washington/742

*Memorandum of a Conversation Between American Representatives  
and the Czechoslovak Minister (Veverka), May 18, 1933*<sup>23</sup>

Present: The Secretary of State  
The Czechoslovak Minister  
and a member of his staff  
Mr. Livesey (as spokesman)  
Mr. Moffat  
Mr. Greene  
Mr. Sussdorff  
Mr. Culbertson

Mr. Livesey gave the customary summary of previous conversations on the monetary and economic phases of the problems to be taken up at the coming conference, indicating at the same time the tentative position of our Government thereon.

At the conclusion of Mr. Livesey's exposition the Czechoslovak Minister stated that he believed that the suggestions which had been made would in general meet with the approval of his Government, particularly with regard to the matter of silver as a metallic cover, though he believed that there were some special problems in connection with Central Europe which would be important to consider. Moreover he believed that discussions up to now had been somewhat hypothetical and that proposed action on one matter had been rendered too dependent upon action on another matter. He seemed to intimate that the matter of an international fund in connection with currency stabilization, to which we had taken a negative stand, might be favored by his Government as the latter was extremely interested in alleviating indebtedness in Central Europe. Czechoslovakia was not a heavily indebted country, but frozen debts surrounded it in other countries. Mr. Livesey stated that we recognized the special nature of this problem, a solution to which would have to be worked out at the Conference. He pointed out that the creditors were private individuals and corporations and not governments. He again emphasized our position with regard to American subscription to any international fund, which the Minister stated he understood. Mr. Livesey went on to say that there must be some adjustment of private debts as part of the full program. The Minister stated that that was what he meant, and then added that he believed in fact that his Government was skeptical of being able to reach that result by an international fund. Mr. Livesey and the Minister thereupon agreed that our positions seemed to be identical in respect to such a fund.

<sup>23</sup> Approved by the Assistant Economic Adviser (Livesey).

The Minister suggested there might be some doubt as to getting agreement among governments with reference to a public works program. Mr. Livesey explained that there would be no attempt to deal with this in detail by international action, and, moreover, the desired effect would probably be achieved by agreement among only of [*sic*] a few of the big powers. The Minister expressed doubt as to the establishment of an international money system. Mr. Livesey explained that he had not referred to an international currency, but to an inter-relation among national currencies. It really meant a gold standard,—he added that we tried to avoid saying the gold standard.

The Minister then indicated that it would appear to him that the question of exchange restrictions was most important, among those considered, to the Czechoslovak Government. At this point he read extracts from an informal memorandum<sup>24</sup> on the subject based on instructions from his Government, which he left with Mr. Livesey.

The Minister stated further that the problem of exchange restrictions was a somewhat delicate one for his country inasmuch as it did not yet possess a detailed tariff, and that consequently his Government was obliged to make use of, from time to time, exchange restrictions in order to correct its tariff.

The Minister stated that he believed his Government approved of general reduction of tariffs, but that the question was complicated by depreciated currencies. He understood that the actual solution was to be sought for at the conference. His Government, he thought, also viewed with favor a tariff truce providing an equitable average base could be arrived at, implying that such an equitable average base was not present when some countries approached the tariff truce with high duties and others with low. He had asked his Government for an instruction as to the conditions under which they would subscribe to the tariff truce, and would soon inform this Government of the reply which he believed would be favorable.

The Minister said that he believed his Government was also in agreement with the ideas on the most-favored-nation clause which Mr. Livesey had explained, though due to special conditions in Central Europe it might be necessary to have some latitude for preferential agreements in that region. It was well to have in mind in this connection the particular relations between the Danubian countries and Germany. Wheat surpluses and similar problems would have to be considered.

The Minister said that he believed his Government was interested in agreements between manufacturers, as suggested in the League

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<sup>24</sup> *Infra*.

of Nations experts report.<sup>25</sup> Mr. Livesey informed him that we had not gone into that matter.

The Minister expressed the belief that, before the conference there should be some effort made to adapt American and Czechoslovak trade statistics which, being made up now by different methods, produced inconsistent results, which did not permit of helpful comparison. He stated that he had a memorandum on this matter and would take it up later.

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550.S1 Washington/510

*The Czechoslovak Legation to the Department of State*

Czechoslovakia is in complete agreement in principle with the conclusions arrived at in the agenda submitted by the Preparatory Commission of Experts for the World Economic Conference in London. Without prejudice to the final decisions of the Conference, Czechoslovakia stresses the following points in the forthcoming decisions:

In regard to the financial question, the Czechoslovak Minister wishes to point out that in considering the abolition of foreign exchange restriction, it is necessary to differentiate strictly between such measures which concern the movement of capital and such which relate to the movement of goods. The Czechoslovak Minister assumes that even if the proposed World Economic Conference would achieve positive results, it will not be possible in the near future to abolish the above mentioned measures of the first category, for even in financially strong states, such as the United States and Great Britain, these kind of measures have lately been applied whether legally or in fact. The extent of eventual liberation will depend upon the mentioned eventual positive results of the Economic Conference. The entire abolition of these measures cannot be considered until after complete equalization of monetary markets is carried out and the causes of the crisis eliminated.

Also, as regards the exchange measures concerning the movement of goods, it is necessary to differentiate between those which really regulate the exportation and importation goods and those which relate to the question of payment of goods.

The regulations concerning the movement of goods are closely related with the tariff question, and moreover, with the questions of economic policy. In order to eliminate these measures, it will be necessary to consider them in connection with all questions of protection of production and in their relation to other states. The regulations concerning the question of payment of goods such as

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<sup>25</sup> League of Nations, Monetary and Economic Conference, *Draft Annotated Agenda* (Official No.: C.48.M.18.1933.II [Conf. M.E.I.]), p. 32.



clearing could be abolished when there will be simultaneously other guarantees that the payment for exported goods would be effected.

Czechoslovakia is ready to abolish those kind of exchange restrictions which should be considered only as emergency measures and which from the point of view of Czechoslovakia's economic policy are not advantageous. The Czechoslovak Minister wishes to point out the present unfavorable state of clearings with Central and Eastern European states. The question of importation restriction is very closely related to the general tariff policy. Czechoslovakia is now carefully preparing her new tariffs, with regard to the necessity of gradual abolition of more objectionable forms of international commercial restrictions. Upon this revision, Czechoslovakia would be prepared to carry out far-reaching removal of these restrictions. From Czechoslovakia's agricultural point of view, it is important to insist upon such a solution which would avoid the use of the present secondary forms of commercial restrictions such as syndicates, permit regulations, quota system, veterinary restrictions, and other forms of indirect protections.

In the debt question,<sup>26</sup> with the exception of governmental obligations, Czechoslovakia, although not directly interested, nevertheless respects with keen interest the affirmative solution of this question. In other words, Czechoslovakia is especially deeply interested in the general alleviation of the indebtedness of the Central and Eastern European agricultural countries which were formerly her best customers. As in Stresa,<sup>27</sup> so in the forthcoming Economic Conference, Czechoslovakia is obliged to go hand in hand with the debtor states, especially so because with some of them she is closely bound together also politically in addition to the economic interest.

The Czechoslovak Minister wishes to stress that the success of the Economic Conference depends upon the realization of the thesis that the debtor nations under the present conditions cannot redeem their debt to their creditors except in the form of goods.

The preparatory commission of experts formulated its recommendations in the suggestion of a general return to the gold monetary standard even though it already took into consideration that the new parity of gold content might be lower than the parity provided for in the present legal provisions. With the abandonment of the gold standard in the United States, the conditions were, however, basically changed. The trend of equalization process of the

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<sup>26</sup> For correspondence relating to the Czechoslovak debt to the United States, see p. 852.

<sup>27</sup> Conference for the Economic Restoration of Central and Eastern Europe, September 5-20, 1932; see *Report by the Stresa Conference for the Economic Restoration of Central and Eastern Europe, submitted to the Commission of Enquiry for European Union* [Geneva, 1932.].

price levels between the different countries suffered a considerable aberration, and the desired stabilization of the price of gold which through the decline of the English pound of Sterling was seriously affected was furthermore impaired. Through the abandonment of the gold standard in the United States, the world economic and monetary conditions were so radically changed that the interests of Czechoslovak exports are profoundly affected, whereby the stabilization of conditions which the commission presupposed did not take place. Thereby a new situation arose for Czechoslovakia's economic life.

Czechoslovakia considers the most-favored-nation clause as the best guarantee of world economy, allowing of course, some latitude for eventual special regional needs of Central and Eastern Europe.

The conclusions of agreements between the manufacturers will find full support of Czechoslovakia. But as far as the limitation of wheat areas is concerned, Czechoslovakia considers it hardly possible as long as she will be unable to export again cereals of quality such as barley, malt, rye, hops, and special vegetable products which used to be the bulk of her exportation.

The prerequisite of a tariff truce seems to be in the opinion of the Czechoslovak Government a just and an equitable basis. The reduction of industrial tariffs will meet with the support of the Czechoslovak Government provided the reduction becomes general.

WASHINGTON, May 18, 1933.

#### GERMANY

550.S1 Washington/356 : Telegram

*The Chargé in Germany (Gordon) to the Secretary State*

BERLIN, May 4, 1933—9 a. m.

[Received May 4—6:47 a. m.]

73. My telegram No. 66, April 26.<sup>28</sup> Although I cannot state it as a fact, I have recently had some reason to believe that whereas, prior to Hitler's coming into power and at the inception of the present regime, Schacht<sup>29</sup> doubtless occupied the role of a very independent adviser to Hitler, he is now becoming increasingly subject to the pressure of the Nazi steam roller. In other words whereas he formerly was perhaps able to tell Hitler that he should adopt this or that policy it now may well be that if Schacht himself wishes to take such and such measures he has to secure consent not only of the Chancellor but also even of Goering.

I send the foregoing for what it may be worth in connection with forthcoming conversations with Schacht.

GORDON

<sup>28</sup> Not printed.

<sup>29</sup> Hjalmar Schacht, President of the German Reichsbank.

550.S1 Washington/467

*Memorandum by the Economic Adviser (Feis) of a Conversation  
Between American and German Representatives*

[WASHINGTON,] May 11, 1933.

There were present, Dr. Schacht, Ambassador Luther, and his assistants, Secretary Hull, Senator Pittman, Mr. Bullitt, Mr. Feis, and Mr. Tugwell.

For the Germans Dr. Schacht did all the talking. Discussion was resumed at the point where the last group meeting had left off. Dr. Schacht dwelt on the difficulties of Germany in securing needed exchange to meet its obligations. He had at the last meeting said that he would have certain positive suggestions to indicate, and he was invited to do so. In addition to the idea of trade preferences for debtor countries (which had already been brought up and regarding which we had said we could see nothing but difficulties), he presented the idea that Germany be given economic access to certain colonial areas. The discussion naturally veered on this point again to the question of Germany's external indebtedness and the extreme difficulty which the German Government was experiencing at the present moment in meeting it at all, and the intimation that Dr. Schacht had thrown out at the previous meeting that the German Government was about to declare a complete transfer moratorium.

Senator Pittman and myself undertook to set forth at greater length what the American sentiment and judgment would be towards any such action as Dr. Schacht had intimated. We pointed out that entering into the American attitude was a long series of actions:

- (1) We had taken no reparations.
- (2) We had furnished the capital that enabled Germany to struggle through the difficult post-War period and reconstruct itself.
- (3) The American investors had done that in part not so much out of careful financial consideration, but out of faith in German capability and honesty.
- (4) The declaration of the Hoover moratorium<sup>30</sup> had helped to preserve the German State at a critical time.
- (5) That there were probably hundreds of thousands of small bondholders in this country whose fortunes would be severely injured.
- (6) All of these would mean that the American people would feel themselves cavalierly and injuriously treated if, in a sort of tone of helplessness which would strike them as light, the German Government just now declared it could do nothing about the situation. The effect both on public opinion and Congress would be strong and distinctly critical.

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<sup>30</sup> *Foreign Relations*, 1931, vol. I, p. 33.

As for the exchange problem facing the Reichsbank, it was pointed out that it had long been recognized that it was serious. It was said that if the German Government had merely said towards its creditors we are in difficulty, we must talk over with you this or that adjustment of the debt openly and freely, the shock in this country would not have been great, but an abrupt unilateral action would produce great shock. As for the Reichsbank's difficulties, it was pointed out that the Reichsbank could command funds from foreign sources: (a) the current flow of German exports provided foreign resources; (b) German enterprises certainly had some measure of external resources that could be used to carry through a critical period—a period certainly long enough to reach a mutually acceptable agreement with the creditors.

Dr. Schacht said he agreed in substance with all of this, that it was not the German Government that was taking action, that it would be the Reichsbank, because it did not have the funds available. Senator Pittman replied that governments had to be responsible for the action of their central banks, that our public would certainly not understand it. Dr. Schacht said that all he would ask of the Government was an order by which the German Government would pay in marks (and not stop payments). We did not point out that such blocked accounts almost universally choked themselves in a short time. But there was another difficulty. He could speedily get in touch with the banking interests; he might invite representatives of the American and other foreign bankers to come to Germany at once; he was faced with the great difficulty of how to reach the bondholders, and would welcome any suggestion we might have on that point. The Secretary stated that the United States was not involved with these private debts of the German Government.

It was suggested that the Treasury and Federal Reserve Board might be informed of the conversation, in order to see what suggestion they might have—not as advice to the German Government, but as a practical suggestion. It was reiterated that the American Government wished as far as possible to keep clear of the transaction. We had merely felt it our duty to point out as strongly as possible the results of the type of unilateral action that Dr. Schacht had contemplated.

Dr. Schacht said that he felt fully disposed to try to work out some measure of consultation with the creditors; but he reiterated that time was the very essence, and was extremely short.

Dr. Schacht is lunching with Governor Harrison of the Federal Reserve Board, and will probably take up the subject with him.

550.S1 Washington/553 : Telegram

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

WASHINGTON, May 20, 1933—2 p. m.

55. Answering your 85 May 20 noon<sup>31</sup> conversations with Dr. Schacht here chiefly protesting against public announcement from Berlin at the time that all service on external debt of 5 billions dollars would immediately cease so far as transfers were involved. We insisted that while our Government was not in any sense involved in this private external indebtedness situation it would be absolutely indefensible if the creditors were not first notified of this imminent development and first given a chance to visit Germany and personally inspect and deal with all phases.

In many ways Schacht and the Ambassador were impressed with what is universally thought in this country about reports of oppression and various forms of mistreatment of minorities there. This of course was done in an unofficial and purely individual way and while emphatic it was made incidental to the conversations.

Dr. Schacht represented strongly that his Government was in harmony with the views and purposes of our Government as they relate to the agenda of the World Economic Conference.

There was very little new in the conversations about disarmament in addition to what the President said in his world statement<sup>32</sup> and what Norman Davis will say on Monday.<sup>33</sup> They were frankly informed that our Government was standing in principle on Parts 2 to 5 of the MacDonald proposal<sup>34</sup> and that our Government is opposed to rearmament by Germany including sample types.

HULL

JAPAN

550.S1 Washington/488 : Telegram

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

TOKYO, May 17, 1933—8 a. m.

[Received May 17—6:40 a. m.]

101. Reference my telegram No. 79, April 13, noon, and my despatch No. 365, April 19, 1933,<sup>35</sup> both regarding the Japanese attitude towards the preliminary economic conversations at Washington.

The Embassy has been informed by the Foreign Office that as yet no detailed instructions have been approved and issued to the Japanese

<sup>31</sup> Not printed.

<sup>32</sup> Message from President Roosevelt to various Chiefs of State, May 16, p. 143.

<sup>33</sup> See telegram No. 644, May 19, 11 p. m., from the Chairman of the American delegation, p. 154.

<sup>34</sup> See telegram No. 569, March 17, noon, from the Acting Chairman of the American delegation, p. 43.

<sup>35</sup> Neither printed.

delegation. However a detailed compilation of general policy has been prepared by the governmental departments interested and will probably come before the Ministry of Foreign Affairs for approval this week. It is understood that the delegation has no authority to bind Japan on any question but must refer each proposal to Tokyo for approval. The Embassy has been collecting information from various sources regarding the trend of opinion among the governmental departments concerned and believes the following to indicate the general policy to be followed at the Washington conversations and the London Conference. As will be seen, the Japanese do not appear to have any constructive proposals to offer but are willing to consider any proposal which may be made in the light of the best interests of Japan. Their general attitude may be summed up in the words of Fukai, one of the delegates, who is reported in the press to have said just before leaving for Washington:

“There are two aspects to international cooperation. There is unconditional cooperation to promote the common interests of the world. There is cooperation to further the interests of any one nation. I hold to the latter viewpoint. In order to promote Japan’s interests, Japan will cooperate with other nations on certain points.”<sup>2</sup>

### 1. POLITICAL MATTERS

(a) *Consultative Pact*. Because of their experience with the League the Japanese view with alarm any attempt to implement the Kellogg Pact.<sup>36</sup> They fear that a consultative pact which provides for the definition of an aggressor will react on Japan. It is claimed that the same circumstances which caused the Japanese break with the League will cause them to accept a consultative pact only with reservations excluding Far Eastern affairs from its scope.

(b) *Asiatic Monroe Doctrine*. Ishii himself advocates an attempt to obtain recognition of Japan as the “guardian of the peace of Asia” rather than an attempt to renew the Lansing-Ishii agreement<sup>37</sup> or to establish an Asiatic Monroe Doctrine. It is not known whether or not the Government favors Ishii’s views but observers believe that some attempt will be made to establish the doctrine that western powers should not interfere in Asiatic affairs.

(c) *Disarmament*. As explained in my despatch No. 365 the Japanese have no wish to disarm under present conditions. They are inclined to view disarmament as a political problem and probably will insist upon a review of Far Eastern political questions in connection therewith. They may intend to consider disarmament in connection with paragraph (b) above.

<sup>36</sup> Treaty for the Renunciation of War, signed at Paris, August 27, 1928, *Foreign Relations*, 1928, vol. I, p. 153.

<sup>37</sup> For text, see *ibid.*, 1917, p. 264; for confidential protocol, see *ibid.*, 1922, vol. II, p. 595.

## 2. ECONOMIC MATTERS

(a) *Money and Credit.* The return to the gold standard and the stabilization of currency is favored in principle but it is claimed that it is difficult for Japan to accomplish these ends because of the small gold reserve and the weakness of Japanese currency. A return to the gold standard would therefore require redistribution of gold reserves among the nations and stabilization of exchange would require assistance from the United States in the form of credits or exchange operations. The Japanese wish to avoid bringing the yen back to its former level in terms of the gold dollar. Apparently they would prefer to stabilize it at somewhere around 20 cents but might compromise at 25 cents if nothing better could be done. They prefer to let the yen find its own level in international trade and eventually alter the gold content to conform thereto, rather than to fix an artificial high rate. They wish to arrange to pay interest on Japanese Government bonds issued in foreign countries in paper yen or in depreciated currencies of the countries where issued instead of in gold. Plans for raising the value of silver and for using silver for specie reserves are generally approved but they do not consider it feasible to fix the relative value of silver to gold.

(b) *Prices.* Plans to raise the level of commodity prices by means of more liberal international and domestic circulation of currency and credit are favored.

(c) *Movement of Capital.* The Japanese are anxious to secure free international movement of capital and the Bank of Japan will cooperate with other central banks to attain this object.

(d) *Trade Restrictions.* The Japanese are anxious to remove existing or threatened restrictions on Japanese trade caused by the depreciation of the yen, such as import quotas or anti-dumping tariffs. They are expected therefore to approve in principle the mitigation or abolition of such restrictions but will claim consideration of special conditions obtaining in each country. For example, the Japanese have always maintained restrictions on the importation of rice in order to regulate domestic rice prices and are unwilling to abolish these restrictions.

(e) *Tariffs.* A reasonable lowering of tariff barriers is approved in principle but a general flat reduction of tariffs is opposed on the ground that the Japanese tariff level is already comparatively low. Bilateral or multilateral reciprocal tariff conventions are favored.

(f) *Organization of Production and Trade.* The desirability of readjusting international production and consumption of commodities is realized but it is not considered feasible to accomplish this by international convention because of peculiar conditions in each country.

550.S1 Washington/586]

*Memorandum by the Chief of the Division of Far Eastern Affairs  
(Hornbeck) of a Conversation Between American and Japanese  
Representatives*

[WASHINGTON,] May 25, 1933.

Present: The Secretary of State,  
Viscount Ishii,  
Mr. Fukai,  
The Japanese Ambassador <sup>38</sup>  
Mr. Tsushima,  
Mr. Taketomi,  
Mr. Iida,  
Mr. Warburg,  
Mr. Bullitt,  
Mr. Tugwell,  
Mr. Wylie,  
Mr. Livesey,  
Mr. Sussdorff,  
Mr. Hornbeck.

The conversation was opened by the Secretary of State, who made a statement with regard to the purposes of the conference and certain views of the American Government in connection with procedure related thereto.

Viscount Ishii said that his delegation would be content with any order of procedure in regard to the conversation.

Mr. Warburg gave an account of the suggestions which the American Government has laid before other delegations and of the views which we entertain and of some points in which other delegations, by name, have been in accord or in disaccord with our views.

When the conversation had reached a certain point Viscount Ishii asked what agreements had been arrived at.

Mr. Warburg replied that we had avoided making any agreements; we had merely discussed matters—"just as we are doing with you". Mr. Taketomi said that he had seen in the newspaper that six points had been agreed on; he understood that this is a statement which Senator Pittman had given out.

Mr. Tugwell said that we must not believe anything that we see in the papers.

Mr. Bullitt said that we had made no agreements; we had simply held conversations and kept everything in suspense.

Mr. Warburg said that the things which we are talking over are simply things which we are going to suggest at the conference. We

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<sup>38</sup> Katsuji Debuchi.



realize that each country has its own domestic problems which necessarily have a bearing on its views.

At this point the Japanese group held some discussion in Japanese.

Mr. Fukai then stated that Mr. Tsushima would ask some questions.

Mr. Tsushima said that, as to monetary policies, in particular, under the heading "capital movement" what is meant is "international investment". He understood that the International Labor Office at Geneva was going to propose some international program of international public works.

Mr. Warburg said that we felt that each nation must raise its own funds. We would oppose without any ambiguity a proposal that we finance someone else's program.

There followed some discussion of the purport of proposals for stabilization, toward the end of which Mr. Warburg asked what would be the Japanese attitude toward a *de facto* stabilization.

Mr. Fukai replied that as he saw it exchange rates are not in their nature subjectable to control of governments.

Mr. Warburg said that the only thing we could do would be to reduce speculation.

Mr. Fukai said that to undertake to fix a rate at a certain point was a different thing from trying to prevent its going lower.

Mr. Warburg asked whether he should outline how we think it might be done: whether we should have a little exploration of the idea. Suppose that some of the countries are going to attempt stabilization. They could give notice of the rate at which each expected to stabilize; each could act independently, but they would notify the others of any change. This does not suit us from the point of view of our domestic policy; but we think that the work of the conference would be greatly facilitated by having stability while the conference is going on. Suppose we agree to accept the exchange of other countries at a given price.

Mr. Fukai said that he was not speaking in an abstract and general way. Japan had lost a lot of gold. She could not afford to let gold go out. She had almost no hoarded funds abroad. From exports she paid for imports. In addition she had been sending out newly produced gold. She had practically no funds to be used for stabilization of exchange. The United States had plenty of gold. England had a hoard. France has much gold.

Mr. Warburg inquired whether it was the Japanese feeling that it would not be helpful to them unless the stabilizing were at so low a figure that the effect would be to put the yen up.

Mr. Fukai said that he would begin again. So far as the Japanese Government and Bank of Japan were concerned they had done everything possible to prevent the going down of Japanese currency. Since

last November they had been able to maintain exchange at somewhere between 20 and 23 cents. Before that there had been fluctuations downward from 49 to 20 cents. They did not like the low exchange. They are anxious to maintain the yen at the present level. So far they have been successful. He hoped they would be so for some time to come. If there are no unexpected developments they would be able to prevent further depreciation. So—their desire and hope coincided with our point of view; but as to entering into an undertaking, they must either let their gold go to a certain extent or must have difficulties [?] which we have not. In order to envisage an ultimate return to the gold standard they must hold their present stock of gold.

Mr. Warburg said that if he were in their place he would say the same. It was valuable to us to have that point defined. We are willing that those who are able to do this do it.

Mr. Tsushima said that Japan had invisible exports amounting to \$75,000,000. He thought that the yen was not subject to any undue fluctuation. But if they made undertakings to stabilize at a particular point it would lead to fluctuation. Therefore they would try to prevent fluctuation of the yen but they did not desire to make any definite engagement.

Mr. Warburg inquired: Is not the chief threat to your exchange a budgetary threat rather than an international threat?

Mr. Tsushima replied that there would be no further occasion to depreciate the yen. As to *de jure* stabilization, Japan's budget was unbalanced. He thought that this would continue for a year or two. We could not know how long. The international commodities price is not adjusted. We must have internal readjustment before there will be a chance for international readjustment.

Mr. Warburg said that we had seriously considered with the British and French the idea of stabilization—in order to facilitate the work of the conference.

Mr. Fukai said that he could say definitely that the Japanese did not want to let their exchange go lower. They would do everything possible to prevent it and he hoped that they would be successful. This would be to their conscious interest and he thought that it would contribute to world interest. What he did not see was how any engagement could be made. In the present condition of Japan an undertaking would be impossible.

Mr. Warburg asked whether, in regard to movement of capital they were in agreement with our view.

Mr. Tsushima said that they could not admit the necessity of an international public works program. Japan had her own internal problems: her own people were demanding more public works.

Mr. Warburg made a statement on the subject of loans to debtor nations and gave some account of the British view.

Mr. Warburg stated that we have no desire to have an unbalanced amount of the world's gold in this country.

Mr. Fukai said that the Japanese Government had had to issue bonds to meet its expenditures. It had not been able to issue these to the public. The Bank of Japan had taken them up. But so far they had been able to sell them to other banks and subscribers. In the future their budgetary system might affect their international exchange; but they were trying to prohibit the flight of capital and speculation of exchange operations since last November. (Mr. Warburg remarked that they had done this very effectively).

Mr. Tsushima said that with regard to cooperation among central banks the Japanese were quite in accord with the American view. They wanted to pursue an easy money policy. The Bank of Japan was ready to help.

Mr. Fukai said that he would add—and he would come to a wider field—: the Japanese agreed that a policy of free credit and cheap credit was desirable to meet the situation of the world in general and of Japan; but that there was a limit: if the policy went too far it might interfere with the Japanese objective of a return to the gold standard. So, it was not an immaterial question whether we were going on the theory of cheap money without limit.

Mr. Warburg said that there would be stages.

Mr. Tsushima suggested that there be a limit.

Mr. Warburg said that the general tendency must be taken advantage of to start our machinery. We did not advocate that everybody do it regardless of internal situations.

Mr. Fukai said that if the policy went too far it would lead to unbridled inflation.

Mr. Warburg said that easy money should not be pursued by countries that could not afford it.

Mr. Fukai said that he agreed that to meet the present situation cheap money was desirable. To a certain extent an increase in the amount of currency was inevitable; but that the Japanese could not agree in principle to unlimited cheap money.

Mr. Warburg said that we concurred.

Mr. Tsushima said that the Japanese were anxious to remove trade barriers. The Japanese Government had no thought of intervening in the normal transactions of foreign trade. They were anxious to prevent the flight of capital. Japanese bonds issued abroad and those at home had a big difference in yield.

Mr. Fukai said that so far as exchange transactions were trade barriers, what Japan wanted was to restrict the flight of capital. Here was one of the means by which they maintained exchange. They did not like to use exchange restrictions such as Germany is using.

Mr. Warburg said that they differentiated between exchange restrictions which obstruct trade and those which . . .<sup>39</sup>

Mr. Tsushima said that with regard to the question of a 25 per cent reserve, the Bank of Japan, like the Bank of England, had no fixed rate. It was advisable for Japan to maintain her existing system.

Mr. Warburg inquired whether the Japanese would as a matter of practice agree that 25 per cent was a practicable rate.

Mr. Fukai said that Japan's position was quite clear: as to the general world question they might be lighthearted, for the reason that they have no definite connection with that problem; therefore, if the general tendency is in that direction he saw no reason why Japan should obstruct; but he personally did not favor this; he did not believe in a legal reserve system; that was his personal opinion; but if the majority thought it good, Japan would not take exception to it.

Mr. Warburg inquired whether, assuming that there was a legal reserve system, the Japanese felt that 25 per cent was enough for such a system.

Mr. Fukai said that it was his personal opinion that a wise administrator would not lay great emphasis on this; Keynes<sup>40</sup> was of the same opinion. The inclusion of a percentage in silver was of no interest to Japan.

Mr. Warburg said that they would not have to do it; they had an option.

Mr. Fukai said that he thought that putting up the price of silver would be a good thing for the world.

Mr. Tsushima inquired what had been the view of the French delegation.

Mr. Warburg replied that they had said that silver was not of interest to them; we had contended that it was—because of world trade—and had convinced them. They probably would not exercise the option but they would not obstruct.

Mr. Tsushima said that with regard to silver the Japanese had no particular views regarding the understanding to be arrived at between silver producing and silver using countries. If it would help stabilization of silver prices it would be a good thing for the world. As to debasement, the Japanese Government had taken no action. As to increase of content of silver, that question would involve the question of the budget. He wished to make a reservation: Japan could not afford to increase the silver content.

Mr. Warburg said that our suggestion was to remonetize when, as, and if budgets permitted.

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<sup>39</sup> Omission indicated in the original.

<sup>40</sup> John Maynard Keynes, British economist.

A Japanese member asked whether we had any information on the position of India.

Mr. Warburg said that we had not talked the question over with them as yet.

Mr. Fukai said that with regard to public works in various countries the Japanese thought this should be left to the countries concerned. "Synchronization" seemed to them to be going too far.

Mr. Tsushima said that Japan considered it essential to adjust the undue burdens on debtors occasioned by fall of commodity prices.

Viscount Ishii asked what points would be considered at tomorrow's meeting.

Mr. Warburg said that among the questions would be: tariff truce; treaties, bilateral and multilateral; and the most-favored-nation clause.

The meeting adjourned until 10:00 a. m., May 26.

S[TANLEY] K. H[ORNBECK]

550.S1 Washington/6034

*Memorandum by the Chief of the Division of Far Eastern Affairs (Hornbeck) of a Conversation Between American and Japanese Representatives*

[WASHINGTON,] May 26, 1933.

Present: The Secretary of State,  
The Japanese Ambassador,  
Mr. Fukai,  
Mr. Taketomi,  
Mr. Tsushima,  
Mr. Iida,  
Senator Pittman,  
The Under Secretary of State,  
Mr. Feis,  
Mr. Bullitt,  
Mr. Hornbeck,  
Mr. Livesey,  
Mr. Sussdorff,  
Mr. Wylie.

The Secretary of State opened the conversation with a brief interrogation with regard to yesterday's conversation.

Senator Pittman began a statement on the subject of silver in relation to money and exchange.

The Secretary of State, Senator Pittman and Mr. Feis left for a conference at the White House.

The Under Secretary of State took the chair.

Mr. Livesey, having been introduced by the Secretary, made a statement of the views of the American Government. He said that we would favor any practical method of reducing and removing trade barriers. If a proposal is made for multilateral agreements we will not obstruct. But we doubt whether such will be made. We will offer no solution along those lines. It is our view that the most promising practicable method for removing barriers lies in a program of bilateral trade agreements within the frame of the unconditional most-favored-nation clause, with generalizing of benefits. We have suggested a tariff truce and eight countries are committed to this. If a truce is agreed upon at the beginning of the conference it will facilitate the work of the conference. Action of one country depends on action of others. The conference must draft on principles and the drafting is important.

Mr. Phillips asked whether the Japanese wished to make comments.

Mr. Taketomi asked for an explanation more in detail of the principle for which the United States stands in reference to the most-favored-nation clause.

Mr. Livesey said that unless the other important countries adhere—or, in the case of most, continue—it would probably be impossible for the United States to continue this practice. The alternative would be a network of discriminations and preferences. We greatly prefer the régime of equal treatment toward the trade of all countries. We do not regard the most-favored-nation principle as a mystic dogma which admits of no exceptions and qualifications for particular situations. There are recognized preferences. He gave examples—including our own special relations with Cuba. We would be prepared to discuss exceptions and possible definition of scope of the clause. The question is technical. It has been much studied by the League. We have not had occasion to take up the details with the various delegations. It is obvious that the existence of agencies authorized to allocate exchange arbitrarily would defeat the benefits of a most-favored-nation engagement.

Mr. Taketomi asked what were our views regarding the Ottawa Conference agreements.<sup>41</sup>

Mr. Livesey said that our attitude is one of reservation. We have not raised the question of the principle in reference to British imperial preference; but neither have we waived the provision established in our law, the authority granted the President in reference to discriminations: our definition of a "country" is any political unit that has a separate tariff of its own. The question of the Ottawa agreements will probably be treated as a question of actual trade conditions

<sup>41</sup> Great Britain, Cmd. 4174 (1932): *Imperial Economic Conference at Ottawa, 1932, Summary of Proceedings and Copies of Trade Agreements (Appendices published separately in Cmd. 4175)*.

which must enter importantly into the trade position of the United States. It affects a great group of signatories. It will be important if and when negotiation of a great body of bilateral agreements is undertaken.

Mr. Taketomi said that the Japanese were in complete concurrence with the American position. They favored the most-favored-nation clause not only for customs tariffs but for every other restriction, such as taxes and commercial matters. They favored reciprocal reductions on the basis of the most-favored-nation clause. This was among their standing instructions in dealing with commercial matters and conditions.

Mr. Livesey said that some developments are forced developments. Thus the quota system: its adoption by some countries is defended on particular grounds. Thus, by France. There is a substantial argument for adoption of quota as against chaos of exchanges. Countries which adopt it say that it is temporary and not a desirable permanent basis. While quotas exist they result in a vitiating of the most-favored-nation principle as a basis for concessions by one country to another. There has been a movement in several countries to abandon the principle of the most-favored-nation clause as not best adapted to their particular needs.

Mr. Tsushima understood that at the conference we would propose a tariff truce. Had we any idea of the formula.

Mr. Livesey said that he had not seen any drafts, but the subject had been assigned to specialists within the Department for drafting and recommendation. He did not know what they would present. It is a difficult subject for any one country. Each country has problems of its own. Each wants to take care of its own problems; and its own laws have a bearing thereon. Thus, our recently enacted agricultural act, which provides for a tax upon products of domestic origin and a compensation tax on products produced abroad and imported.

Mr. Livesey asked whether the Japanese had given consideration to the problem of a truce and its formulation. The idea was susceptible of adoption by all countries on immediate notice.

Mr. Fukai thought that certain exceptions to the principle of the truce would be considered necessary—particularly if the conference dragged on. He thought a truce desirable with exceptions that need to be considered.

Mr. Livesey spoke concerning the existing truce (May 12–July 31).<sup>42</sup> This might be prolonged. There might be the drafting of a more formal agreement. We think the effort should be made for a simple non-legalistic phrasing but as comprehensive as possible. The British have not taken to the appellation “Gentlemen’s Agreement”. Of

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<sup>42</sup> *Post*, p. 605.

course there would be reservations by many countries in the light of their existing conditions and circumstances.

Mr. Tsushima said that in relation to this same problem there was a feature to which the Japanese attributed importance: any such agreement to make a tariff truce within a certain period must depend on its embracing many countries. It is essential, if Japan is to agree on a tariff truce, that the countries whose trade is of vital interest to Japan be parties to it; otherwise it would not realize its objectives. If the idea is to prolong the truce, is there to be inserted any ultimate time limit.

Mr. Livesey said that no one had any idea of the length of time that would be required. A tariff truce prolongation for a period longer than that of the conference, changing from a "truce" to a "peace", will be dependent on there being made considerable progress on the monetary and economic side. If a downward movement of tariff rates is started it should be a general downward movement.

Mr. Tsushima said that regarding the method of reducing tariffs by reciprocal bilateral treaties, the Japanese would not expect much from a general agreement. So, in fixing a tariff truce they would have to take into account the question of the period required to conclude treaties. They think it advisable to delimit the period to the period of time necessary to make treaties. He considered it a great contribution on the part of Japan toward revival if Japan accepts the principle of a truce—for Japan was a very low tariff country [?] as compared with other countries. The Japanese tariff policy was a moderate one. Its low tariff during the truce would not be raised, whereas other countries already have very high tariffs. They desire that such agreement be for a limited period. Therefore they consider it a vital point that those countries which are of interest to the Japan trade adhere to the truce.

Mr. Taketomi asked what was our idea regarding reductions.

Mr. Livesey said that we had considered the idea of general horizontal reductions but we did not contemplate making a gesture in that direction.

Mr. Tsushima said that the Japanese did not favor the idea of general reduction.

Mr. Fukai said that the Japanese tariff was comparatively low and general horizontal reduction would not be fair.

Mr. Livesey said that there would certainly be some proposals from some countries. If there were such, that might be one way. But we could hardly expect that all countries would come in. Thus, there would be groups. To any proposal, the United States would listen. But it was our opinion that multilateral proposals would not obtain enough consents to be effective. We would not wish, however, to be in the position of obstructing any practical proposal.



Mr. Tsushima said that, turning to the question of abolishing restrictions on international trade, the Japanese experts had suggested study of the treaty concluded at Geneva in 1927.<sup>43</sup> Had we any ideas on that subject?

Mr. Livesey said the United States was a party to that convention. We would like to see it generalized, to see the countries of the world adhere. It provided for the necessary exceptions.

Mr. Tsushima inquired whether we had any idea of retaining Article 5 of that Treaty or making amendments in accordance with the Article.

Mr. Livesey said that proposals presumably would be made by some countries. He believed there had been no technical preparations of such here.

Mr. Tsushima said that Japan wanted to preserve the principle of that Article. The Japanese Government had never imposed trade barriers, etc. They thought this Treaty should become a basis—on which all countries should join to abolish restrictions.

Mr. Fukai said that he was going to make some repetition. The Japanese in general are quite in accord with us in regard to reduction of trade barriers. They are prepared to contribute whatever possible. But the problem is complicated. He thought the question of the interpretation and application of the most-favored-nation clause was one of the vitals of the problem. Reciprocal agreements on the basis of the unconditional most-favored-nation clause are most desirable. The Japanese would like to start from that ground.

Mr. Livesey said that the question had been much explored in all these conferences. Our point of view is affected by our long established practice and laws and the interpretation which we have given in practice to the scope of the clause. He mentioned mandatory anti-dumping provisions. We assume that the lines of discussion will be fairly well defined. Our attitude will be to cooperate.

Mr. Taketomi asked how about the quota system as a matter of principle.

Mr. Livesey said we thought that there could be no reconciliation between it and most-favored-nation treatment. Our experts have drafted studies. Quotas, if used, would have to be based on figures of previous imports. This runs into the question of most-favored-nation; it involves the question of equitable treatment.

Mr. Taketomi mentioned the French position.

Mr. Livesey said the French provisions constitute a serious intrusion into the field of competition.

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<sup>43</sup> Convention and Protocol for Abolition of Import and Export Prohibitions and Restrictions Between the United States and Other Powers, signed at Geneva, November 8, 1927 (on the part of the United States, January 30, 1928), *Foreign Relations*, 1928, vol. 1, p. 336.

Mr. Taketomi said Japan had no quota system and would rather that that system be abolished. For instance, the French and others.

Mr. Fukai said that as to the application of the most-favored-nation clause, Japan had a conventional tariff with France and none with the United States; but that Japan imported more automobiles from the United States than from France; thus the United States had the trade without giving the compensations which the French gave.

Mr. Livesey said the position of the United States had been that we make our tariffs autonomous, make the rates uniform, and are not in position to negotiate for reductions with other countries. Now we contemplate a change; but we do not contemplate that this shall be to establish preferences: our reductions would be generalized.

Mr. Taketomi said that the United States and Japan had similar views in regard to the unconditional most-favored-nation clause. So we might stand unitedly at the Conference. We could make a united front a matter of principle.

Mr. Debuchi asked whether we had any other questions to discuss.

Mr. Fukai said that if the Secretary wished to have another conference the Japanese would be glad to attend.

Mr. Livesey said that we had discussed with them the general questions which we had discussed with the others. There might be added certain economic matters, such as special consideration of the question of wheat. We now possessed powers enabling us to participate in discussions looking toward regulations of production and exchange of such commodities.

Mr. Taketomi referred to the processing tax.

Mr. Livesey said he had mentioned that in connection with the Agricultural Act, which Act he explained further. Mr. Livesey said that no one of us had sat in all of the sessions of all of the conversations. There might be some questions which had been discussed in some of them which had not been brought up in these. But he thought that we had covered all of the important points that had been covered in any of them.

Mr. Fukai said we should approach the Conference in a spirit of cooperation.

Mr. Livesey expressed concurrence.

The meeting then adjourned.

After the conclusion of the above-recorded conversation, the Japanese Ambassador drew Mr. Hornbeck aside and asked that, inasmuch as the Secretary of State had been called away from the conference, Mr. Hornbeck give the Secretary a message on the Ambassador's behalf. The Ambassador said that he had listened with close attention to all that had been said in these conversations, today and yesterday, and he had been very agreeably impressed with the fact that the

American and the Japanese delegations concurred in their views upon so many points. He felt that at the Conference the United States and Japan should stand together. He was very happy over the whole matter.

#### MEXICO

550.S1 Washington/486

*Memorandum by the Chief of the Division of Mexican Affairs (Johnson) of a Conversation Between American and Mexican Representatives*

[WASHINGTON, May 11, 1933?]

Meeting: At Department of State, 3 p. m., May 11.

Present: The Secretary of State, Senator Pittman, Mr. Tugwell, Mr. Feis, Mr. Johnson, Mr. Alberto Pani, Mexican Minister of Finance, the Mexican Ambassador, Mr. Gomez Morin, Director of the Mexican National Railways and the Bank of Mexico, Mr. Arroyo, Chief of the Tariff Section of the Mexican Ministry of Finance, and Mr. de la Torre, Secretary to Mr. Pani.

The Secretary of State opened the meeting with general expressions of greeting to the Mexican Delegates.

Senator Pittman spoke at length in regard to the world silver situation setting forth the views of the American Government in regard to stabilization of silver values and the restoration of its purchasing power. He touched upon every phase of the situation, and at the close of his talk, Mr. Pani indicated that the Mexican Government was in entire agreement with the views of the United States.

Mr. Tugwell and Mr. Feis spoke upon the general question of the revival of trade and in general with regard to the views of the American Government concerning monetary problems, price levels, currency and the international exchange of commodities.

The Mexican Delegates spoke briefly of the adverse effect which the last American Tariff Act had had on Mexican exports to the United States. They referred in addition, to difficulties which had been experienced through action of the Department of Agriculture in placing quarantine restrictions on certain Mexican products, in some instances, in their opinion, not justified by the facts, and really intended to restrict the import of the Mexican products.

Mr. Tugwell said that he would appreciate a memorandum from the Mexican Delegation giving specific instances of such use of the quarantine regulations. Specific mention was made of the Mexican fresh vegetable industry which must find a market in the United States, and of heavy Mexican Panuco oil, which has a market in New England where it can be delivered cheaper than any oil produced in the United States. The Mexicans stated that this oil does not compete with any American produced oil except some in Texas.

There was an expression of general views on both sides in regard to tariff and monetary questions, these views coinciding.

The meeting adjourned at 5 p. m.

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550.S1 Washington/485

*Memorandum by the Chief of the Division of Mexican Affairs (Johnson) of a Conversation Between American and Mexican Representatives*

[WASHINGTON, May 12, 1933?]

Meeting: At Department of State at 10 a. m., May 12.

Present: The Secretary of State, Mr. Tugwell, Mr. Bullitt, Mr. Feis, Mr. Warburg, Mr. Johnson, Mr. Alberto Pani, Mexican Minister of Finance, the Mexican Ambassador, Mr. Gomez Morin, Director of the Mexican National Railways and the Bank of Mexico, Mr. Arroyo, Chief of the Tariff Section of the Mexican Ministry of Finance, and Mr. de la Torre, Secretary to Mr. Pani.

The Secretary of State gave a general explanation of the American Government's conception of the purposes and general scope of the Economic Conference. He asked the Mexican Delegates some questions in regard to various Mexican commodities which find a market in the United States. The Mexican Delegation expressed its agreement with the views of the Secretary of State in regard to certain principles held by this Government relating to tariff questions. There was a general discussion of this matter.

The Secretary suggested that the Mexicans prepare a brief list of certain of their commodities which could enter the United States without entering into serious competition with any American products, and said that we would prepare a similar list of American products needed in Mexico, the two to be discussed at the next meeting. It was made clear to the Mexicans that furnishing such a list did not constitute any commitment on the part of this Government for any sort of reciprocal agreement which would have to await subsequent developments, but was to be merely for purposes of discussion, and in order for this Government to have a clear idea of the Mexican Government's desires.

Mr. Warburg spoke at length in explanation of this Government's views in regard to monetary problems, price levels and currency.

In discussing the silver situation, the fact was brought out that the United States, Mexico and Canada, produced eighty percent of the world's silver, and the Secretary expressed the desirability of those three countries getting together for informal discussion and possible agreement in regard to the matter at the Economic Conference. He suggested also the advisability of our now requesting the Canadian Government to send immediately to Washington a silver expert for a

discussion between this Government and the Mexican Delegates of the silver problem. Mr. Pani expressed himself in agreement with this idea, and it was agreed that it should be done. A meeting with Canadian representatives and the Mexican and American delegates was fixed for Tuesday afternoon at 3:30, May 16,<sup>44</sup> provided by that time the Canadian representative can get here.

Mr. Pani indicated that the general problems and aims of his Government were the same as those of the United States, and expressed agreement in principle with all the views exposed by the Secretary, Senator Pittman, and the other American representatives.

Mr. Pani stated that he was leaving for New York tonight, but that he would return to Washington Tuesday morning.

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550.S1 Washington/569

*Memorandum of a Conversation Between American and Mexican Representatives*

[WASHINGTON, May 17, 1933?]

Meeting: At Department of State, 3 p. m., May 17.

Present: The Secretary of State, Senator Pittman, Mr. Tugwell, Mr. Feis, Mr. Johnson, Mr. Alberto Pani, Mexican Minister of Finance, the Mexican Ambassador, Mr. Gomez Morin, Director of the Mexican National Railways and the Bank of Mexico, Mr. Arroyo, Chief of the Tariff Section of the Mexican Ministry of Finance, and Mr. de la Torre, Secretary to Mr. Pani.

Mr. Pani read a statement which was a résumé of the views that had been propounded by Senator Pittman and Mr. Warburg, as he understood them, and stated that he was in entire agreement. Senator Pittman made the remark that the statement was an excellent one and made one or two minor corrections which Mr. Pani agreed to. Mr. Pani then read a statement in regard to Mexico's views with respect to tariff reciprocity and after a very brief discussion, the American representatives stated that there was as yet no authority given to the Executive by Congress for the negotiations of any sort of reciprocal tariff agreement,<sup>45</sup> but that when and if such authority were granted, this Government would be ready to discuss the matter with Mexico. To this Mr. Pani agreed and said that the Mexicans likewise would then be ready to negotiate on the matter.

Mr. Pani then submitted a proposed draft for a joint issuance to the press tomorrow,<sup>46</sup> after his farewell audience with the President,

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<sup>44</sup> For memorandum of this conversation, see p. 516.

<sup>45</sup> For correspondence concerning reciprocal trade agreement policy, see pp. 921 ff; for bilateral negotiations with individual countries, see vol. II under Canada, New Zealand, Norway, Portugal, and Sweden, vol. IV under Argentina, and vol. V under Brazil.

<sup>46</sup> For text, see Department of State, *Press Releases*, May 20, 1933, p. 345.

setting forth the views of the two Governments with respect to the results of the informal conversations. Senator Pittman suggested some slight changes to which Mr. Pani agreed, and the draft was approved by both the Secretary and Senator Pittman. Mr. Pani was told that it would have to be submitted to the President before it was given out, and that its issuance could be arranged for at the time Mr. Pani made his farewell to the President.

## NORWAY

550.S1 Washington/742

*Memorandum by Mr. Richard W. Morin, of the Division of Western European Affairs, of a Conversation Between American Representatives and the Norwegian Minister (Bachke), May 18, 1933*

DRAFT<sup>47</sup>

Present: The Secretary of State, the Norwegian Minister and a Member of his staff, Mr. Moffat, Mr. Livesey (acting as spokesman), Mr. Culbertson, Mr. Wiley and Mr. Sussdorff.

Mr. Livesey presented the customary summary of previous conversations which had taken place with other governments preliminary to the Monetary and Economic Conference and explained the tentative position of this Government, in so far as it had been evolved, concerning the Conference.

At the conclusion of Mr. Livesey's explanation the Norwegian Minister asked for a definition of a *de facto* stabilization of currencies. Mr. Livesey explained that he had in mind an arrangement among the principal countries to prevent large and rapid fluctuations of their currencies, without establishing a fixed parity at this time. The Minister wished to be assured that the United States was prepared to support such a move. Mr. Livesey stated that in all probability we would be willing to undertake such an arrangement with other countries, preferably before the convening of the Conference. Upon the Minister's desire to know at what point *de facto* stabilization was contemplated, Mr. Livesey stated that the matter was under consideration but that he was unable to give a definite answer to the Minister's question at this time. The Minister indicated that he understood that such a *de facto* stabilization would permit of currency fluctuations within certain limits and that it would be brought about by an understanding among central banks, to which Mr. Livesey agreed. The latter went on to say that the ultimate aim, according to our conception, was an improved gold standard. Upon the Minister asking whether the improvement involved a

<sup>47</sup> Approved by the Assistant Economic Adviser (Livesey).

change in the base, Mr. Livesey said what we had in mind was an improvement in the "rules of the game" and that the details would have to be worked out later by the central banks. The Minister had no further remarks about the monetary question, beyond the negative statement that his Government was not interested in matters of silver.

The Norwegian Minister expressed great interest in so far as the economic phases were concerned. He asked for a restatement of our position with regard to bilateral treaties within the framework of the unconditional most-favored-nation clause, which was given by Mr. Livesey. The Minister was in apparent agreement. He asked whether this Government expected to undertake negotiations of bilateral treaties at once and was informed that it was not our intention until a definite grant of power which the President was seeking had been bestowed. The Minister said he was much interested in the matter of concluding the treaties and pointed out that trade had been hindered not only by tariffs but by other restrictions, in the removal of which he was also interested. Mr. Livesey indicated that our interest was not confined to tariffs alone but extended to all restrictions as well.

The Minister felt that regulations with regard to the marking of goods often acted as a restriction upon trade and that his Government might be interested in an international agreement establishing uniform marking. Mr. Livesey stated that while this matter had been considered from time to time by the League of Nations he was doubtful that the Conference would take up details of this sort.

The Minister next asked as to whether the Conference intended to discuss the matter of shipping. Norway, he said, as the possessor of an important merchant fleet, was much interested in unrestricted shipping. The subsidies, direct and indirect, on merchant marines, premiums, et cetera, had created superfluous world tonnage. Norway's position was that shipping ought to be allowed to develop along its natural lines on a basis of equal national treatment. In other words, there ought to be more ordinary commercial competition among merchant fleets. This he felt was at least in line with the principles of the draft agenda for the Conference. As an example of the type of restriction which he had in mind he wished to cite an American regulation, which he believed to be in the Revenue Act, which provided that oil brought into the United States and refined here and subsequently put on American vessels for use on those vessels was entitled to a drawback on the ground that it had been reexported; but if supplied under the same circumstances to foreign vessels for use on board the vessels, the oil was not entitled to a drawback. The Minister referred, in this connection, to a decision of the United States Supreme

Court which had defined what constituted "exporting" and he felt that the regulation to which he had just referred was inconsistent with that definition. At any rate he felt it was a case of discrimination and not in conformity with national treatment, though his Government had as yet made no reclamation. Mr. Livesey stated that he was not familiar with the regulation to which the Minister had referred and was consequently not in a position to discuss it. The Minister said that he had mentioned it merely as an illustration of a method of discrimination. It was Mr. Livesey's belief that the anticipated legislation was sufficiently broad to enable the President to handle a situation such as this, as well as more obvious ones.

Upon the Minister expressing an interest in mail subsidies, Mr. Livesey made the opinion that it would not be a central subject which would come up at the Conference. The Minister said nevertheless that it was a subject of great importance to fleet owning countries. Mr. Livesey was of the impression that the powers which the President intended to acquire would be of importance in this matter, but he was not prepared to go into it at this time.

## POLAND

550.S1 Washington/558½

*Memorandum by Mr. Landreth M. Harrison, of the Division of Eastern European Affairs, of a Conversation Between American and Polish Representatives*

WASHINGTON, May 15, 1933.

The conversations took place in the office of the Secretary of State with the following persons in attendance:

- Mr. Cordell Hull,  
The Secretary of State,
- Mr. Herbert Feis,  
Economic Adviser to the Department of State,
- Mr. Robert F. Kelley,  
Chief, Division of Eastern European Affairs,
- Mr. Landreth M. Harrison,  
Division of Eastern European Affairs,
- Mr. Stanislaw Patek,  
The Polish Ambassador,
- Mr. Wladyslaw Sokolowski,  
Counselor of Embassy.

The Secretary of State opened the conversations with a short statement to the effect that he was happy to welcome the representatives of Poland to these preliminary conversations which the Government of the United States is holding with the 53 Governments participating



in the World Monetary and Economic Conference. Some 11 Governments<sup>48</sup> have been invited by telegraph to send special missions to these conversations. As it was impossible, due to the lack of time, to receive missions from all countries, the other countries, including Poland, were invited by note to be represented by the head of their permanent diplomatic mission at Washington. Only those countries with larger interests in the coming Conference were asked to send special missions. However, the same matters will be discussed with all the governments whether represented by a special mission or by their representatives resident in Washington.

The Secretary added that the purpose of the present conversations is to acquaint the Ambassador with the subject matter of the discussions which have been recently concluded with special missions from several countries. Since the President had just summoned him to an important conference at The White House, he found it necessary to leave the conversations temporarily and would delegate Dr. Feis and the other gentlemen present, who were more acquainted with the technical details of the matters covered in the conversations, to carry on the present discussions with the Ambassador during his absence at The White House. He hoped to return later and would then participate further in the meeting.

The Ambassador replied that he had received certain specific instructions with respect to the Conference from his Government and that he desired to present them personally to the Secretary. He would be willing to postpone the conversations until a later date when the Secretary would be free to join them and when he could have the assistance of his own technical adviser, the Commercial Counselor of the Embassy,<sup>49</sup> whom he would summon by telegraph from New York City. The Secretary then stated that, in view of the heavy demand upon his time and the possibility that he would rejoin the conversations shortly, he would like to have the conversations proceed during his enforced absence. The Ambassador could take up the other matters with him at a later date. In the meantime, the Department's economic experts present could give the Ambassador a careful survey of the scope and the content of the conversations which had been held with the special missions.

The Secretary thereupon withdrew and the conversations continued with Dr. Feis presenting the subject matter as summarized below.

#### SCOPE AND CHARACTER OF THE PRELIMINARY CONVERSATIONS

The American Government is holding at Washington a series of preliminary conversations preparatory to the World Monetary and

<sup>48</sup> Great Britain, France, Italy, Germany, China, Japan, Argentina, Brazil, Chile, Mexico, and Canada.

<sup>49</sup> Andrew Sapiuha.

Economic Conference with all the states participating in that Conference. This Government was of the opinion that the Revised Agenda for the Conference as drawn up by the Committee of Experts presented a program so extremely involved and complicated that it made any substantial agreement at the Conference impossible. We believe that success at the Conference depends largely upon the degree to which the participating governments understand each other's problems and points of view before the Conference assembles. These preliminary conversations have not been an effort on the part of the United States to take the lead in presenting a program to the Conference but rather to provide a means for a purely informal and exploratory exchange of opinions in order that some common basis of understanding could be reached. The several topics on the agenda of the Conference have been reviewed at these conversations. There has been no attempt to come to definite understandings and no advance agreements have been or are being sought. Mutual understandings based upon substantial agreement as to the nature of the problems to be faced and to the program to be put forth at the Conference are the aim of this Government in these conversations. We are happy to state that the several missions that have already visited Washington have been in substantial accord with our views with respect to the coming Conference. The tentative program worked out with the special missions will be outlined in detail in the remaining conversations.

The problems to be discussed at the Conference fall naturally into three classifications: (1) intergovernmental debts, (2) monetary and financial matters, and (3) economic matters. These matters, in so far as they entered into the preliminary conversations, will be outlined for the information of the Polish Government.

#### INTERGOVERNMENTAL DEBTS

The question of the intergovernmental debts, in so far as the United States is concerned, has been reserved by the President for his personal consideration. The State Department has, consequently, no authority to enter into any discussions on this subject and the question does not form a part of the present conversations. Any matter with regard thereto should be taken directly to The White House.

#### MONETARY AND FINANCIAL MATTERS

*Stabilization of Currencies:* The most pressing problem in connection with the Conference is that created by the present fluctuations in the value of various currencies. This fluctuation in currency values is having an abnormal effect on the flow of international trade. It seems essential that this fluctuation be ended and that the value of

the various currencies be stabilized. In the past conversations, there appears to be universal agreement, in view of the confused situation in international trade, that stabilization of the more important currencies be brought about as soon as possible.

In connection with plans for such stabilization, it should be pointed out that American action in prohibiting the exportation of gold<sup>50</sup> was not taken as a measure to provide bargaining power at the Conference. The gold embargo was required by domestic conditions. The banking and credit situation in this country had become acute. The Administration was preparing a program for the recovery of economic activity and it was essential that public confidence be preserved by the prevention of the withdrawal of gold either by foreign interests or as a flight of American capital.

*Gold standard:* The United States believes in the gold standard. It looks forward to the eventual establishment of an international gold standard. It realizes that the time is not yet ripe for such action and that progress in that direction must necessarily be slow. It is ready at the present time to contemplate a *de facto* stabilization providing that such stabilization include all major currencies. This *de facto* stabilization would be a temporary arrangement whereby a definite relationship in terms of gold would be established between currencies. Any such stabilization must, in the opinion of the United States, include the pound sterling. A *de facto* arrangement would have to be made by an international agreement between the countries participating in such stabilization. The silver exchanges should be stabilized at the same time that the former gold exchanges are stabilized.

If the world returns to the gold standard, it should be to a greatly improved gold standard. The former standard was unsuccessful in its operations and produced highly unsatisfactory results. One possible improvement is a lower ratio of cover. The former cover, which averaged around 40 per cent, should be appreciably reduced, even to 25 per cent. Such a reduction should be brought about by agreements between the central banks rather than by agreements between governments. In the new gold standard, there must be close cooperation between all the central banks.

*Commodity Prices:* A major problem is the improvement of the prices of basic commodities. It is essential that return to the gold standard be not accompanied by further deflation and renewed fall in commodity prices. Improved commodity prices can be brought about in several ways. One suggestion recommends the undertaking of public works to bring about increased employment and greater economic activities. Practically every country has been compelled to undertake public works to reduce unemployment and to provide

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<sup>50</sup> Executive Order No. 6111, April 20, 1933.

commodity markets. It is possible that the Conference can bring about an agreement among governments to synchronize programs of internal public expenditures for the purpose of increasing internal employment and domestic trade. Naturally the details of such programs of public expenditure must be left to the governments themselves. Full independence must be retained by each government with respect to the amount it should spend and how this money is to be raised and expended. There is, however, a great potential value to be derived from coordinating these activities by international understanding. Public opinion and confidence throughout the world would be greatly improved by the knowledge that concerted action was being taken in many countries.

*Silver:* We are interested in raising the commodity value of silver. While the United States is a silver producing country, its interest does not arise primarily out of that fact, as is evidenced by the value of our silver production which amounted to but \$6,000,000 in 1932. We believe that silver is very important from the monetary point of view, particularly in the Far East, and that its value has a very definite effect on the gold exchanges. For example, the value of the Japanese yen is controlled to a large extent by the value of the Chinese silver exchanges. The value of silver likewise has a great effect on trade with the Far East. The silver exchange countries cannot purchase foreign commodities in large quantities when silver values are low. At the present time, the relative value of silver has fallen much lower than the value of other basic commodities. Our general aim, which will be presented to the Conference, is to bring about an improvement in the price of silver and place it on a level equal to that of the commodities.

We are not at all interested in, or proposing any form of, bi-metallism. We believe, however, that silver can be given a moderate place in the monetary system in order to increase world demand for it. Countries should continue to use or even expand their present utilization of silver in subsidiary coinage. The present silver coinage of various countries should not be further debased and efforts should be made as soon as possible to restore the former fineness to silver coinage. The price level established for silver in the future should be carefully controlled. Countries holding large stocks of silver, including the United States, Spain, and British India, should come to some agreement under the terms of which they would bind themselves not to dispose of these stocks on the world market except above a certain price level. A similar agreement should be entered into by the producing countries in order to avoid over-production and the possibility of throwing on the market more than it could absorb without important price reactions.

Silver might also be used as a means for widening the base of various currencies. Any such arrangements should be by agreements entered into by the central banks rather than the governments. For example, central banks might have the option to hold part of their cover in silver rather than in gold. Central banks might be authorized to purchase silver up to 5 per cent of their cover (five per cent silver and 20 per cent gold in the proposed new 25 per cent cover) whenever silver falls to a certain price. The central banks should be bound not to sell their silver holdings below a set price. The banks should have a large amount of autonomy in this matter.

The Ambassador stated that Poland was not greatly interested in the question of silver. It had no important trade interests in the Far East and silver was not used to any extent in the Polish monetary system. Poland, consequently, would be disposed to leave the question of silver largely to the countries directly interested in it.

*Exchange controls:* Many countries in Europe and South America have established various systems for controlling the sale of foreign exchange and the transfer of funds abroad. These systems are actively impeding foreign trade and present a great problem to the Conference. The early removal of these restrictions is a problem which involves both financial and economic questions. The restrictions were established primarily to enable a country to maintain a favorable volume of payments and thus to avoid the loss of gold and foreign exchange. Consequently, the governing factor in each country has been the domestic situation and the restrictions cannot be safely removed until the domestic financial situation has been adjusted. For example, the solution in the case of Germany is bound up with the repayment or funding of the large short term foreign indebtedness of that country. In Chile,<sup>51</sup> it is the payments required by the long term indebtedness which must be considered in connection with foreign exchange controls. Important domestic improvement must be achieved in most countries before this problem can be solved.

#### ECONOMIC MATTERS

Turning from financial and monetary questions to the third class of problems, economic matters, we are confronted by questions much more difficult of immediate solution. Practically all the countries of the world have in the past few years erected tariff and other barriers against the free flow of international trade, designed to obtain for themselves a favorable balance of payments and/or to protect their own markets for the domestic producer. The creation of these barriers has been accompanied by the establishment of all kinds of exchange

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<sup>51</sup> For correspondence relating to the Chilean exchange control system, see vol. v, pp. 103 ff.

restrictions. One of the main objects of the Conference in the economic field is to remove as many as possible of the measures which paralyze international trade and thus to enable commerce to move more freely than it does at the present time.

*Tariff truce:* With this end in view, the Governments of the eight countries represented on the Organizing Committee for the Conference have, at the initiative of the American Government, agreed to adopt a tariff truce from May 12, 1933, to June 12, 1933,<sup>52</sup> the opening date of the Conference. These eight countries believe that restrictive measures should not be intensified pending an opportunity for the Conference to deal effectively with the problems created thereby. They have recommended that all countries participating in the Conference announce as soon as possible their adherence to this truce. The Secretary of State hopes that you will request the Polish Government by cable to announce its adherence to the truce. We are interested in having as many countries as possible adhere to it. The truce will thus be in the form of a general declaration in which the responsibility for carrying it out will rest on every government. Each government will be guided by its own judgment and compliance with the truce will be a matter of honor rather than obligation.

The Ambassador stated that he would send a cable as suggested to his Foreign Office but requested a more specific description of the truce in order that he could properly identify it in his cable. He was informed that a copy of the truce was undoubtedly available at Warsaw since the Organizing Committee had forwarded one to each of the governments participating in the Conference.

After thanking the Ambassador for his willingness to cooperate in this matter, Dr. Feis went on to state that, while the proposed truce only extended to the opening date of the Conference, the American delegation would immediately propose to the Conference that it be prolonged for the period of the duration of the Conference. If this was not acceptable to the Conference, a substitute proposal would be offered to the effect that the truce be extended for a definite period subject to future extensions during the life of the Conference.

*Methods of tariff reduction and the removal of trade barriers:* The tariff truce is designed to prevent the establishment of additional obstacles to international trade. The Conference is faced with the problem of alleviating the present difficulties arresting international commerce. The solution of this problem involves the reduction of tariffs and the removal of various trade barriers. Three methods are available for the accomplishment of this end.

(1) *Autonomous action:* Each country acting by itself can take individual steps to reduce its own tariffs and abolish trade barriers. This method does not involve international agreement.

<sup>52</sup> *Post*, p. 605.

(2) *Bilateral agreements or treaties*: This method requires bilateral treaties containing the unconditional most-favored-nation clause. Two countries would enter into a treaty providing for tariff reductions on specified lists of commodities of special interest to them in their trade with each other. A series of such treaties would, by virtue of the unconditional most-favored-nation clause, extend the tariff reductions throughout the world while each individual country would be protected in its interests by the concessions which it had obtained in the treaties to which it was a party.

The United States favors this method and it will support it at the Conference. If it finds that many countries are not disposed to practice the most-favored-nation treatment, which is the present American policy with respect to commercial treaties, this Government will be compelled to abandon our policy and adopt a bargaining system in order to compete with those countries which maintain bargaining systems. While the United States would prefer to maintain the most-favored-nation principle, it must protect its own interests. Legislation empowering the President to enter into bargaining agreements will probably be introduced in the Congress in the near future.

(3) *Multilateral treaties*: This method involves the negotiation of treaties to which many countries are a party. The American Government is not particularly interested in this type of treaty and, consequently, makes no proposals with regard thereto. It will, however, consider any proposal put forth by other countries at the Conference.

*Remarks of the Polish Ambassador*: The Polish Ambassador at this point in the conversations remarked that the American proposals appeared too indefinite to him to provide any basis for any understanding between the Polish and American Governments. He would prefer a definite statement (*thèse*) that "The United States is for this" and "the United States is opposed to that," etc. He requested that he be furnished with a clear cut statement of American proposals in order to submit it to Warsaw. Dr. Feis replied that the United States did not want to enter the Conference with a program binding itself to a series of propositions which other countries could accept or reject. The Conference is not an American Conference and the United States has less to gain and less to lose than most of the countries participating in it. The Ambassador replied that he would like to have Poland associated with the United States at the Conference. To arrange this, he would have to submit to his Government the American proposals in concrete form so that Poland can either accept them, refuse them, or attempt to come to some agreement or compromise with respect to them. The American attitude, as expressed above, was again pointed out to him with the additional statement that the United States does not want to enter the Conference in the light of having a definite series of proposals which must be considered as an American program.

*International Fund*: The Ambassador referred to the discussion of the question of the synchronization of internal public expenditures in connection with public works undertaken for the purpose of increasing

employment and trade and asked how funds would be provided. He was informed that proposals had been made for the creation of an international fund to provide financing for such improvements. Such a proposal was put forth by the Special British Mission. The United States could not participate in such a fund. In the first place we believe that it would be impossible to come to any international agreement respecting such a fund. There is the example of the small international loan proposed for Austria over which the various European countries have disputed for some eighteen months without coming to any agreement. An international fund of the nature proposed would only cause greater dissension among the countries. In the second place, the United States could not possibly participate in such a fund since the Congress would not provide money for that purpose. American experience with respect to international loans has not been sufficiently happy to encourage it to enter into additional ventures.

*Silver:* The United States is not interested in the monetization of silver. It desires only to reestablish the commodity price of silver, which has fallen much more than the prices of other important commodities. At the present scale of prices for commodities, the price of silver should be somewhere between \$.45 and \$.50 cents per ounce. The Special Missions which recently visited Washington gave a sympathetic consideration and even agreed to support our proposals with respect to silver. Great Britain hesitates to take a stand until it has had an opportunity to consult with British India.

*Remarks of the Ambassador:* The Ambassador was asked if everything that had been discussed was clear to him. He stated that he believed so but that he would have his Counselor of Embassy read the notes that he had taken to avoid any possibility of error. Mr. Sokolowski read the notes which represented the general trends of the conversations.

The Ambassador then asked if all the preliminary conversations carried on at Washington had been held separately with each Special Mission. He was informed that they had been and that such procedure had been adopted at the request of the President. The Ambassador then asked, in view of the fact that the Secretary of State had not yet returned from his conference at The White House, whether he could have an appointment with the Secretary later in the day or early in the morning to discuss with him certain instructions with respect to the Conference that he had received from his Government. He was informed that an attempt would be made to arrange such an appointment with the Secretary's office. The Ambassador then added that he would have the Commercial Counselor of the Embassy come from New York and discuss the technical matters more in detail with the office of the Economic Adviser.



## RUMANIA

550.S1 Washington/680

*Memorandum by Mr. Henry L. Deimel, Jr., of the Division of Near Eastern Affairs, of a Conversation Between American Representatives and the Rumanian Minister (Davila)*

[Extract]

[WASHINGTON,] May 19, 1933.

Mr. Wiley opened the discussion and covered the subject in much the same outline as it had been covered by Mr. Livesey in discussions with the Ministers of other countries. With reference to the possibility of *de facto* stabilization of the currencies Mr. Wiley indicated that this had appeared as very much a technical problem; that there was a possibility, though not a probability, of its being agreed upon for the principal currencies before the Conference assemblies, but that this depends entirely upon the judgment of technicians and largely upon the British position.

With reference to the return to a gold standard Mr. Wiley stated, in reply to the Rumanian Minister's query, that the idea of a central gold fund known as the Fraser idea was not thought feasible, for various practical reasons. On the subject of silver Mr. Wiley explained the suggestion as to proposed legalization of the use of silver in metallic currency reserves as intended to countenance the use of silver for that purpose to the extent of 5 per cent of the cover, or reserve, which is of course only one-fifth of the proportion in the proposal explained by Mr. Livesey elsewhere, or 5 per cent of the currency. Mr. Wiley did not make any mention of the proposal for synchronization of public works programs by the different governments, (a suggestion which will probably prove of little particular interest to Rumania since the government of that country has been for some years engaged in a program of railroad improvement out of the proceeds of its foreign loans and has recently had to divert a portion of the funds earmarked for that purpose to ordinary budgetary purposes). Mr. Wiley also spoke of the confidential nature of these discussions, stating that nothing would be given out concerning them by the Department and that it was hoped that nothing would be published by the other governments; that we would appreciate their being regarded as confidential.

The Minister raised the point of our attitude toward the proposed normalization fund for use in connection with the abolition of exchange controls. He said that evidently the American Government did not think much of this proposal, to which Mr. Wiley replied "ab-

solutely not." The Minister then suggested for consideration the instance of an agricultural country which had by great effort succeeded in balancing its budget. He pointed out that owing to the seasonal nature of its income, based as it is upon the seasonal returns from agricultural crops, it might for short periods require help from such a fund. He pointed out that agricultural countries have no interior financial market to which they can resort for temporary budgetary purposes and stated with great emphasis that it should be clear that some international arrangement simply has got to be worked out to help them. To this Mr. Wiley replied that it was hoped that the general economic portion of the program would serve to alleviate the conditions the Minister referred to. He added that the American Government would not oppose the idea of a normalization fund, but that it merely considered the plan impracticable and that in any event it could not possibly go to Congress to seek an appropriation for the purpose of contributing to such a fund. The Minister suggested that in his opinion it might be possible for such a proposal to be put up to Congress by distinguishing between loans to individual governments and an advance to an international institution, such as the Bank of International Settlements, to be used for a purely international purpose.

The Rumanian Minister stated that the idea of a network of bilateral commercial treaties generalized under the unconditional most-favored-nation clause was a little difficult for him to understand and that it provided difficulties for the agrarian bloc of countries which would want to inject the system of regional preferential tariff for the countries of Southeastern Europe. He referred to Rumania's commercial treaty with Germany and said that the most-favored-nation clause had proved an obstacle to the carrying out of this policy. He said that a conference at Bucharest of the agrarian bloc, called for May 5, had been postponed until June 4 in order that an idea of the Washington conversations might be available, and he referred to the Polish memorandum of fifteen points<sup>53</sup> recently handed to the Secretary as being the policy of the agrarian bloc. An animated discussion followed between the Minister and Dr. Feis, the highlights of which may briefly be summarized as follows:

The Minister asked where the element of reciprocity lay if the tariff treaties were generalized, to which Dr. Feis replied that we did not consider reciprocity and the unconditional most-favored-nation clause

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<sup>53</sup> See enclosure with despatch No. 602 Political, May 24, from the Consul at Geneva, p. 616.

inconsistent, and in reply to the Minister's further question as to where the reciprocal nature of such an arrangement lay, he observed that our idea did not contemplate exclusively reciprocal arrangements. He stated that we were advancing this policy in complete frankness and good conscience, not as a policy designed for our particular nationalistic benefits but because we sincerely felt it was the only practical way by which actual reductions in the general tariff level could be achieved. The Rumanian Minister agreed that the unconditional most-favored-nation policy would be an ideal practice if it could be realized by all. He had, however, discussed this subject with his colleagues to whom it had already been explained; he found that they had no clear idea of it and now he could not get it. He proceeded to elaborate the idea of a system of generalized treaties with certain preferential arrangements inside, the latter seemingly to constitute the major part of the system.

Dr. Feis replied that we preferred the unconditional most-favored-nation policy if we could get general acceptance for it. Otherwise we might have to abandon the idea and resort to exclusive preferential agreements of our own. The unfortunate result would be a series of tariff struggles. He repeated, however, that there might be exceptions defined in advance to the unconditional most-favored-nation clause, to which the Minister replied that it was precisely the scope of those exceptions that the agricultural bloc was interested in. To this Dr. Feis observed that the exceptions proposed by the agricultural countries constituted the most difficult form of the question that could possibly be put up to us, namely an exception to our disadvantage and against our own farmers. He pointed out that our farmers were equally as bad off as those of Eastern Europe and therefore, as well as for political reasons, it was exceedingly doubtful that we would even try to accept such a proposed preferential system. He referred to our new agricultural program and stated that we were interested in cooperating internationally on that basis; that there was a possibility of an international agreement to restrict production as was now being discussed at Geneva. To this the Minister replied that the agrarian countries have not been asked to that Conference, admitting however that the American Government was not responsible for that.

The Rumanian Minister referred to the Department's attitude on the subject of Danubian grain preferences expressed several months ago (specifically in connection with our refusal to waive most-favored-nation rights with regard to the preferences envisaged in the commercial treaty between Rumania and Germany). At that time, the

Rumanian Minister observed, the Department had indicated that it would be willing to agree to some preferential exceptions. Dr. Feis rejoined that the particular exception the Rumanian Minister was proposing would be the very hardest one for us to consider.

The Rumanian Minister then observed that there was a difference between an agricultural country whose economic situation was based entirely upon its farmers and that of an industrial country. He observed that the one hundred million people comprising the agrarian bloc have nothing to sell but their agricultural products and might not be able to agree to any arrangements unless special treatment of those products was provided; he observed that the failure of the representatives of one hundred million people to agree might severely affect the results of the Conference. He emphasized several times that it was a matter of dollars and cents to us; that if the agricultural activities of the agrarian bloc were adequately favored they would provide a market for industrial products, whereas otherwise they would have to seek to industrialize themselves. He wished to point out that difficulty to the general acceptance of the unconditional most-favored-nation clause very clearly as it was a very real difficulty, and he added that, while he realized it would be politically difficult for the American Government to accept anything which might injure the Kansas farmers, it was to be remembered that in order to agree upon an international basis a compromise as to national interests was often necessary.

To this Dr. Feis again referred to the projected international wheat agreement<sup>54</sup> and observed that even this was by no means uncontested; that there were plenty of people who considered that such an agreement would be contrary to the American farmers' interests.

The discussion proceeded for some time along the above lines, the various points being repeated several times, and finally wound up with some emphasis upon the point that, while the American Government favored the generalization of tariff concessions under the unconditional most-favored-nation clause, it did not wish to propound that clause absolutely rigidly and undogmatically [*sic*] but would consider such appropriate exceptions as might be proposed. The door was not absolutely shut to the possibility of some preferential grain arrangements, although Dr. Feis repeatedly emphasized that such arrangements would be quite the most difficult for the United States to consider favorably.

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<sup>54</sup> For correspondence relating to negotiation of an international wheat agreement, see pp. 787 ff.

## SWEDEN

550.S1 Washington/742

*Memorandum by Mr. Richard W. Morin, of the Division of Western European Affairs, of a Conversation Between American and Swedish Representatives, May 17, 1933*<sup>55</sup>

## [Extract]

Present: The Secretary of State,  
The Swedish Minister,<sup>56</sup>  
The Counselor of the Swedish Legation,<sup>57</sup>  
The Swedish Economic Attaché,  
Mr. Steinhardt,  
Dr. Feis, (acting as spokesman),  
Mr. Moffat,  
Mr. Culbertson,  
Mr. Wiley.

Dr. Feis introduced the discussion by saying that he wished to present a brief report on the scope of our previous conversations concerning the Monetary and Economic Conference with the representatives of other governments. Following this he would be pleased to receive such suggestions or opinions as the Swedish delegation wished to suggest.

The Swedish Minister stated that he did not understand the necessity of the American gold embargo in view of his impression that the amount of American obligations held abroad, if all paid in gold, would not have severely taxed the gold reserve. Dr. Feis explained that there were several factors in the question and that it was not only a matter of foreign holdings of American securities, Government bond, etc., but there had been the probability of a flight from the dollar by Americans as well as a speculative problem. Mr. Steinhardt indicated that at the time of the gold embargo Americans were considering the sending of large quantities of bonds abroad for collection. The threat in short was primarily from Americans. The Minister then asked concerning the reaction of other governments consulted with regard to the stabilization of currencies. Dr. Feis replied that the discussions had been left in the air but the situation, now summarized, may be said to rest entirely on Great Britain. The Swedish Minister stated that his country was interested in this question inasmuch as it maintained a

<sup>55</sup> Approved by the Assistant Economic Adviser (Livesey).

<sup>56</sup> Wollmar F. Boström.

<sup>57</sup> Baron Johan Beck-Friis.

managed currency. It had appointed experts to follow the situation and would like any information regarding the conversations which had been held with respect to the rates of stabilization. Dr. Feis replied that he was not the person from whom to obtain this information. The Swedish Minister then referred to the matter of tariff rates and reciprocal tariffs, and stated that he was pleased to hear the American position with respect to the unconditional most-favored-nation clause. Dr. Feis stated that we would probably adhere to this policy unless the other nations moved in the opposite direction. The Swedish Minister then put the question as to whether Sweden, in the absence of a most-favored-nation treaty with United States, would obtain most-favored-nation treatment from the United States concerning the products which were mentioned in a most-favored-nation treaty between the United States and some third nation. Dr. Feis replied that while he was unable to give an authoritative opinion on this, Sweden, as a low tariff country, would probably receive most-favored-nation treatment in the instance cited though no treaty existed. The Swedish Minister was interested in this statement as he had been apprehensive as to the outcome in the absence of a treaty and had considered the possibility of pushing a conclusion of a treaty with the United States but that now, as a result of the comments which had been made, he would hold the matter in abeyance until the powers which the President was seeking had been granted. Here Dr. Feis asked the Swedish Commercial Attaché to explain carefully to his Government the American aim in connection with silver, particularly the point that no system of bimetallism was contemplated, to which the Commercial Attaché agreed. The Minister then suggested that once currency stabilization was reached the quota system would disappear. Dr. Feis stated that there was always difficulty to get rid of any trade barrier once established and that benefited industries would be extremely averse to return to their former situation.

#### TURKEY

550.S1 Washington/467

#### *Memorandum by the Under Secretary of State (Phillips)*

[WASHINGTON,] April 20, 1933.

The Turkish Ambassador <sup>58</sup> left with the Secretary this morning the accompanying *aide-mémoire*, which is in reply to our invitation to the Turkish Government to exchange views preparatory to the London Economic Conference. He referred especially to the last paragraph in the *aide-mémoire*, requesting to be informed of the

<sup>58</sup> Ahmet Muhtar.

points of view of the United States on the agenda, etc. etc. and expressed the hope for an early reply thereto.<sup>59</sup>

The Ambassador talked at some length on general questions; Turkey, he said, was a Democratic country which exercised a stabilizing influence in the Near East. The Secretary said he appreciated this fact and hoped that Turkey would play an even more important role in this respect in the future.

The Ambassador said that in his *aide-mémoire* he had not raised the question of debts, but his Government believed, nevertheless, that the whole question of external debts lay at the basis of the world wide economic problems and would, therefore, have to be included in the London Conference.

The Ambassador also touched upon the question of the admission of Soviet representatives to a full part of the London discussions. Russia, he said, played such an important part in the economic problems of the world and also, by virtue of its vast population, should not be kept apart in any way during the London discussions. The Secretary replied that he understood that Russia had been invited to the Conference precisely on the same footing as the other nations and, as far as he was concerned, he felt the Soviet delegation in London should be received on equal footing with the other delegations. This he emphasized was his personal view point.

As to disarmament, the Ambassador said that his Government shared the views of this Government in the reduction of arms on a qualitative and quantitative basis. The Secretary said that our delegation to the General Conference on Limitation of Armament<sup>60</sup> would gladly work with the Turkish representatives along these lines.

Following an exchange of courtesies the Ambassador thanked the Secretary for his reception.

PHILLIPS

[Enclosure—Translation]

*The Turkish Ambassador (Muhtar) to the Secretary of State*

#### AIDE-MÉMOIRE

I wish first of all to especially thank the Government of the United States for their thoughtful attention in informing our Embassy of the tenor of the *note verbale* which they had remitted to it to be communicated to the Government of the Republic.

<sup>59</sup> An exposition of the American point of view was given to the Ambassador in a conversation of May 25, 1933. The explanation was substantially the same as that presented in the memorandum of a conversation of May 15 between American and Polish representatives, p. 553.

<sup>60</sup> For correspondence relating to the Conference for the Reduction and Limitation of Armaments, see pp. 1 ff.

While remaining within general principles in the statement which I have the honor to make, my Government believes that the study of this statement would be greatly facilitated by its division into two parts.

The first part contains a brief exposition of the economic and financial relations existing between the United States of America and the Turkish Republic. In this field, it must first be noted that the present situation presents itself in a satisfactory light, and that if, in spite of the wishes mutually entertained, the development of trade does not make more rapid progress, the cause must be sought in the repercussions of the world-wide crisis, for to-day there no longer exists any obstacle which might impede commercial exchanges between the two countries; there do exist, however, the difficulties created both in America and in Turkey by the present economic crisis.

In the second part we shall endeavor to deal concisely and in general terms with the international financial and economic situation which marks the continuation of the world depression, in spite of the fact that from time to time there seem to be moments of respite. The phase which, particularly during the last two years, appears to be predominant in the world economic crisis is especially the financial and political aspect; that is, this crisis manifests itself particularly in the form of a general lack of confidence, engendered by political and financial causes and by the difficulties resulting for international trade from the obstacles put in the way of its normal development by the necessity of defending national currencies. It may be said that during the crisis resulting from the transformation of world economic conditions, national and international economy, which should have adapted themselves to new conditions, have been prevented from effecting this adaptation by the influence exerted upon them by political and financial elements. Lack of confidence in the political domain and the currency problems have thus accentuated the effects and heightened the acuteness of the economic crisis.

The situation, analyzed and studied from this angle, leads us to put forward certain practical considerations gained from experience acquired in the regions where our country is situated as well as from the knowledge gained in the different conferences in which we have participated. Needless to say, a large part of what we shall develop here may contain considerations which will be or already have been set forth by the delegations of other Powers. In replying to the wish expressed at Washington, we shall therefore only set forth these few points in their generality, with the intention of treating them in detail accompanied by explanatory statements at the World Economic Conference in London. However, should the Government of the United States express the wish to receive additional explana-



tions on any item of our statement, we are prepared to comply with that wish.

In the present situation, the ideas which we believe to be practical and feasible may be set forth as follows:

A. The political atmosphere must be cleared by enabling the Disarmament Conference to reach a practicable method of solution; also the Powers must abstain, insofar as is possible, from political and economic improvisations. By this we mean that a certain preparation should be made for any international question which might interest, directly or indirectly, a large number of countries by informing all countries in the world of it and thus inspiring their confidence.

B. Just as in the political domain and *a fortiori*, measures of a general character in the economic domain should be adopted only with the cooperation of all countries in the world, the only exceptions being those countries which themselves abstain from such action.

C. The movement of capital should precede the gradual abolition of restrictive measures impeding international trade, or at least be consequent upon this abolition, for among the provisions which impede trade, more than half have been adopted in order to cope with currency problems; hence the necessity of devising means, at the earliest possible moment, for insuring the movement of capital. The recovery of political confidence and financial stability constitute the very first requirements for the accomplishment of this purpose. On the other hand, it must be admitted that in order to insure harmony between production and consumption, the purchasing power and the standard of living of the peoples of the world must be raised; moreover, the remedy for unemployment itself must not be sought solely in the national domain nor solely in the international domain, but rather in the development which can be achieved only in a spirit capable of taking into account both these elements. In this domain as well, the movement of capital can play a role of primary importance. The cause of the advancement and the independence of the nations are pressing realities. International measures, regulations and relations must all be studied and envisaged from this angle. A broad nationalism, holding that the rights of other peoples are as important as its own aspirations, is as propitious for the development of international trade and relations as a nationalism which subordinates the rights of others to the cause of its own expansion is fatal to the establishments of international harmony.

D. Currency difficulties, the great evil of the present day and which we have pointed out above, can only be effectively checked by means of the balance of payments, for each country is obliged to increase the volume of its exchanges by taking into account its balance of payments, if not with respect to each nation separately, at least in general. It is undeniable that if creditors should facilitate payments in kind by their debtors on the latter's debts, the collection of their debts and the guarantee of payment would be found to be assured, thus bringing about greater facility for the movement of capital. To leave the different countries with dislocated balances of payments and not to aid them to right them tends incontestably to diminish the consuming power. Those countries whose accumulated wealth may be used as a reserve fund can withstand the effects

of a deficitary balance for a long period of time; but those which are deprived of this means cannot even withstand the consequences for one year and their Governments are forced to adopt immediate measures of conservation.

E. In order to facilitate the movement of capital, we believe that it would be highly useful to provide for the establishment of an international credit bank, organized with the participation, on an equal footing, of all countries, in order that, even after the revival of a general atmosphere of confidence, mobile capital no longer may be employed only as an instrument of national policy and in order that it may be adapted to international requirements. Needless to say, the bonds of this institution, which would deal solely with banks, would be listed on all exchanges (*bourses*) and an international regulation would be worked out with a view to giving to the subscribers if possible even greater security than that given by existing national banks, upon condition, however, that equal treatment be accorded to all nations.

F. Concerning a monetary policy, we believe, in view of present circumstances and in view of the proportion between the existing gold supply and world transactions, that the only practical solution is the universal adoption of a system tending to base international exchange on the convertible gold standard and abolishing convertibility in domestic exchanges and transactions.

G. With respect to the question of tariffs, we are of the opinion that percentage reductions can be applied to definite articles by means of bilateral commercial treaties with special conditions corresponding to the interests of the signatories. With this end in view, it may be recommended to the different countries to exert the maximum efforts compatible with their national interests.

H. In commercial treaties the most favored nation clause may be maintained by limited correctives while a more auspicious and more adequate formula for the needs of the moment is sought. In order to facilitate international trade and transactions, the corrective which we believe important to introduce into this clause is the following: The special facilities which each country might deem proper to accord to the countries whose balance is unfavorable with respect to it, should be left without the most favored nation treatment, because, competition on an equal basis in any one country must be limited to those countries alone whose balance is not deficitary with the former, without this regulation being extended to the countries having an unfavorable balance.

I. We consider that, in order to diminish currency difficulties and to do away with the obstacles which impede trade as a result of these difficulties, a return to the era of long term credits and loans is necessary, following on the revival of political and economic confidence.

J. With reference to the question of prices, we consider that the establishment of harmony between the prices of raw materials and those of manufactured products and the grant to these latter of a reasonable profit would tend to encourage employment and production, just as low prices tend to increase consumption.

K. The organization of production and of trade can only be achieved by a group of carefully studied concerted measures. Among these measures, we have believed it necessary to explain above those which seemed to us the most adequate for the necessities of the present

situation. We believe that in the future it will be possible for all countries, in the course of readaptation, to acquire useful knowledge from the experience and observations which we shall be able to gain in successive international conferences.

Following the above exposé, the request which we wish to make to the Washington Government is that it be kind enough to enlighten us as to its points of view concerning the agenda of the forthcoming London World Economic Conference, the subjects which should and could be added to the agenda, and also with respect to the situation as it appears to-day. If the Government of the United States of America could be good enough to communicate to us also the result of the preliminary conversations held in Washington, we desire to express to it at this time our gratitude.

#### YUGOSLAVIA

550.S1 Washington/680

*Memorandum by Mr. Henry L. Deimel, Jr., of the Division of Near Eastern Affairs, of a Conversation Between American Representatives and the Yugoslav Minister (Pitamic)*

[WASHINGTON,] May 18, 1933.

Mr. Livesey made the regular explanation to the Yugoslav Minister of the American position with reference to the program of the Conference. As he concluded it with a request that the Yugoslav Minister seek to ascertain his Government's position with reference to the tariff truce proposal the Under Secretary entered, and the Minister expressed to him his Government's thanks for the invitation to join in this noble effort to restore prosperity, stabilization and happiness and gave assurances that as in the past Yugoslavia would do everything possible to help. The Under Secretary thanked him and answered that Yugoslavia's cooperation was needed—that the whole world needs it.

The Minister then said he would like to make some comment in order to indicate his Government's position on certain points. He said he would inform his Government of the explanation that had been made to him and would ask to be heard again if it were felt that any further points should be taken up, so that today he could only express his Government's view in general outline. With reference to the items of the Agenda he said:

1. That his Government is particularly interested in the tariff truce proposal; <sup>60a</sup> that he hoped soon to know more definitely the exact view of his Government but had no doubt that it would accept in principle, with, however, some necessary reservations which would center on the following points:

<sup>60a</sup> *Post*, p. 605.

- (a) That the same truce be accepted by the governments of the countries to which Yugoslavia exports its products; and
- (b) that if treaty obligations with any country should terminate and that other country should discriminate against Yugoslav products the Yugoslav Government would not be obliged to apply the terms of the truce in its relations with that country.

2. The other items in which his Government was particularly interested included the subjects of international credits; the war debts which had been left unpaid because no German reparations were received; the artificial barriers against Yugoslav agricultural exports, particularly in the form of tariff duties; and the question of money values and exchanges.

The explanation of Yugoslavia's position, he stated, rested upon economic conditions. It was to the extent of 80 or 90% an agricultural country. The fall in agricultural prices had seriously affected Government revenues, capital had been withdrawn, and foreign trade had fallen off 50%. Yugoslavia desired to be enabled to resume the export of its produce and so to meet its international obligations again. Its position was affected, and consequently its interest in the Conference aroused, by the general economic crisis in all countries on the one hand and by the agricultural crisis in Yugoslavia on the other. The Yugoslav difficulties were aggravated however by a special set of circumstances. The suffering of the war, including devastations and occupation of Yugoslav territories and the loss of lives, had left the country in a very serious condition. In the early post-war years Yugoslavia had not obtained sufficient foreign loans to pay for the necessary restoration and it had therefore been necessary to finance this out of German reparations. Consequently the relation of Yugoslavia's reparation receipts to her war debt obligations was quite different from that prevailing in most countries; on the one hand reparations were high because the war-time devastation had been so high, whereas war debts were comparatively low. As a result the moratorium on inter-governmental debts had been a particularly hard blow to Yugoslavia, causing a loss to it of about \$16,000,000, and for this reason it could not accept the suspension.<sup>61</sup> Nevertheless the consequences of the suspension were imposed upon it, the Bank of International Settlements and Germany refused to make the prescribed remittances and Yugoslavia thus became, and has since remained, unable to meet its foreign debts. This unique situation was publicly recognized by the Committee of Experts which sat in London in August, 1931.<sup>62</sup> Furthermore, the Minister desired to lay emphasis on the point that his

<sup>61</sup> See *note verbale*, August 10, 1931, from the Yugoslav Minister, *Foreign Relations*, 1931, vol. I, p. 233.

<sup>62</sup> See Great Britain, Cmd. 3947, Misc. No. 19 (1931): *Report of International Committee of Experts Respecting Suspension of Certain Inter-Governmental Debts*, pp. 5 ff.; also *Foreign Relations*, 1931, vol. I, pp. 230-239.

country's reparations receipts were not employed for budgetary purposes but to pay interest on the external obligations resulting from the war.

These, he said, were the reasons why it would be legally and economically impossible to meet the annuities last year and for the same reasons Yugoslavia cannot meet them this year. He desired to emphasize, however, that Yugoslavia would make every effort possible to aid in restoring trade and prosperity.

The Under Secretary said he was very glad to have listened to this explanation which he had not had an opportunity to hear from the Minister's lips before, and withdrew. There was some further discussion of minor points connected with the silver question and the discussions then terminated.

### III. FURTHER MULTILATERAL DISCUSSIONS UPON PRE-CONFERENCE AND OTHER ISSUES, APRIL 17-MAY 29

550.S1/668½

#### *Memorandum by the Economic Adviser (Feis)*

[WASHINGTON,] April 17, 1933.

Mr. Bewley<sup>63</sup> came in to see me Saturday morning, April 15. He handed me a paraphrase of a cable received from his Government which contained one of the important monetary ideas favored by his Government. The memorandum suggested the creation of an international fund by contributions of various governments for the purpose of making loans to central banks which in return would end exchange controls and reduce other barriers to international trade. Such a fund (which the memorandum suggested would be a billion and a half to two billions of dollars) would be loaned at very low rates, and by freeing trade, et cetera, should, in the judgment of the British Government serve to raise prices.

We discussed various features of the suggestion and agreed that there were three sets of questions that would have to be answered in regard to it: (1) Could it as a practical matter work, or would the practical difficulties be so great as to make it unworkable even if brought into existence? (2) Would it achieve the ends desired, that is, tearing away barriers to trade and raising prices? (3) Would it be politically possible to win support for it in this country?

I stated informally and without authority it seemed to me that the proposal was open to doubt on all three points. The problem of allotment of the available funds would be an extremely difficult one

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<sup>63</sup> Thomas Kenneth Bewley, Financial Adviser of the British Embassy.

and might well connect up with European politics. As for (2), unless this arrangement were accompanied by many others for clearing the channels of trade, this one would not do so. As for (3), I emphasized the nature of the strong opposition in this country to any proposals under which this Government would obligate itself to furnish any more money to foreign governments—especially in the light of the threatened default on all its past loans.

I gathered from Bewley's talk that one of the ideas behind the British proposal is that these funds would stabilize the exchanges of other countries and thereby not expose the pound to the fluctuations of other currencies.

I said that I thought it would be a mistake if at this phase of the discussions between the two governments there should be any leak to the effect that the main British proposal was one calling upon the American Government to provide fresh funds for the sake of foreign governments. This apparently impressed him and he said that he would not therefore hand me a copy of his paraphrase now but would reserve it until a later time. In the meantime, I promised that I would make a memorandum regarding the conversation and circulate it among those who would be concerned with it.

H[ERBERT] F[EIS]

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550.S1/666 : Telegram

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

PARIS, April 17, 1933—9 p. m.

[Received April 18—6: 17 a. m.]

166. From Norman Davis.<sup>64</sup> Following telegram has been received from Drummond: <sup>65</sup>

“President Council Organizing Committee for Economic Conference considers in view consultations taking place Washington Committee can hardly usefully meet April 25th and proposes meeting be deferred for maximum 3 weeks from 25th. Unless telegram to contrary will assume you agree.”

Please advise me immediately if you object to this postponement.<sup>66</sup>  
[Davis.]

MARRINER

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<sup>64</sup> American representative on the Organizing Committee for the Monetary and Economic Conference.

<sup>65</sup> Sir Eric Drummond, Secretary General of the League of Nations.

<sup>66</sup> Telegram No. 92, April 18, noon, to Mr. Davis read: “No objection to the proposed postponement.” (550.S1/674½)

550.S1/676 : Telegram

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

PARIS, April 21, 1933—3 p. m.

[Received April 21—noon.]

175. From Norman Davis. At the conclusion of a long talk this morning with Daladier<sup>67</sup> on disarmament problems he briefly referred to the financial problem created by our going off gold.<sup>68</sup> He said he was not personally perturbed but that some of his collaborators were. He remarked that he had predicted such a move two months ago and felt it was the inevitable answer to British monetary policy and the fluctuating pounds (sterling) and if it resulted in a final monetary agreement between France, England and the United States it would be well worth while.

In view of the somewhat hysterical attitude of the press here concerning which Marriner is reporting separately and reports reaching here of near panic among French party with Herriot,<sup>69</sup> I felt Daladier's attitude was most significant. Absent Ministers have been called back from vacation for Cabinet meeting tomorrow. [Davis.]

MARRINER

550.S1/677 : Telegram

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

PARIS, April 21, 1933—5 p. m.

[Received April 21—3:35 p. m.]

177. From Norman Davis. Your 98, April 20, 7 p. m.<sup>70</sup> I talked by telephone today with Simon<sup>71</sup> who told me MacDonald was insisting upon meeting of the Organizing Committee on 27th on the ground that by then the President and he will have agreed on date for Conference. I told him that I could not in any event be in London on 27th but could arrange to be there a few days later than that. He then pressed me to agree upon 29th as a compromise indicating that he is being pressed by MacDonald and I agreed to give him an answer tomorrow if possible. I think I could be in London by the 29th. If you are not willing for me to agree now on the 29th or possibly May 1st I suggest that the matter be taken up with MacDonald at

<sup>67</sup> Édouard Daladier, President of the French Council of Ministers.

<sup>68</sup> Executive Order No. 6111, April 20, 1933.

<sup>69</sup> Édouard Herriot, Head of the French mission to Washington for conversations preliminary to the Monetary and Economic Conference; for correspondence concerning these conversations, see pp. 494 ff.

<sup>70</sup> Not printed.

<sup>71</sup> Sir John Simon, British Secretary of State for Foreign Affairs.

once so that he may call off Simon from pressing for early meeting. Please advise so that I may answer Simon tomorrow morning Saturday. [Davis.]

MARRINER

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550.S1/678 : Telegram

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

WASHINGTON, April 21, 1933—6 p. m.

99. For Norman Davis. Your 177, April 21, 5 p. m. April 29th seems feasible and if in the meanwhile the President and Mr. MacDonald, who will arrive here this afternoon, have any suggestions to make you will be immediately advised.

HULL

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550.S1/681 : Telegram

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

PARIS, April 22, 1933—noon.

[Received April 22—10:25 a. m.]

178. From Norman Davis. French Foreign Office obviously very disturbed at reports emanating from Geneva that agreement is being reached between British and ourselves for early meeting of Organizing Committee without consulting them. In order to meet natural susceptibilities of French on this point believe it highly important the French be consulted before any publicity is given to date for Organizing Committee. In any event as April 29th is a Saturday suggest that May 1st is a more appropriate date if you decide upon early meeting of the Organizing Committee. This will give you time to consult French or instruct me further before Simon has League send out any notices. [Davis.]

MARRINER

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550.S1/688 : Telegram

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

WASHINGTON, April 22, 1933—1 p. m.

103. For Norman Davis. Inform Sir John Simon that the President and Prime Minister share the view that the Organizing Committee should meet on April 29. We shall give out no publicity on the subject in Washington.

The Prime Minister is requesting Sir John Simon, as Chairman of the Organizing Committee, to consult the French Government and any other he may deem desirable.

HULL



550.S1 Washington/155 : Telegram

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

PARIS, April 22, 1933—4 p. m.

[Received April 22—2:30 p. m.]

182. From Norman Davis. As you are aware the Convention on the Abolition of Import and Export Prohibitions and Restrictions which was opened for signature at Geneva on November 8, 1927<sup>72</sup> was ratified conditionally by us and many other powers but finally failed to go into effect because of Poland's rejection. In view of wide acceptance of this convention I suggest for your consideration that the principles it set forth might serve as a useful point of departure in dealing with prohibitions and quotas. Without something of this kind tariff reductions would be vitiated. [Davis.]

MARRINER

550.S1/697 : Telegram

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

WASHINGTON, April 28, 1933—6 p. m.

83. For Davis. Growing out of the discussions here this Government has decided to put forth proposals for the establishment of what might be called a tariff truce beginning with the meeting of the Organizing Committee. You are accordingly instructed to bring forward at a suitable time during the meeting of the Organizing Committee two proposals which are intimately connected with each other.

1. Propose to the Committee that included with the invitations to the Conference there should be sent a notification that, at the opening of the Conference, the American Delegation intends to propose a tariff truce. The detailed provisions of this proposal will be studied further here and sent to you at a later time. It will be necessary, however, for you to sketch to the Organizing Committee the general outline of the proposal. Our understanding is that as long as the terms of the proposal of which notice might be circularized by the Organizing Committee are at least as broad as the terms of the actual draft resolution which will be brought before the Conference, there should be no difficulty when the Conference meets in proceeding with the consideration of the draft resolution.

The proposal that we will embody in the draft resolution, as it is tentatively visualized by the President, would be that immediately upon the convocation of the Conference all the Governments will be

<sup>72</sup> For correspondence relating to negotiation of this convention (signed on the part of the United States, January 30, 1928), see *Foreign Relations*, 1927, vol. I, pp. 246 ff.; for text, see *ibid.*, 1928, vol. I, p. 336. For correspondence pertaining to withdrawal of the United States from the convention, effective June 30, 1933, see *post*, pp. 783 ff.

asked to join in a "gentleman's agreement" to be carried out in good faith that all governments should refrain, during the period of the truce, from creating or making any material upward modification in tariff rates, imposing any new restrictions or enhancing any existing restrictions against the importation of goods which would give domestic producers an additional advantage as compared with foreign producers. (The latter part of the above provision is to take care of such changes in the tariff as those which might be made under the new Farm Bill now being considered by Congress, in accordance with which tariff changes may be made to offset the burden of new domestic taxes imposed on certain types of products; this would not change the balance of advantage as between foreign and domestic producers and thereby operate to create any new obstacle to international trade.) Furthermore, the "gentleman's agreement" would provide that the governments should agree to introduce no additional direct or indirect subventions in the expansion of their export industries nor any discriminatory trade methods nor any additional measures to promote dumping, etc. All of these features and possible necessary limitations dealing, for example, with bills already in the course of passage will have to be further studied and defined, and will unquestionably arise for discussion at the Conference itself after the proposal has been made.

The President is of the opinion that the period of the Conference is the natural term for such a truce and our proposal is likely to run along that line. The British, in their discussion on that point, stated that they wished to reserve decision as to the duration of the truce. The French, however, accepted. The provisional nature of the truce may be stressed, in order to make it clear that it is not intended to stereotype indefinitely the existing situation.

2d. Circularization of this proposal for a tariff truce, sent at the same time as the invitations to the Conference, would in itself be a notice of intention that we plan to introduce the resolution.

It appears highly desirable that, during the weeks that will intervene between the meeting of the Organizing Committee and the meeting of the Conference, there also should be some form of "gentleman's agreement" in the spirit of the truce proposal, above outlined, to achieve the same result during the intervening period.

You are, therefore, requested to propose to the Organizing Committee that it adopt and publish the following resolution for that purpose:

"The Organizing Committee of the Monetary and Economic Conference, convinced that it is essential for the successful conclusion of the Conference that the measures of all kinds which at the present time misdirect and paralyze international trade be not intensified, recognizes the urgency of adopting at the beginning of the Conference

a tariff truce, the provisions of which shall be laid down by common agreement.

The Committee, further convinced that immediate action for this purpose is of great importance, strongly urges all governments which will participate in the Conference to abstain from all initiatives which might increase the many varieties of difficulties now arresting international commerce. One of the main motives which brings the governments together in Conference is to surmount these obstacles; the Committee firmly urges all governments, during the period that will intervene before the Conference, to act in conformity with the spirit of this objective."

The result sought by this resolution is to bring into effect 6 weeks before the summoning of the Conference the conditions aimed at in the tariff truce. The adoption by the Organizing Committee of this resolution should have an excellent effect in encouraging public opinion and in enabling the governments to lead public opinion towards the support of the main tariff truce proposal. It should, on the one hand, serve to safeguard, during the intervening period against new initiatives and, on the other hand, have a favorable effect on international commerce and world prices.

The text of the resolution for the initial period which is quoted above was evolved in discussions with the French and British Delegations in Washington. It cannot be taken to represent an agreement because it has been strictly understood throughout all the discussions that have taken place in Washington that no agreements were reached. However, the quoted text does represent a meeting of judgment here as to what was likely to prove mutually acceptable.

The provisions of the second stage, namely that of the truce coming into effect after adoption by the Conference itself were also carefully discussed with both Delegations and progress was made in defining the outlines and terms of a proposal that might prove mutually acceptable for that purpose; however, these discussions were not conclusive and further interchanges will probably have to ensue during the intervening weeks.

Please consult with Sir John Simon as to the proper form in which the two parts of the truce proposal should be brought before the Organizing Committee, in order to ensure that they will be strictly in order both at the meeting of the Organizing Committee and the Conference. It is our thought that you should, in all events, give formal notice that the United States will make a tariff truce motion on June 12 and request the Organizing Committee that advance notice of this intention be sent with the invitation.

If you have any suggestions as to the form or as to the manner in which this matter should be handled, please transmit them to the Department.

HULL

550.S1/698 : Telegram

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

LONDON, April 29, 1933—11 p. m.

[Received 11:20 p. m.]

91. From Davis. I reached London at noon today and received the Department's instruction 83, April 28, 6 p. m. Having discovered that our press had already learned through Foreign Office sources that our Government intended presenting proposal for tariff truce to the Economic Conference I replied affirmatively to their request for confirmation. Subsequently and before the meeting of Organizing Committee Stoppani, Director of Economic Relations Section of the League, called upon me with text of resolution as handed him by the Foreign Office, identical with that which the Department instructed me to present to the Committee. He expressed doubt as to the advisability of presenting this resolution, doubting the competence of the Committee to act upon it and also pointing out that many of the representatives would be ambassadors without previous knowledge of the Organizing Committee's meetings and furthermore unwilling to commit their governments by accepting this recommendation for publication without instructions. I explained to him my belief that a recommendation such as this from the Committee at this moment, when it was generally known the United States Government would propose a tariff truce at the opening of the Economic Conference, would have a most beneficial effect.

Shortly before the meeting I conferred with Sir John Simon who said he had only received last night the text of the resolution which I was to ask the Committee to adopt today; that he doubted the competency of the Committee to take such action, and that he for his part was unable to agree to its adoption without consulting the Cabinet which he had not had time to do. I explained that while it might be somewhat outside its terms of reference I thought the Committee would be justified in making such a recommendation since it would have a far reaching psychological effect at this moment and contribute to the success of the Conference. Sir John then said the telegram which he had received last night on this subject was from Leith-Ross<sup>73</sup> and he judged the Prime Minister was not even aware of this proposed resolution, but he desired to take as broad a view of the matter as possible although he had learned from the French Ambassador<sup>74</sup> that he was under instructions not to accept this resolution. After some further discussion Sir John concluded that if I felt I must carry out my instructions and propose the adoption of this resolution at the

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<sup>73</sup> Sir Frederick Leith-Ross, Chief Economic Adviser to the British Government.

<sup>74</sup> Aimé-Joseph de Fleuriau.

meeting today he felt the only alternative to suggest was to suggest for those members in a like situation to himself to consult their respective governments and upon receiving instructions have a further meeting of the Committee.

The Committee met at 3 o'clock and unanimously fixed June 12th as the date for the Conference. Several preliminary routine details were disposed of including the decision to invite the International Cooperative Alliance and the International Agricultural Union of Paris to participate in the same consultative capacity as the International Chamber of Commerce. I then made the proposal to the Committee set forth in paragraph numbered 1 of the Department's telegraphic instructions first above referred to and it was unanimously agreed that notification should be made at the same time the invitations to the Conference were issued of the purpose of the American Government very much in the language of the Department's telegram. Sir John Simon, however, took exception to the phrase "Gentleman's Agreement" which he said was never used in England and as it appeared to limit "the word of an Englishman".

I then proposed that the Organizing Committee adopt and publish the resolution as textually set forth in the Department's telegram giving at some length my Government's views for suggesting this resolution and my own convictions as to its psychological value at this critical juncture before the assembling of the Conference in the creation of sentiment for stopping international economic warfare. The German Ambassador <sup>75</sup> said he did not feel the Organizing Committee were competent to act in this matter and read from the resolution passed by the Council of the League of Nations on July 15, 1932, delimiting the powers of the Committee of Organization. He added that he was without instructions which would enable him to accept the resolution and said he feared that his Government would find it difficult to give an immediate answer. He pointed out that it was only 6 weeks until the opening of the Economic Conference and he doubted whether instructions could be forthcoming from the governments concerned for a fortnight at least. The Italian Ambassador <sup>76</sup> stated he fully realized the value of such a resolution, with which he was in sympathy, but he was unable to agree to it without referring to his Government. This same view was expressed by the Japanese Ambassador <sup>77</sup> while the Belgian Ambassador <sup>78</sup> was inclined to favor approval. The French Ambassador remained silent but told me afterwards that by changing the wording somewhat his Government might consent. Sir John Simon speaking as Chairman then pointed

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<sup>75</sup> Leopold von Hoesch.

<sup>76</sup> Dino Grandi.

<sup>77</sup> Tsuneo Matsudaira.

<sup>78</sup> Baron de Cartier de Marchienne.

out that there seemed to be no other alternative, if I did not desire to withdraw the proposal, than request the various members of the Committee to ask their governments' instructions and notify him as soon as these were received, when if the various replies were favorable another meeting of the Organizing Committee would be summoned. I took occasion once again to explain the importance my Government attached to creating a favorable sentiment which would lend itself to the success of the Economic Conference and indicated that if the governments represented on the Organizing Committee were unwilling to go so far as to authorize their representatives to express themselves in favor of a cessation of economic warfare it would not brighten much the outlook for success at the Conference. I pointed out especially the value of this resolution in view of the measures some governments have taken within the last few weeks to increase tariffs. After some discussion the members of the Committee agreed to consult their governments and ask for authority to adopt the proposed resolution and that if and when the Chairman is advised they would all concur he should then call a meeting immediately for its adoption.

For the press communiqué to be published this evening it was agreed that the date June 12th should be reported as fixed and also that the Organizing Committee had agreed to include with the invitation to the Conference a notification that at the opening of the Conference the American delegation intended to propose a tariff truce. It was agreed, however, that the official press communiqué should make no reference to my proposal to the Organizing Committee for the adoption of the resolution in question. In reply to individual press inquiries as to the outcome of an American resolution for immediate tariff truce, I have stated that the Committee itself had no authority to act upon a truce.

I understand the French Government's objection to the adoption by the Organizing Committee of the proposed resolution is that it is opposed to committing itself even morally not to take measures to counteract the effect of fluctuating currencies and that until currencies are stabilized it is not logical to try to stabilize other restrictions on trade.

Stoppani <sup>78a</sup> called me up after the meeting to say that some of the members had felt that the adoption of the resolution in the form proposed, particularly adopted by ambassadors representing their countries, would be construed as making a rather binding commitment. He thought that the objective which we have in mind might be equally well attained by somewhat different wording. He then suggested that if the resolution were worded as follows there would be a better chance of getting it adopted :

<sup>78a</sup> Pietro Stoppani, Chief, Economic Section, League of Nations.

"The Organizing Committee regards with great sympathy the decision of the United States Government to put forward a proposal for the conclusion of an economic truce and considers that conditions most favorable to the success of the Conference would be created if all governments would in the intervening period before the Conference abstain from any action contrary to the spirit of this proposal".

If you approve and think it advisable I will be glad to take the matter up on Monday to see what can be done. [Davis.]

ATHERTON

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550.S1/701 : Telegram

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

WASHINGTON, April 30, 1933—10 p. m.

84. For Norman Davis. Your 91, April 29, 11 p. m. If you believe that within a few days members of the Organization Committee will receive authorization from their respective Governments to consider your Tariff Truce Resolution do not discuss any alternative weaker text.

If you believe this unlikely, however, the Department believes you might make a statement along the following lines:

"To the American Government it seems of the utmost importance that during the weeks preceding the Conference there be added no additional obstacles to international commerce which would almost certainly shake public confidence in the intentions of governments and impair the friendly atmosphere necessary for the success of the Conference. For that reason, the American Government deems that the promulgation by the Organization Committee of a recommendation of the sort it offered to be highly important. It would regret having the recommendation of some general and weaker nature. However, if the type of resolution that the American Government offers is unacceptable, I am instructed to support the best obtainable."

HULL

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550.S1/702 : Telegram

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

LONDON, May 1, 1933—4 p. m.  
[Received May 1—1:05 p. m.]

92. From Davis. Your 84, April 30, 10 p. m. I think your suggested procedure a good one. I hope to know better in next day or so what the probabilities are for members of Organizing Committee to concur in the tariff truce resolution which we submitted. Simon has sent me word today that he has been put to bed by his doctor with instructions to remain there until Wednesday afternoon but that if there is anything urgent he will of course be glad to see me. This may cause some delay.

American newspapermen report this morning the existence of an intensive propaganda directed from official circles here against proposed truce unless it is preceded by a moratorium on war debts for the period of Economic Conference. This attitude is apparently motivated in part by concern lest trade agreements recently negotiated may be adversely affected.

With regard to suggested statement to be made by me in case adoption of the proposed resolution seems unlikely it is not Simon's intention to call another meeting of the Committee unless he gets word that they are all ready to adopt it. If he should not call the meeting it would then be necessary for me either to request a special meeting in order to present proposed statement or to deal with matter in another way.

In such event it occurs to me that it might be better for me to write a letter to the Chairman, to be transmitted to the members of Committee and to be published, setting forth the views of the American Government and expressing the hope that the respective governments represented on the Organizing Committee may see fit to express themselves as being in accord with the views and suggestions of the American Government. In this way we could perhaps create sentiment and smoke them out more successfully.

It seems obvious from information received from reliable sources that every effort has been made and is being made to conclude commercial treaties not only before the convening of the Conference but even before the Prime Minister's return here. Instances of this are the Danish agreement<sup>79</sup> and the temporary agreement reached with Germany<sup>80</sup> last week in which the British accepted a lower coal quota than they have held out for from the outset of the negotiations. The Argentine trade negotiations<sup>81</sup> have been completed and the final draft which I am informed will appear early this week contains considerable concessions over those originally demanded here. It is even hoped that the Norwegian trade agreement<sup>82</sup> may be initialed before Wednesday so that the Prime Minister on his return may find these trade agreements a *fait accompli*.

Simon clearly is opposed to committing himself on the truce resolution until he talks with MacDonald but I am hopeful that MacDonald will see wisdom of taking a strong affirmative attitude which would help to bring all others into line. I am inclined to believe

<sup>79</sup> Signed at London, April 24, 1933, *British and Foreign State Papers*, vol. cxxxvi, pp. 327, 343.

<sup>80</sup> Exchange of notes, London, April 13 and May 3, 1933, *ibid.*, pp. 382-386.

<sup>81</sup> For correspondence concerning Anglo-Argentine trade negotiations, see vol. iv, pp. 722 ff.

<sup>82</sup> Signed at London, May 15, 1933, *British and Foreign State Papers*, vol. cxxxvi, pp. 413, 431.



France will agree to concur in resolution with some proviso as a protection in case dollar exchange depreciates as much as say 15% more. [Davis.]

ATHERTON

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550.S1/710 : Telegram

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

LONDON, May 3, 1933—8 p. m.

[Received May 3—5:11 p. m.]

97. From Norman Davis. In spite of the apparent progress made in Washington towards curbing economic nationalism and paving the way for success of the Economic Conference, which is highly applauded, strong doubts are expressed here as to the wisdom of abandoning the trend of England's policies these last months by which she has gained substantial benefit towards overcoming the depression, for the more ideal but less probably realizable program evolved in Washington during MacDonald's visit. If the Prime Minister is not able to curb this tendency on his return home it will tend to nullify success. One may note that while the Prime Minister was in Washington discussing measures to remove harmful restrictions to trade the Government here has been moving rapidly in the opposite direction by the conclusion of trade agreements containing quota and preferential clauses.

While it is generally admitted that the program outlined in the communiqué issued by the President and MacDonald on April 26<sup>88</sup> would be beneficial and successful if strongly supported by both Governments, strong doubt exists as to whether this program can be made realizable in an appreciable time. In other words, MacDonald will have to stem the tide which has been running during his absence and to persuade Parliament that Great Britain as a result of the Washington conversations will be best served in international matters by immediate cooperation with the United States in preparation for a successful World Economic Conference even though this involves subordination of some of her own economic problems for the moment. The opponents of MacDonald are making a vicious use of the reported failure of the United States to uphold the gold contract on United States securities, and they are also arguing there should not be any economic truce without a debt truce, and in anticipation of possible failure of the Economic Conference they are, of course, trying to put the blame on us. They further argue since the United States cannot compel cooperation from England without endangering its economic life, which the United States is not pre-

<sup>88</sup> *Ante*, p. 492.

pared to do, that England should not jeopardize her present favorable position without those sureties she has consistently demanded.

Nevertheless in the best informed circles it is felt that MacDonald's prestige with the public is such that he will be able to force his own views. He is to make a direct appeal to the country by radio on Friday night.<sup>84</sup> I am hopeful he will get the Cabinet to agree at once to the tariff truce so that we may get that settled. I am therefore remaining here to see him on that as well as disarmament. [Davis.]

ATHERTON

550.S1/745

*Memorandum of Trans-Atlantic Telephone Conversation*<sup>85</sup>

DAVIS: There are several things I have got. In the first place about this tariff truce. I understand you cabled me this morning as to details. Just about what I indicated in my cable<sup>86</sup> the P. M. has not been able to do. I mean the Cabinet is very favorable to a truce, but they want it worded in such a way as to permit them to go ahead with the negotiations they have been conducting, which of course is a truce on agricultural produce, including bacon and eggs. I told him that while of course they would have to stand by any agreement they had made, I thought it was going rather contrary to the big broad program which he and the President had agreed upon and which really prohibited . . .<sup>87</sup> He said he just simply could not. His statement is that he is waiting for the final wording of the actual final agreement to be negotiated. The real trouble is on the wording. The question is how much do we want this. If we can get one through, it will only be eye-wash.

PHILLIPS: I think we want it very much.

DAVIS: All right. Here is the physical difficulty I am up against. Sir John is sick. He has been away all week. He is chairman of the organizing committee and we cannot get that together without his calling it, and there is objection to having them act because it is not within their terms of reference, and I rather think perhaps the best thing would be to write a letter, telling them what we want, but I guess that is not the way you want to deal with it now.

PHILLIPS: You are referring now to the intermediary truce that is between now and the opening of the conference. Are you not?

DAVIS: When he left Washington there was not any talk about the organizing committee. That was a new thing, and his argument is

<sup>84</sup> See despatch No. 862, May 6, from the Chargé in Great Britain, p. 493.

<sup>85</sup> Between Norman Davis in London and Under Secretary of State Phillips in Washington, May 6 [5?] 1933, 4 p. m.

<sup>86</sup> Telegram No. 101, May 5, midnight, from the Chargé in Great Britain, p. 592.

<sup>87</sup> Apparent break in telephone connection at this point.

that he thought we were going to agree upon the final wording even as to what is to be presented at the conference and that we would agree upon that also. But I have explained to him how that would be impossible, that we could not possibly get that done in time and after all this resolution we propose is a question more than anything else and a recommendation. I think I could stay here and probably get something by Monday. I ought to be in Geneva Monday as there is a very serious situation developing there at the conference and I ought to be there on Monday morning for some things at the Bureau,<sup>88</sup> and I was just wondering if the P. M. ought to be in Geneva too. He was wondering if I could get the wording of what we would agree upon tomorrow. You might take it up then through the Ambassador in Washington.<sup>89</sup>

PHILLIPS: Well, why can't you do the very best you can for the wording of the six weeks' truce. Just do the very best you can.

DAVIS: But the trouble is how to get those people together. Sir John would have to call them, and I cannot get him. It is a very unfortunate thing. He has gone away and they do not expect him back for a week or two. He is not well at all. The only thing we could do would be to get the Government here to take it up with those nations and have it as a joint statement to be issued by the several nations that are represented on the committee itself, which I think would really be still more effective if we could get it done.

PHILLIPS: Well I think if you cannot get it done any other way through Simon, I think it is the best way. The thing now is to get some truce in the intervening weeks between now and the opening of the conference and just the wording is less important.

DAVIS: Even if it includes continuance of negotiating these agreements.

PHILLIPS: Has Simon a substitute?

DAVIS: No. They have refused to offer any. I told them I was ready to sit down and talk it over. And they then said what are the other nations going to do. We do not want to commit ourselves unless we know what the other nations are going to do.

PHILLIPS: We are considering sending you a communication, which I am going to read parts of to you. It is in relation to the British-Argentine Treaty.<sup>90</sup> We have been discussing the matter with the Argentine Ambassador<sup>91</sup> who is here now and this is a communication that we are proposing to send to you for such action as may seem to you advisable.

<sup>88</sup> Bureau of the Disarmament Conference.

<sup>89</sup> Sir Ronald Charles Lindsay.

<sup>90</sup> For attitude of the United States toward these negotiations, see vol. iv, pp. 722 ff.

<sup>91</sup> Felipe A. Espil.

"The American Government has taken note of the terms of the treaty now in process of negotiation between the British Government and the Government of the Argentine Republic and has discussed with the Argentine representatives now in Washington the possible significance of the terms of the treaty, particularly in regard to (a) the operation of the foreign exchange rationing arrangements; (b) the ultimate effect on American trade of the tariff changes contemplated in Section . . . of the treaty.

The American Government realizes also that in all probability the British Government would, after the Washington conversations, wish to hold the conclusion of this treaty in abeyance pending the outcome of the Economic Conference. Nevertheless, in accordance with the spirit of complete frankness in which the recent Washington conversations were carried on, the American Government desires to point out that the proposed British-Argentine treaty contains elements of discrimination in favor of British trade which are inconsistent with the policies and aims for world cooperation, which alone can give real meaning to the Economic Conference and to the preliminary conversations in which the American Government is engaged."<sup>92</sup>

PHILLIPS: Under ordinary circumstances we should of course send that message as an *aide-mémoire* through the diplomatic channels, but not knowing the political situation over there and wishing to act to strengthen the Prime Minister's position and not weaken it, we are thinking of submitting it to your judgment to decide whether to so transmit it, or whether in a personal conversation you should outline our position, or whether such a conversation should take place here with the Ambassador, or whether we should do nothing at all. The President and all of us feel that we should take some action to present our point of view.

DAVIS: We do too. We feel very strongly that we should. I would not be surprised if the Prime Minister would not be glad to have it and I think the best thing is to get it, and I suggest that I talk with him about it.

PHILLIPS: We will do it that way. We will send that along. Have you anything else?

DAVIS: He stated frankly that these negotiations which were pushed through so rapidly just before his arrival are going in the very opposite direction from the big broad program that was intended and outlined in the communiqué. I think we ought to make an issue of it right now.

PHILLIPS: We will do that. Have you anything more?

DAVIS: I have a very serious thing about this disarmament<sup>93</sup>—two or three things. In the first place, on Monday morning, the Germans and the French are to bring up the question of reorganization of the

<sup>92</sup> See telegram No. 96, May 5, 9 p. m., to the Chargé in Great Britain, vol. iv, p. 727.

<sup>93</sup> For correspondence relating to the Disarmament Conference, see pp. 1 ff.

army, and the British Cabinet decided today that we must take a firm stand on that to uphold their conventions and got to take it up in the Bureau. They had Eden over today from Geneva to discuss it with the Cabinet and they say we have just got to make an issue on that. It may be that it will blow up the conference. I think myself it has got to come to a head. So on Monday morning what I would do would be—I will see him tomorrow here on this other thing and then leave here Sunday and be in Geneva Monday morning. In the meantime I would get a cable off to you as to what is the outcome about the truce. One other thing regarding disarmament again. We are not getting answers to our cables at all on those questions.

PHILLIPS: We have a number of instructions,<sup>94</sup> three or four, to send you, which will probably go out tonight, and we are sending them over to London or Geneva whichever you want. But I think we have tried to answer all your questions raised in your various telegrams.

DAVIS: If you can get it off tonight, I would rather that you send it to London.

PHILLIPS: That is, the political to London, and the technical to Geneva?

DAVIS: All to London and then I will get Hugh<sup>95</sup> on the telephone because I may want to discuss it with him.

PHILLIPS: We apparently have everything answered except on the artillery.

DAVIS: I am going to suggest that either you or Cordell get hold of MacArthur<sup>96</sup> and talk to him on that. Otherwise, we are overruling the army, and if you do not look out whenever we bring back an agreement, then you will have the whole army against you unless it is talked out beforehand. I think the army is wrong. As we have explained, this artillery does not (break in connection)

DAVIS: I probably will cable you more fully on that. I think we are coming to the point. We do not have anything to do with it, which makes it embarrassing in the Senate. That is something we have got to look after. We have either got to reduce the number of delegates or got to get one or two more over here,—for the formality, if nothing else for the psychological effect of having a larger number of delegates signing the convention, if we ever get to signing the convention. Is it most important for me to be in Geneva to attend on Monday or Tuesday, or to stay here and work on this other thing. I think I can get it going far enough tomorrow so that it could be continued through, or I could get back here about Wednesday.

<sup>94</sup> Telegrams Nos. 94 and 95, May 5, 8 p. m. and 9 p. m., to the Chargé in Great Britain, pp. 124 and 126; Nos. 327 and 328, May 6, 3 p. m. and 3:14 p. m., to the American delegate, pp. 128 and 129.

<sup>95</sup> Hugh Wilson, American delegate to the Disarmament Conference.

<sup>96</sup> Gen. Douglas MacArthur, Chief of Staff, U. S. Army.

PHILLIPS: I think if you could get back by Wednesday it would probably take care of it. I think it is awfully important for you to follow along in London.

DAVIS: It seems so right now. I declare, it is a queer situation. I have tried to keep you informed as to the situation here.

It would be awfully good strategy if you could send for MacArthur. I am sure he would agree to these artillery clauses if you would explain it to him.

Is Cordell back yet?

PHILLIPS: He is at Cabinet.

DAVIS: Will you tell Cordell that I wrote him a personal letter about something that I am going to do when I get through with this disarmament and that I am expecting an answer that I have not had.

PHILLIPS: I will tell him. Best of luck to you. You are doing a fine job.

DAVIS: It is not easy. Goodbye.

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550.81/729 : Telegram

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

WASHINGTON, May 5, 1933—7 p. m.

92. For Norman Davis. In regard to the tariff truce proposals. In the light of the circumstances and difficulties you are facing, it seems to the Department wise that you recall to the British Government that all that was contemplated for the period between now and the Conference was the promulgation by the Organizing Committee of a strong recommendation that all governments live up to the general purpose and aims of international economic cooperation which the Economic Conference is designed to forward. As to the exact wording of this recommendation, the Department authorizes you to agree to any wording that is feasible and which is not so weak or does not contain so much leeway for special action as to defeat itself. It also leaves to your judgment whether this recommendation should be issued by the Organizing Committee or as a joint statement of the governments represented on the Organizing Committee.

As for the tariff truce proposal which is to be brought forward at the Conference, the exact wording of that will no doubt be discussed at the Conference itself. If it proves possible, the American Government will endeavor to hold conversations with various other governments before the Conference.

HULL

550.S1/718 : Telegram

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

LONDON, May 5, 1933—midnight.

[Received May 6—2 a. m.]

101. From Davis. 1. In conversations with MacDonald yesterday and today with regard to the tariff truce he took the position that action by the Organizing Committee as contemplated in the resolution submitted by me under your instructions<sup>97</sup> had not been discussed in Washington before he left; that he had agreed in principle to a tariff truce subject to agreement on the wording and which he had thought should begin to run May 1st but that he had explained that exception must be made of negotiations and measures already begun by his Government some of which involved the establishment of quotas on certain agricultural products including bacon and eggs but that it was understood that the final wording of the truce agreement was to be prepared and furnished to them and for which he is still waiting.

2. At the Prime Minister's suggestion I also talked with Runciman<sup>98</sup> who said there was no objection to entering into a truce with certain provisos which upon analysis means that Great Britain could go ahead making agreements such as she has been completing. His contention was that these regulations did not raise but in every case reduced the tariff between the two countries concerned and so far as Great Britain is concerned they established quotas only on imports of agricultural products.

3. After the Cabinet had met to discuss the matter today I had a further talk with MacDonald who said that the Cabinet liked the idea of a truce but could not agree definitely on it until they get the final wording for which he is still waiting. I inquired if that means in effect that the wording must be such as not to prohibit further agreements involving quotas on agricultural products. He replied affirmatively. I then told him that I must report to my Government just what the situation is which I understood in effect to be as follows:

1. The British can not concur in the resolution in the form proposed to the Organizing Committee for the interim.

2nd. The British Cabinet is in agreement with the idea of a truce with a protective reservation subject to agreement upon the actual wording which they are waiting for us to present.

He said that was putting it rather bluntly but he supposed that was about the truth. I told him what disturbed me was that their position seemed to be at variance with the broad constructive program outlined in the communiqué issued by him and the President which

<sup>97</sup> *Ante*, p. 578.

<sup>98</sup> President of the British Board of Trade.

condemns the quota system and also that in my opinion the immediate advantages they might get from the special trade agreements would be of minor importance in comparison to their share in general world improvement that would result through a broad and constructive program such as that agreed upon by the President and him. To this he replied that he had explained in Washington that the condemnation of quotas did not include quotas on agriculture under certain conditions but then said he was in an embarrassing position and he could not get through the Cabinet a wording that would prohibit them from carrying through agreements and measures now in progress of negotiation.

MacDonald indicated that the British Government does not want to commit itself during the interim period unless the other principal governments are all likewise committed and his impression was that the French would not agree without reservations that would leave them practically free. He nevertheless admits the advisability if possible of getting some sort of truce.

From my telephone conversation with Mr. Phillips this evening<sup>99</sup> I understand that you are most anxious to get the truce for the interim period even though it requires modification to meet British position. I shall therefore take the matter up with the Prime Minister tomorrow on this basis and endeavor to get agreement on a text but in view of differences of opinion in Cabinet Prime Minister will probably not be willing to commit himself finally without another Cabinet meeting next week. It will then of course be necessary to secure the agreement of the other Governments represented on Organizing Committee. [Davis.]

ATHERTON

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550.S1/733 : Telegram

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

WASHINGTON, May 6, 1933—3 p. m.

97. If Mr. Davis has already left London, I hope you will find an opportunity to convey the following message from me to the Prime Minister.

Our suggested tariff truce is not intended to imply that the comparative level of present tariffs is reasonable as between the various nations nor is it intended to prejudge the basis of future negotiations in any way whatsoever. The purpose is to prevent the friendly spirit of the Conference, which is so essential to the success of the Conference itself, from being imperiled by action which might disturb the existing situation. As it is impossible to foretell how long a time

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<sup>99</sup> *Ante*, p. 587.



may be needed to reach agreements that would relieve international commerce from the present encumbrances and as it would not be reasonable to ask nations to forego their sovereign rights for an indefinite period, it is suggested that the truce should hold from now until the end of July, by which time it would be possible to judge the prospects of a more permanent agreement.

HULL

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550.S1/731 : Telegram

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

LONDON, May 8, 1933—2 a. m.  
[Received May 7—11: 15 p. m.]

106. From Norman Davis. I am reliably informed that the Foreign Office spokesman in his conference with the press yesterday stated that it was most difficult for Great Britain to agree to the suggested recommendation for a tariff truce as long as the American currency is unstable and it might become necessary to take emergency measures to protect the Empire market from American goods. He added that members of the Government here are awaiting in utmost interest President Roosevelt's address Sunday night<sup>1</sup> because it might give some indication of his intentions in the matter of inflation and war debts. He added that if these indications were reassuring the British Government may conceivably be willing to agree with reservations to the recommendations of a so-called tariff truce.

This simply goes to show that in so far as concerns the British the tariff truce is becoming more definitely tied up with some assurance or action on the debts. [Davis.]

ATHERTON

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550.S1/734 : Telegram

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

LONDON, May 8, 1933—8 p. m.  
[Received May 8—5: 29 p. m.<sup>2</sup>]

109. From Norman Davis. I discussed the tariff truce in detail with Runciman this afternoon on the basis of the draft quoted below which was prepared to combine your original draft with instructions in your 97, May 6, 3 p. m., and also to meet certain difficulties which had arisen in our earlier conversations. Runciman stated that as far as he could see this draft raised no difficulties from the point of view of the Board of Trade provided that it did not prevent carrying out of existing agreements. In this connection he referred to certain tariff increases

<sup>1</sup> For text, see Department of State, *Press Releases*, May 13, 1933, p. 333.

<sup>2</sup> Telegram in two sections.

which they might be obligated to make in the near future under the Ottawa agreements<sup>3</sup> particularly copper, cod liver oil and salmon. He stated, however, that he was afraid it might raise some difficulties for the Ministry of Agriculture. They had in contemplation some restrictions on the import of eggs, fish, et cetera. He added that he understood we had somewhat similar problems as regards agricultural products and that he understood that both countries desired some leeway in dealing with these products.

Runciman said that he would circulate this draft and take the matter up particularly with the Secretary of Agriculture.<sup>4</sup> He intimated that they would prefer to await the arrival of Leith-Ross before definitely committing themselves but when I told him it was highly important to settle the question without further delay he agreed to circulate the draft tonight so that it could be considered at once by the principal members of the Cabinet. I told Runciman that the resolution was not intended to prevent the carrying out of any existing arrangements and confirmed that the agricultural problem might require special treatment, having in mind particularly reference in your 83, April 28, 1 [6] p. m., to tariff changes which might be necessary under the new farm bill.

Please examine draft quoted below and advise me immediately if any changes are required under farm bill or otherwise. Draft follows:

"The governments of (here insert names of states represented on Organizing Committee) represented on the Organizing Committee for the Monetary and Economic Conference, convinced that it is essential for the successful conclusion of the Conference that the measures of all kind which at the present time misdirect and paralyze international trade be not intensified pending an opportunity for the Conference to deal effectively with the problems created thereby, recognize the urgency of adopting at the beginning of the Conference a tariff truce, the provisions of which shall be laid down by common agreement.

The said governments, being further convinced that immediate action is of great importance, themselves agree, and strongly urge all other governments participating in the Conference to agree, to abstain, at least until July 31, 1933, by which time the Conference shall have an opportunity to declare itself, from all new initiatives which might increase the many varieties of difficulties now arresting international commerce. One of the main motives which brings the governments together in conference is to surmount these obstacles; the said governments therefore urge all other governments, represented at the Conference, to act until the Conference has thus had an opportunity to consider these questions, in conformity with the spirit of this objective".

[Davis]  
ATHERTON

<sup>3</sup> Great Britain, Cmd. 4174 (1932): *Imperial Economic Conference at Ottawa, 1932, Summary of Proceedings and Copies of Trade Agreements.*

<sup>4</sup> Walter Elliot.

550.S1/740 : Telegram

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

LONDON, May 9, 1933—3 p. m.  
 [Received May 9—1:35 p. m.]

112. From Norman Davis. I have just discussed with Simon and Runciman the tariff truce formula. They expressed general concurrence with the draft quoted my 109, May 8, 8 p. m., subject to certain amendments which they said the Prime Minister also approved. There is no change in the first paragraph and the second and third paragraphs read as follows:

"The said governments, being further convinced that immediate action is of great importance, themselves agree, and strongly urge all other governments participating in the Conference to agree, that they will not, before the 12th of June nor during the proceedings of the Conference, adopt any new initiatives which might increase the many varieties of difficulties now arresting international commerce, subject to the proviso that they retain the right to withdraw from this agreement at any time after July 31st, 1933, on giving one month's previous notice to the Conference. It is understood that action taken in accordance with the considerations set out in part 1 B sub-section 11 of the draft annotated agenda submitted by the Preparatory Commission of Experts (C.48.M.18.1933) <sup>5</sup> would not be in conflict with this resolution.

One of the main motives which brings the governments together in common is to surmount the obstacles to international trade above referred to; the said governments therefore urge all other governments represented at the Conference to act in conformity with the spirit of this objective."

For purposes of identification the section in the draft annotated agenda mentioned above being "the unprecedented fall of commodity price" and closes "financial confidence." The points which the British are apparently anxious to safeguard by this reference are contained in the phrase with regard to obtaining a better level of prices for certain primary commodities "by the regulation of exports or production".

I told Simon and Runciman that I believed the amended draft would be satisfactory to you and said I saw no objection to his circulating it for the consideration of the other members on Organizing Committee. I told them that I would consult you for final confirmation.

I believe that we now have a real chance to put over the tariff truce and urgently request that you advise me immediately if this wording is acceptable so that I can help to line up the other powers and then arrange an early meeting of the Organizing Committee. [Davis.]

ATHERTON

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<sup>5</sup> League of Nations, Monetary and Economic Conference, *Draft Annotated Agenda submitted by the Preparatory Commission of Experts* (Official No. : C.48.-M.18.1933.II [Conf. M.E.I.]).

550.S1/741 : Telegram

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

LONDON, May 9, 1933—4 p. m.  
[Received May 9—3:45 p. m.<sup>6</sup>]

113. From Davis. I desire to lay before the President and you my views of the situation as I find it here in England since I consider a careful analysis of the factor involved is vitally important to you in preparation for the Economic Conference.

In all my recent dealings with the British I have found that while they recognize the desirability and importance of cooperating as closely as possible with us in dealing with world problems as a whole they have had only one real preoccupation in their economic and financial relations with us, namely, the war debt issue,<sup>7</sup> until recently when a new element was introduced by the depreciation of the dollar.

In this connection please see MacDonald's broadcast on last Friday night<sup>8</sup> where he said that if the Economic Conference was to achieve results the vexed question of war debts must be settled one way or another as quickly as possible, certainly before the Conference ends. He added that upon this we (that is, the President and he) were in agreement. Then in the same broadcast in summing up the results of his conversations he added that one of the results of the Washington discussion had been:

"The personal exchange of information regarding war debts and an agreement that on their settlement depends the success of the work of the Economic Conference. As we both pledged ourselves to leave no stone unturned to make that Conference a success, this agreement means that we are to use every means in our power to find a way to settle those debts".

In this subtle manner the British are endeavoring to build up a case which would be reenforced by our silence that we agree with the cry which they are trying to persuade the world, and particularly the countries linked with sterling, to accept that war debts are and until settled will remain the chief cause of our economic difficulties. The consequence they draw from this is that debts are the primary question to be solved if the Economic Conference is to be successful and that our failure to cooperate in a solution—and to them a solution means only one thing, namely, substantial cancellation—we will bear the onus for any failure of the Conference.

The British will talk about agreeing with us upon the broad policy of economic cooperation to be adopted at the World Conference but

<sup>6</sup> Telegram in three sections.

<sup>7</sup> For correspondence concerning Anglo-American negotiations relative to inter-governmental debts, see pp. 826 ff.

<sup>8</sup> See despatch No. 862, May 6, 1933, from the Chargé in Great Britain, p. 493.

I fear that the Cabinet with the possible exception of MacDonald has now little real faith or interest in achieving this. MacDonald is the facade which they use in order to work out a proper setting for dealing with us on the war debt issue and while MacDonald is doing this the group which negotiated and backed the Ottawa agreements are working to achieve what the average Britisher still considers to be England's right, namely, a position of supremacy in the world of finance and trade; at least within the so-called sterling block of countries, a block which they hope to widen by their pending trade agreements.

They feel that the restoration of England to its proper position in these fields is now blocked by only two things, namely, war debts and the fluctuating dollar. They feel that with Ottawa and the other preferential treaties that they have negotiated or are now negotiating they would be in a position to face the future with equanimity apart from these two obstacles even if the Economic Conference proved a failure or its practical benefits were long delayed. I am therefore of the opinion that in order to get their support for the adoption of a broad program of international cooperation in the economic and financial discussions they must be shown that this cooperation is essential to any mutually satisfactory solution of these two questions.

In fairness to the British we must recognize that the position which most of them thus take is largely a result of the shortsighted and mistaken policy in international, economic and commercial affairs which we have adopted during the past 12 years. For example, Runciman who was a liberal and a free trader became converted to Empire preference and quotas mainly because he lost all hope of curbing the growing economic nationalism and decided that Great Britain in self-defense must abandon her traditional policy. He and his friends now point out that when the British proposed a tariff truce in 1928 they got no support and our response was the Hawley-Smoot Tariff Bill.<sup>9</sup> MacDonald told me last week that some of his associates felt it was rather unreasonable for us with our present high tariff and fluctuating currency to ask them to "stop now" and do nothing to protect themselves.

A private letter written a few days ago by one of the officials of the Federation of British Industries (the most influential organization of its kind of Great Britain) and which I was not intended to see, sets forth as follows the general economic policy which I believe the majority of the Cabinet and of British industry now proposed to follow:

"For the better or for worse the Federation has taken the view that there is no world solution for the present crisis, and in so far as there is a remedy, it lies in Great Britain arriving at agreements with Em-

<sup>9</sup> 46 Stat. 590.

pire countries and countries carrying out trade activities which, broadly speaking, are complementary to those in this country. No solution, therefore, involving cooperation with America and France would be regarded as satisfactory to the main objective".

The real success of the Economic Conference and world-wide economic restoration through broad general measures will require a change in this British policy and the particular question before us, it seems to me, is to consider by what means we may best get them to recognize the necessity of such a change and to adopt an attitude of real cooperation such as MacDonald professes but as to which his most influential colleagues are still lukewarm.

First, we should take advantage of the very questionable tactical position in which the British have placed themselves by taking the initiative in calling a World Economic Conference following this with the Ottawa agreements and then endeavoring to rush through on the eve of that Conference a series of commercial agreements which make it so much more difficult for them to adopt any broad policy of cooperation with the United States and other countries. Hence, in my 105, May 7, noon [*midnight*],<sup>10</sup> I stressed the importance of a protest on the Argentine treaty. Fortunately there is considerable opposition both in Parliament and in public opinion to the policy represented by this and other treaties and our protest may give the Cabinet pause.

Secondly, the leverage which we will have through the possibility to depreciate the dollar permits allied countries to face the British with the very difficult alternative of either engaging in a race with us for international trade through devaluation or on the other hand cooperation with us on broad lines through mutual stabilization.

Thirdly, we have a weapon capable of effective use in the war debt issue. I appreciate the extraordinary political difficulties which this presents but unless the President has some liberty of action to use the adjustment of the war debts in connection with broad economic negotiations we cannot effectively employ our best weapon to bring about success of the Economic Conference. Not knowing the developments in the political situation at home since I left I hesitate to volunteer suggestions. From this angle it would seem good strategy if the President could get authority not to grant a debt moratorium but to determine to what extent demand should be made for payments accruing on debts during the period of the Economic Conference, such determination to be based upon his judgment as to the present ability of the debtors to transfer payments accruing without a further de-  
broad program envisaged for the World Economic Conference. I

<sup>10</sup> Not printed; for correspondence relating to Anglo-Argentine (Roca) Agreement of May 1, 1933, see vol. iv, pp. 722 ff.

got the impression while at home that what Congress was most reluctant to do was to grant a moratorium. If therefore he should state that he desired authority not to establish a general moratorium or to alter existing debt agreements but merely to regulate the demand for payment during the transition period as the interest of the United States and of world recovery may dictate this might help to meet domestic political difficulties.

While it seems essential to the successful development of our policy and the protection of our interests that we frankly recognize the problems created by the present tendencies and policies of the British Government with a view to taking steps to meet the situation, it is of course important to avoid an impression getting about that any serious differences exist as that might make it all the more difficult to get the authority necessary to deal effectively with the situation. At the same time if we are to bring the British around to a policy of real cooperation the utmost frankness and candor seems to me necessary in dealing with the officials here and with Lindsay in Washington. They must be brought to realize the choice which lies before them either of cooperating with us to make a success of the Economic Conference or of continuing their present policy of building up a "sterling bloc" of countries through preferential arrangements which are inconsistent with the purposes of the Conference and which will render more difficult cooperation with us in the task of working for general economic rehabilitation as well as in dealing with other world-wide questions which are of common interest and concern. [Davis.]

ATHERTON

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550.S1/746 : Telegram

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

WASHINGTON, May 9, 1933—7 p. m.

101. For Norman Davis. Your 109, May 8, and 112, May 9. The wording of the revised draft is acceptable.

You will of course make clear that you are not binding the position of this Government in advance in regard to all changes that one or another country may make under the reservation made by reference to part 1 (b), subsection 2 of the experts report. This joint statement by the Governments would be a declaration of general principle and intention and it would rest with each Government to act fairly in accord with its spirit. It seems to the Department to be in harmony with the fundamental purposes of the Economic Conference.

The Department was glad that the chances of putting through this truce have improved and hopes that a meeting of the Organizing Committee can be arranged at once.

HULL

550.S1/756 : Telegram

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

LONDON, May 10, 1933—7 p. m.

[Received May 10—3:20 p. m.]

116. From Norman Davis. The draft resolution on the tariff truce in the form approved in your 101, May 9, 7 p. m., was circulated today by Simon to the representatives here of the six other countries represented on the Organizing Committee which is called to meet tomorrow afternoon if those governments are then ready to join the British and ourselves in accepting the draft. The British reservation through reference to experts report is causing some difficulty because full purport is not understood and hence the various Embassies concerned are referring home for instructions. Possibly you could help get prompt favorable replies through advising Washington representatives of these governments of importance you place on prompt acceptance of the resolution in view of practical and psychological effect it will have in preparing the ground for the Economic Conference.

This is particularly important in the case of the French Government as their Ambassador has just left here and the Chargé d'Affaires<sup>11</sup> will probably be reluctant to assume any responsibility. Further it will be helpful if we could dissuade the French Government from taking the initiative to put in a reservation covering protection against fluctuating currencies as if this is introduced by the French it will probably be adopted by others and tend [to] weaken the effect of the declaration.

I learn from the German Embassy here that while they agree in principle, the new formula will require specific approval of the Cabinet which meets tomorrow, Thursday, to consider the matter.

We are working here with the representatives of all the governments concerned. [Davis.]

ATHERTON

550.S1/765 : Telegram

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

LONDON, May 12, 1933—9 p. m.

[Received May 12—5 p. m.]

121. From Norman Davis. Tariff truce in form described my 112, May 9, 3 p. m., approved this afternoon by Governments represented on Organizing Committee, namely: Germany, Belgium, United States, United Kingdom, France, Italy, Japan and Norway. Reference to annotated agenda removed from text and added as footnote. Jap-

<sup>11</sup> Roger Cambon.



anese and Italian Ambassadors approved *ad referendum*, former for constitutional reasons, latter because he had not received final word from his Government which he felt confident would be forthcoming shortly as they had approved in principle. French and Germans introduced certain explanations and qualifications which will be included in the procès-verbal<sup>12</sup> and reported fully in a later cable tonight.<sup>13</sup> [Davis.]

ATHERTON

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550.S1/770 : Telegram

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

WASHINGTON, May 12, 1933—8 p. m.

108. For Norman Davis. Your 121, May 12, 9 p. m. This is a splendid job. You have my best congratulations.

HULL

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550.S1/768 : Telegram

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

LONDON, May 12, 1933—11 p. m.

[Received May 12—10:15 p. m.]

122. From Norman Davis. Referring to my telegram 121, May 12, 9 p. m., Organizing Committee discussed for over 3 hours draft of tariff truce, the situation being complicated by the fact that the instructions received by several governments were incomplete. There was first a long informal discussion off the record as to the position of the various governments. It soon developed that all the governments were in accord with the general principle and after protracted negotiations it was agreed that the various reservations and explanations should all be included in the procès-verbal and the text of the resolution<sup>14</sup> left unchanged.

A formal meeting of the Organizing Committee<sup>15</sup> was then opened by Simon at whose request Major Elliot, the British Minister of Agriculture, explained that the reference to the annotated agenda did not in the opinion of the British Government cover the case of any export subsidy. The French representative then proposed that the

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<sup>12</sup> See League of Nations, Council Committee for the Organisation of the Monetary and Economic Conference, *Minutes of the Meeting held at the Foreign Office, London, May 12th, 1933, at 3.0 p. m.* (C.O.C./Conf.ME/P.V.7.(1), Annex to C.328.1933.II.), transmitted to the Department by the Consul at Geneva as an enclosure to his despatch No. 609 Political, May 30 (550.S1/918).

<sup>13</sup> Telegram No. 122, May 12, 11 p. m., from the Chargé in Great Britain, below.

<sup>14</sup> *Infra*.

<sup>15</sup> The proceedings of this meeting are recorded in League of Nations, Council Committee for the Organisation of the Monetary and Economic Conference, *Minutes of the Meeting* (C. O. C./Conf.ME/P. V. 7 (1), Annex to C. 328.1933.II).

reference to the annotated agenda be eliminated from the text and included as a footnote which was unanimously accepted.

In indicating our acceptance of the resolution I made the following statement based on the instructions in your 101, May 9, 7 p. m.

“It is my understanding that in accepting the resolution none of the governments thereby bind themselves in advance to accept the interpretation which any other governments may place upon any reservation which it has made or as regards any changes which any government may make under the reserves contained in the reference to part 1 B, sub-section 2 of the draft annotated agenda of the Preparatory Commission of the Monetary and Economic Conference. The resolution is a declaration of general purpose and intention and it rests with each government to act fairly in accord with its spirit.”

You will note that I made slight textual changes in the instructions you sent to me as I found that many of the other representatives desired to cover the same point and also I wished to embrace within my statement the interpretation of the various reservations introduced by other governments as well as the reference to the annotated agenda. My statement as quoted above was concurred in by the entire Committee.

The French representative then introduced the following interpretations:

1. It should be understood that only those countries which accept today's agreement will benefit by the advantages which it contains.

2. Since a general tariff stabilization cannot be considered without a corresponding monetary stabilization the application of indispensable measures designed to compensate for monetary disturbances in the import market should not be regarded as being contrary to the terms of accord concluded this day.

3. Finally the application of tariff or fiscal measures arising from laws voted or projects of laws introduced or in the process of introduction should not be regarded as a new initiative contrary to the terms of today's agreement.”<sup>16</sup>

Grandi explained to me privately that he was in a difficult position because he had received from his Government rather incomprehensible instructions which he said had neither head or foot. He explained that this was due to Mussolini's absence but that he would reach him by telephone and hoped to clear the matter up in the course of the day, hence in the Committee he accepted the draft *ad referendum* with the statement that his Government approved in principle. Among the reservations which the Italian Government apparently had in mind was one to cover them in the event of discriminatory commercial action by states not bound by the resolution and also a reservation to cover fluctuating currencies. Grandi hoped to be able to eliminate the former of these reservations, and the latter is covered by the French.

<sup>16</sup> For expanded and final form of French reservation, see letter of May 23, 1933, from Mr. Davis, p. 612.

Ambassador von Hoesch for Germany explained that Germany had most difficult economic and financial problems to meet and was suffering more than other states from the burden of indebtedness, that new problems were arising and that if the situation of the German people required it because of emergency conditions Germany must reserve the right to take protective action. Every effort was made to induce Von Hoesch to modify the very general and sweeping character of the German reservation but it was clear that he had no discretion under his instructions.

Simon then stated that he proposed to include in the procès-verbal a statement to the following effect:

"If during the currency of this resolution any unforeseen emergency or critical situation arose which materially affected the operation and application of the resolution, then I, as Chairman, would, on the request of a government that was materially and adversely affected, summon the Organizing Committee in order that that Committee should reconsider the situation in the light of the new facts which had arisen." This was accepted.

Simon explained that in this suggestion he had in mind such an emergency situation in Germany as that referred to by the German Ambassador or a new situation arising as a result of further substantial currency depreciation to which the French representative had alluded.

In connection with the foregoing reservations and interpretations and particularly with the reservation regarding fluctuating currencies I stated that it should be understood the resolution must be carried out in good faith and in the spirit in which it was adopted and that if any state claimed that a situation had arisen which under its interpretation of the resolution called for protective measures the state taking such measures would have the burden of proof to show that its action was justified. Further, Simon in making the suggestion indicated above had in mind that this would tend to force states wishing to make exceptions to call for a meeting of the Organizing Committee and explain and justify their action.

While theoretically the reservations weaken the resolution, as a practical matter it seemed far preferable to force it through even with the reservations rather than spend another week in an endeavor to induce the respective states to modify or withdraw their reservations.

The communiqué issued to the press by the Foreign Office tonight states that the resolution was unanimously approved, then quotes the resolution in full and concludes with the following paragraph:

"Certain explanations and qualifications were included in the procès-verbal. The Chairman was requested to communicate the above resolution to all the other governments participating in the World Confer-

ence, together with a copy of the procès-verbal, inviting them to adhere to its terms without delay."

[Davis.]  
ATHERTON

550.S1/918

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*Resolution*<sup>17</sup>

The Governments of the United Kingdom, Germany, Belgium, United States of America, France, Italy, Japan and Norway, represented on the Organising Committee for the Monetary and Economic Conference, convinced that it is essential for the successful conclusion of the Conference that the measures of all kinds which at the present time misdirect and paralyse international trade be not intensified pending an opportunity for the Conference to deal effectively with the problems created thereby, recognize the urgency of adopting at the beginning of the Conference a tariff truce, the provisions of which shall be laid down by common agreement.

The said Governments, being further convinced that immediate action is of greater importance, themselves agree, and strongly urge all other Governments participating in the Conference to agree, that they will not before the 12th of June nor during the proceedings of the Conference, adopt any new initiatives which might increase the many varieties of difficulties now arresting international commerce, subject to the proviso that they retain the right to withdraw from this agreement at any time after July 31st, 1933, on giving one month's previous notice to the Conference.

One of the main motives which brings the Governments together in Conference is to surmount the obstacles to international trade above referred to; the said Governments therefore urge all other Governments represented at the Conference to act in conformity with the spirit of this objective.\*

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550.S1/769 : Telegram

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

LONDON, May 13, 1933—1 p. m.  
[Received May 13—9:15 a. m.]

126. From Davis. My 122, May 12, midnight [11 p. m.] The procès-verbal containing the explanations and reservations with regard to the tariff truce will probably not be finally drawn up for

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<sup>17</sup> From League of Nations, Council Committee for the Organisation of the Monetary and Economic Conference, *Minutes of the Meeting*, . . . May 12, 1933, p. 10.

\* NOTE.—It is understood that action taken in accordance with the considerations set out in Part I. B. Sub-Section 2, of the Draft Annotated Agenda submitted by the Preparatory Commission of Experts (C.48.M.18.1933) would not be in conflict with this Resolution. [Footnote in the original.]

a few days as the Italian comments have not been received. This morning I had a long talk with Rueff, the French Financial Attaché here, with a view to inducing them to modify and limit the broad character of their reservations as quoted in my telegram. Rueff told me that the French Government was ready to communicate to the League of Nations a detailed list of the measures and projects which the French Government had in mind under their reserves and stated that these measures and projects included :

1. A draft law which has been communicated to the German Government and which relates to the raising of tariff duties in connection with the tariff increases determined in Germany on March 15th last.

2. Taxes of an exclusively fiscal character calculated to aid French colonial production.

3. Projects of laws which raise customs duties on secondary cereals, oleaginous grains, fats, and certain fruits and conserves.

I expect to discuss this general subject with the French in Paris on Monday and will do my best to get the French reserve as finally incorporated in the procès-verbal reduced to more reasonable proportions.

I have just received the actual text of the German reservations referred to in my telegram of last night which reads as follows :

“The situation of Germany with regard to financial and economic problems is fundamentally different from the situation of other countries represented in this Committee especially for the reason that Germany is suffering more than any other country of the world under the burden of her indebtedness.

It is therefore possible that in the near future situations might arise for Germany in the domain of currency and commercial problems which do not arise in the case of other countries.

Nevertheless, the German Government associates itself with the proposal.

In the case however that the German Government would consider vital interest of the German people to be endangered, it reserves for itself for the above mentioned reasons the right to take at any time the measures which then would appear necessary.”

[Davis]  
ATHERTON

550.S1/775 : Telegram

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

PARIS, May 15, 1933—8 p. m.

[Received May 15—5 : 45 p. m.]

221. Reference my 218, May 15, 5 p. m.,<sup>18</sup> Cochran<sup>19</sup> this morning visited Rist<sup>20</sup> who had conferred on Friday and Saturday with

<sup>18</sup> Not printed.

<sup>19</sup> H. Merle Cochran, First Secretary of Embassy.

<sup>20</sup> Charles Rist, French Economic Adviser.

Daladier, Bonnet<sup>21</sup> and Moret<sup>22</sup> concerning the London Conference topics, particularly the customs truce. Rist explained that the French are agreeable to a customs truce provided there is also a monetary truce. He feels that the monetary question is more vital than that of tariffs and that it is useless to convene the Conference with any hope of success unless an agreement is reached before June 12 between the three powers: the United States, Great Britain and France, as to provisional stabilization of the dollar and of sterling at rates which must not differ importantly from those values at which *de jure* stabilization will subsequently be achieved. He suggested that triangular conversations toward this end should take place and recommended the creation of an American equalization fund.

Rist is as positive as ever that France will not depart from the gold standard. He referred, however, to the nervousness of French industrialists and agriculturists over the actual depreciation of the dollar and the threat of further depreciation. So long as the French authorities can cite to these elements that American commodity prices have risen as far as the dollar has depreciated and that this rise if [*is?*] registered in American export prices, Rist believes that French action towards fixing a compensating duty in the form of a surtax on American imports can be held off. Rist cannot state at this early date whether dollar depreciation has had any influence on import trade into France from the United States. French importers have brought to the attention of their officials catalogues of certain American exporters quoting lower prices since the departure of the dollar from the gold standard.

Rist again expressed to Cochran his conviction that France will not undertake open market operations, especially after the lack of favorable results was derived from American experiment. He adds that in spite of French expenditures of over 35 billion francs in recent years for public works, unemployment is increasing. It is interesting to note in this connection that while the index of employment has gone down the index of production has risen due to mechanization and rationalization of processes.

MARRINER

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550.S1/781 : Telegram

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

WASHINGTON, May 16, 1933—4 p. m.

114. Please convey the following communication as soon as possible to the Prime Minister :

“Dear Mr. Prime Minister : I should like to explain to you personally the thought behind the sentence ‘The World Economic Conference

<sup>21</sup> Georges Bonnet, French Minister of Finance.

<sup>22</sup> Clément Moret, Governor of the Bank of France.

will meet soon and must come to its conclusions quickly, in my telegram of this morning<sup>23</sup> to His Majesty, the King. I feel strongly that the Conference should come to its conclusions before the summer holidays and that every effort must be made to reach simple definitive agreements before disbandment. I am convinced that if the Conference is allowed to drag on until Christmas, the chance of reaching agreements will be lessened, not increased. I realize the difficulties in reaching agreement in 8 weeks, but I feel that they are not insuperable and I hope that you, in organizing the work of the Conference, will be able to set as the final date of the Conference August 12. Will you please let me know your view of this question as soon as possible.

Every good wish to you personally and a hope for success. Signed Franklin D. Roosevelt."

HULL

550.S1/776 : Telegram

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

PARIS, May 16, 1933—5 p. m.

[Received May 16—2:30 p. m.]

222. From Norman Davis. In conference yesterday with Paul-Boncour and today with Bonnet, Minister of Finance, it was agreed that point 3 of the French reserve in connection with the tariff truce quoted in my 122, May 12, 11 p. m., should be replaced or limited by a statement as to the specific measures which France had in mind as indicated my 126, May 13, 1 p. m. I feel that in this way the danger which lay in the vague generalities of the French reserve will be largely cleared up and the reserve as so modified will not be as objectionable in opening the door to similar reserves by other powers to whom the truce and procès-verbal will be communicated.

I have telephoned this information to Atherton and requested him to keep in touch with the Foreign Office and Rueff, the French Financial Attaché, to whom the instructions are to be sent with the view to seeing that the French reserve is in acceptable form.

Repeated to London. [Davis.]

MARRINER

550.S1 Monetary Stabilization/1

*The French Embassy to the Department of State*<sup>24</sup>

On several occasions the French Government had the opportunity to express its views on the importance which it attaches to the success of the World Economic Conference and those views were reflected in the conversations which Mr. Herriot and the French experts had with the President, the Secretary of State and the American experts. One

<sup>23</sup> Message on the Disarmament and Economic Conferences to various Chiefs of State, May 16, p. 143.

<sup>24</sup> An attached memorandum of May 16, 1933, by the Secretary of State referred to this document as "purely unofficial."

of the main questions which, in the opinion of the French Government ought to be settled without delay is the whole monetary problem.

The proposals made by the American experts during the Washington conversations in view of establishing a tripartite monetary cooperation have been examined in Paris with great interest.

As Mr. Herriot and Mr. Rist pointed out in their conversations, the French Government is firmly convinced that the work of the Conference greatly depends upon what will be done in order to remove the uncertainty which exists today as to the future of two currencies as important as the Pound and the Dollar. It is very much concerned in the matter and believes that in order to enable the Conference to arrive, in the course of its first meetings, at the establishment of sufficient assurance concerning the indispensable stabilization of the Pound and the Dollar, conversations should start immediately between the American, British and French Governments, and the American, British and French Central Banks, in order to discuss the above mentioned monetary cooperation.

The French Government and the Bank of France are ready to enter into these discussions and the British Government has been notified of that intention.

WASHINGTON, May 16, 1933.

550.S1/786 : Telegram

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

LONDON, May 19, 1933—noon.  
[Received May 19—7:24 a. m.]

136. Department's 114, May 16, 4 p. m. I have received the following communication dated May 18th from the Prime Minister for transmission to the President:

"My Dear President, thank you for your message to me of the 17th [16th?] May.

I should like first to send you my congratulations on your statement, and in particular to thank you for the support which you give to my disarmament proposals.

As regards the Economic Conference, my colleagues and I are hard at work on the preliminary arrangements. I share to the full your desire for expedition. Much will depend on the atmosphere in which the Conference is launched, but with the best will in the world I do not see how we can hope for conclusions to be reached in 8 weeks. As you know, some 60 nations will be represented, and they will probably all wish to take part in the preliminary discussions. I intend to see that practical discussions in committee are pushed forward with all speed, but we must not sacrifice efficiency to speed, and the Conference will be of little value if it merely agrees to generalities, and then parts without committing itself to practical proposals. My colleagues and I will bear in mind constantly the wish which you have



expressed, but I am regretfully sure that 8 weeks is too optimistic an estimate. You know how much I personally want to see the end of it.

I am yours very sincerely, (signed) J. Ramsay MacDonald".

BINGHAM

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550.S1/803: Telegram

*The Secretary of State to the American Member on the Organizing Committee for the Monetary and Economic Conference (Davis)* <sup>25</sup>

WASHINGTON, May 22, 1933—7 p. m.

106. The plans of the Department of Agriculture for administering the farm bill <sup>26</sup> are now developing and it is fairly likely that they will decide to impose processing taxes on wheat somewhere around the end of June and on cotton around the end of July.

In accordance with the Act, the Treasury would impose offsetting duties on manufactured products deriving their chief value from these products. There is no intention of imposing any taxation or new tariff duties on indirectly competing products at this time.

Our understanding of the situation is that, in accordance with the Department's instructions, you explained fully when the tariff truce was under discussion that this legislation and the action outlined above was in prospect, and that all the other Governments who adhere to the declaration of the Organizing Committee of May 12 understood this action as not in violation of the tariff truce.

It of course is apparent that this action is not a new initiative in the sense of the truce and that, furthermore, it in no way creates any additional advantage for domestic producers of these commodities as compared with foreign producers; it merely offsets a new form of domestic taxation because the price of the manufactured products derived from wheat and cotton will be enhanced by the amount of the processing tax.

It may be, though we are not certain, that this action is covered furthermore by the reference to the experts' agenda in the recommendations.

Please make occasion to mention to Sir John Simon or Runciman that the possibility of this action by the Department of Agriculture is a substantial one so that there can be no misunderstanding when and if the action is taken.

If this prospective action of the Department of Agriculture or this instruction is not in accord with your views, kindly wire us at once. It may be unnecessary in your judgment to mention the matter to Simon, if already sufficiently covered by your previous conversations.

HULL

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<sup>25</sup> Approved by Secretary of Agriculture Wallace.

<sup>26</sup> Agricultural Adjustment Act, 48 Stat. 31.

550.S1/810 : Telegram

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

WASHINGTON, May 23, 1933—5 p. m.

121. Please transmit the following communication to the Prime Minister:

"My Dear Mr. Prime Minister: I thank you for your message of May 18th. I entirely agree with you that the conference should not adjourn until it has reached definite conclusions; but I am convinced that as much can be accomplished by 2 months of intensive work as by 6 months of more leisurely activity. Moreover, I am certain that a summer holiday with the world in its present tragic condition would be regarded by the people of the United States as indefensible. I realize the difficulties involved in satisfying the *amour propre* of 60 nations. Might it not be possible, however, to limit all preliminary statements of the 60 nations to a 10-minute address supplemented by a written document? This Government would welcome such procedure or any other procedure which would enable the conference to get to work seriously within 48 hours of its first meeting. Frankly, it seems to me that unless the British Government and the Government of the United States resolve to push the conference to definite conclusions at the earliest possible date, it may drag on like the Disarmament Conference. Long drawn out deliberations would place us in a peculiarly unfortunate position. Your delegates and experts will be at home and will be able to carry on their regular duties relatively unhampered by their work in the conference, and the delegates and experts from the European countries will be able to go home from time to time. But we are so far away that the representatives we send to the conference must be detached entirely from domestic problems; and our domestic problems are so urgent that we can ill spare any of the men we shall send to London. It will be extremely difficult for us to keep a delegation in London for more than 2 months. I cannot promise to keep a delegation in London after September 15th at the latest. I fear that I should have to recall for urgent duties at home many of our representatives before that date.

I think I should let you know that in response to inquiries from the representatives of various Governments we have expressed the opinion that the conference should be able to reach definite conclusions in 2 months and that this view has seemed to meet with general approval. Do you not agree with me that if we let the conference drag through the summer we shall disappoint the hopes which we have aroused in the entire world? I trust you will not feel that I am unreasonably urgent in regard to this matter and that you will let me know as soon as possible your view of the duration of the conference.

My sincerest good wishes to you. Signed Franklin D. Roosevelt."

HULL

550.S1/878

*The American Member on the Organizing Committee for the Monetary and Economic Conference (Davis) to the Secretary of State*

GENEVA, May 23, 1933.

[Received June 3.]

DEAR MR. SECRETARY: You will have received directly from Mr. Atherton a copy of the minutes of the meeting of the Organizing Committee for the Monetary and Economic Conference which was held on May 12, 1933 to adopt the tariff truce. These minutes follow the general form indicated in my cables 122, May 12, 11 p. m. and 126, May 13, 1 p. m. from London. There is, however, a change in the form of the French reservation which requires some comment.

As I advised you by cable, the French gave me a memorandum indicating three types of projects of measures which they proposed to put into effect under their third reserve which related to projects of laws introduced or in course of introduction, as follows, (translation) :

"1. A draft law which has been communicated to the German Government and which relates to the raising of tariff duties in connection with the tariff increases determined in Germany on March 15th last;

2. Taxes of an exclusively fiscal character calculated to aid French Colonial production;

3. Projects of laws which raise customs duties on secondary cereals, oleaginous grains, fats and certain fruits and conserves."

In the final form given to their reservation the French expanded these three types of measures and made five exceptions, as follows, (translation) :

"1st. a project of law raising customs duties through application of the provisions of the Franco-German commercial agreement of December 28, 1932 and resulting from tariff increases effected in Germany on March 15, 1933;

2nd. a project of decree fixing a quota for electric condensers in application of the Franco-German understanding of January 2 [11?], 1932;

3rd. raising of the tariff duties on peaches, brugnons, apricots, prunes, fresh cherries and table grapes as well as on asparagus preserves in application of a law voted April 4, 1933 by the Chamber;

4th. projects of laws relating to increase of tariff duties on rice, secondary cereals, oleaginous cereals, fats and tea;

5th. a special tax of a fiscal character destined to aid cotton production in the French Colonies."

As soon as I saw a draft of the revised French exceptions I took the matter up with the French Foreign Office and Mr. Dulles had a

long talk with M. Coulondre <sup>27</sup> who was in charge of the matter. Mr. Dulles pointed out that the French reserve as modified differed from the assurances they had previously given and seemed considerably to expand the measures which they proposed to put through despite the truce. M. Coulondre explained that for the most part the enlarged form of the French reservation was due to the fact that they had defined more precisely the exact measures they had in mind. He admitted, however, that in preparing their original reservation they had inadvertently omitted to mention one or two projects of laws which were so far advanced that they could not now be stopped. He added that the change was due to their desire to be quite precise in the definition of the measures envisaged both for their own protection in dealing with other branches of the Government and to avoid any misunderstanding with any other powers.

While the French explanation of their position was not particularly convincing or satisfactory, I felt it unwise to be the cause of holding up the *procès-verbal* particularly as it seemed unlikely that they would recede from their position. Mr. Dulles expressed my regret that they had changed their reserve in this manner after giving me a text which I had communicated to Washington. He also made it clear that in commenting on the French reserve he was only dealing with questions of form and of course reserved all rights with respect to the substance of any of the measures proposed in case they should prove in any way discriminatory against American interests. At Mr. Dulles' suggestion the enumeration of the five types of measures proposed to be put through by France were inserted as a footnote with reference back to the third French reserve rather than in the text of the *procès-verbal* itself in order that the French reserve, by its length, should not create an unfortunate impression on other states to which the *procès-verbal* would be communicated.

In this connection the French expressed some astonishment at reports which had appeared in the press that the British Chancellor of the Exchequer had stated that the tariff truce would not prevent the British Government from imposing further duties on silk imports as the Consultative Committee on Tariffs had been considering the question before the 12th of May, the date of adoption of the truce. The French suggested that if the British proposed to give any such interpretation to the tariff truce it would certainly nullify its effect.

A copy of this letter is being sent to Mr. Atherton.

Sincerely yours,

NORMAN H. DAVIS

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<sup>27</sup> Robert Coulondre, Assistant Political Director.

550.S1/811: Telegram

*The Consul at Geneva (Gilbert) to the Secretary of State*

GENEVA, May 24, 1933—4 p. m.

[Received May 24—1 p. m.]

135. Council this morning took cognizance of a report by the President of the Organizing Committee on the meetings held on April 29 and May 12 and adopted a resolution appealing to all governments invited to the Monetary and Economic Conference to adhere to customs truce. Czechoslovakia announced acceptance of the truce proposal subject to interpretation that it would not apply to bills in course of submission to legislature. Davis informed.

GILBERT

550.S1/812: Telegram

*The Chairman of the American Delegation to the Disarmament Conference (Davis) to the Secretary of State*

GENEVA, May 24, 1933—5 p. m.

[Received May 24—3:45 p. m.]

186. Your 106, May 22, 7 p. m. At the meeting of the Organizing Committee on April 29th in carrying out instructions in your 83, April 28, 6 p. m., I announced the intention of the American delegation to propose a tariff truce at the opening of the Conference which would provide "that all governments should refrain during the period of this truce from creating or making any material upward modification in tariff rates, imposing any new restrictions or enhancing any existing restrictions against the importation of goods which would give domestic producers an additional advantage as compared with foreign producers". The foregoing appears in the procès-verbal of April 29th.

The instructions on which the above was based related to the tariff truce which we proposed to introduce at the opening of the Conference. The resolution covering the interim period which I was instructed to introduce for immediate adoption did not contain any such reservation. When this interim resolution was changed in form and as to the period covered I specifically inquired in submitting the revised draft to Washington whether any changes were required under the pending farm legislation. In Department's 101, May 9, 7 p. m., the Department accepted the revised draft and made no reference to any reservation or alteration which should be made in view of pending legislation. I therefore naturally assumed that you were satisfied that the form of the resolution particularly as amended by the British reference to the experts' report did not conflict with projects which you proposed to put into effect during the period of the truce.

In my London conversations I of course stressed the fact that the truce related to "new initiatives" and did not prevent carrying out existing arrangements and that in particular the agricultural problems might require special treatment. Further, Simon in explaining the British reference to the experts' report at the May 12th meeting of the Organizing Committee remarked in substance that this reference related chiefly to the help which might be extended to agriculture and that he understood that the amendment was agreeable to the United States in view of our plans with respect to agricultural aid. I concurred in this statement. This statement and my reply do not however appear in the procès-verbal as they were made in the course of the private meeting which preceded the formal meeting of the Committee.

We might defend the action indicated in your cable either under the reference to the experts' report or on the basis that it did not constitute a new initiative. At the same time since we are the sponsors of the resolution and were instrumental in bringing about its adoption we should be particularly scrupulous in its interpretation if we are not to furnish others an excuse for disregarding it.

In my opinion it would not help to make a statement of our position to Simon or Runciman at this time. Simon as President of the Organizing Committee might feel embarrassed to receive such information unless he could communicate it not only to all the members of the Organizing Committee but to those invited to adhere to the tariff truce. This would obviously be undesirable on the eve of the Economic Conference.

In view of all my conversations with the British and their understanding of what we were proposing to do under the pending farm legislation I do not feel that they would have any moral right or justification for complaining of our action. Of course it is difficult to predict how their attitude might be changed in this regard if their exporters began to bring serious pressure on them to invoke the tariff truce.

I cannot judge from here whether it is imperative that the compensating duties be imposed before you could deal with the tariff truce at London. If so I feel that without any communication or explanations which would only put us on the defensive we should take the position that the action is not a new initiative under the tariff truce interpreted in the light of the reference to the experts' report. If on the other hand the tariff increases could be held up a few days I believe that you would find it possible to work out the situation in London. In any event I repeat that in my opinion explanation could not be made without giving the impression that we were doubtful as to our right to take the action contemplated.

550.S1/911

*The Consul at Geneva (Gilbert) to the Secretary of State*

No. 602 Political

GENEVA, May 24, 1933.

[Received June 7.]

SIR: I have the honor to state that there has recently been privately made available to me by the Polish Delegation in Geneva an "*Aide-Mémoire* Relative to the Attitude of the Agricultural Countries of Central and Eastern Europe at the World Monetary and Economic Conference".<sup>28</sup> An English translation of this document, prepared in the Consulate, is transmitted as an enclosure to this despatch.

This *aide-mémoire*, I am informed by the Polish Delegation, has been prepared by the "Committee of Enquiry" of the so-called "Agrarian Bloc" of Central and Eastern European states and is destined to serve as a basis of discussion at a forthcoming conference of these states to take place in Bucarest commencing June 4, 1933.<sup>29</sup> The *aide-mémoire* has naturally been communicated to the governments concerned, but has not been given to the press. It is expected that at this Bucarest conference the interests of the countries constituting the agrarian bloc will be reviewed and an attempt made to concert their action as far as possible at the forthcoming London Conference.

It will be observed that, for the most part, this document constitutes an elaborate and detailed commentary upon the annotated agenda prepared by the Preparatory Commission of Experts for the Monetary and Economic Conference. It would appear that this study may therefore be regarded as at least indicative of the policy which may be followed by these states in London on certain phases of the questions there under consideration—subject, of course, to such modifications as may be made as a result of the meeting in Bucharest. I have thus felt that it would be of such value to the Department and to the American Delegation to have this material before them, as to warrant its translation and transmission, even at the risk of its having already been made available to the Department from other sources.

Respectfully yours,

PRENTISS B. GILBERT

<sup>28</sup> The Polish Ambassador to the United States had handed a copy of this pamphlet to the Secretary of State on May 16 (550.S1 Washington/500).

<sup>29</sup> Composed of representatives from Bulgaria, Czechoslovakia, Hungary, Poland, Rumania, and Yugoslavia, the Conference met June 4-6, 1933. Present as observers were representatives of Estonia, Greece, Latvia, and Turkey. For proceedings of the Conferences, see *Conférence des Représentants des Gouvernements des États Agricoles de l'Europe Centrale et Orientale, Bucarest, 4-6 juin 1933* (Bucarest, 1933).

[Enclosure—Extract—Translation]

*Aide-Mémoire Relative to the Attitude of the Agricultural Countries of Central and Eastern Europe at the World Monetary and Economic Conference*

The aim of this report is to set forth the principal theses that the agricultural states of Central and Eastern Europe should support at the World Monetary and Economic Conference. As the "Annotated Agenda" prepared by the Preparatory Commission of Experts will serve as a point of departure for the work of the Conference, the authors of this *Aide-Mémoire* have limited themselves, in their comment, to emphasizing the questions presenting a particular importance for the agricultural countries. This method has appeared to be justified by the fact that the report, while making every effort to be objective, contains certain ideas contrary to the interests of the agricultural countries or is limited to formulating, without taking any definite position, theses which are opposed to these interests, particularly concerning such delicate questions as protective tariffs in industrial countries, derogations from the most-favored-nation clause, etc.

Under these conditions, it is evident that the Conference of Bucharest must necessarily define the agricultural point of view, with reference both to the chapter on the causes of the present crisis as well as in those which treat of the means of combating it.

. . . . .

In summarizing the ideas set forth above, a general statement should first be made:

All of the financial and economic problems touched upon by the report of the experts must be approached and settled simultaneously, as there exists a close interdependence among them. The failure of efforts which have been made to the present on the international terrain can be explained by the fact that the problems have been approached singly in such a manner that the positive solutions offered were favorable to one group of countries and unfavorable to another, and the countries harmed tried to defeat what was contrary to their interests. Only an action attacking at the same time all of the problems will finally assure to each country advantages such as will not put them in a position of having to oppose certain fragmentary solutions which would be unfavorable to them.

It is while insisting upon the capital importance of this general declaration that we propose the following premises for the Bucharest Conference:



(1) The settlement of inter-governmental debts is indispensable and should result in a reduction of charges both insofar as interest and capital are concerned.

(2) The freedom of the foreign exchange market and of the circulation of capital should be re-established as rapidly as possible. But the abolition of restrictive measures will only become possible for the states where they are in force if all of the conditions assuring stability are realized.

In those cases where exchange restrictions must be maintained for a certain [period?], they should in no way affect payments resulting from commercial exchanges.

(3) The policy of the central banks of the agricultural countries, while being based upon the principles established in this matter by the experts of the Gold Delegation, should have the flexibility demanded by the seasonal character of agricultural production.

(4) Monetary stability, an essential condition of all sound economic relations, should be maintained or reestablished as soon as possible. The agricultural countries categorically favor each country taking the necessary measures for diminishing budget deficits and practicing a sound credit policy.

(5) The efforts made by states in the national sense should be supported by an international action. It is indispensable that the monetary normalization fund, advocated by the Stresa Conference,<sup>30</sup> be realized as soon as possible and under such a form as to assure an immediate and real support for the central banks of the agricultural countries.

(6) An essential principle for the determination of relations between debtor and creditor states should be that "the policy followed by creditor countries should finally place the debtor countries in a position to pay off their obligations by means of goods or services".

(7) The agricultural states vigorously support the following declaration of the experts: "In the case of certain countries which are heavily indebted abroad, more especially on short terms, a solution of the debt problem is necessary before their governments will be in a position to modify existing monetary policy."

(8) The solution of the problem of the settlement of foreign debts in the cases where this settlement is necessary, is to be found in collaboration to this end between the debtors and creditors concerned.

In accepting the principle of individual settlement in each case, it will however be convenient, to facilitate the negotiations, to draw up a project of procedure for negotiations between creditors and debtors.

(9) In view of the necessity of a resumption of the normal movement of capital, any project for an international financial institution which could really contribute something should be supported by the agricultural countries.

(10) It seems opportune that the project for public works drawn up by the agricultural countries under the auspices of the League be re-examined by the countries concerned and that the agrarian bloc announce itself in agreement for certain projects tending to facilitate

<sup>30</sup> Held September 5-20, 1932; see *Report by the Stresa Conference for the Economic Restoration of Central and Eastern Europe, submitted to the Commission of Enquiry for European Union* [Geneva, 1932].

the commercial exchanges between the agricultural countries of Central and Eastern Europe.

(11) It is of primary importance that the agricultural countries of Central and Eastern Europe come to an agreement as to the attitude to adopt regarding the question of an abolition of prohibitions now existing on international exchanges—and notably that they express the hope of seeing this question settled at the International Economic Conference by means of an international convention for the abolition of import prohibitions and restrictions, a convention which would embrace at the same time the question of sanitary and veterinary prohibitions as well as those of certain problems particularly important for the agricultural countries in the field of indirect protectionism (milling restrictions for example).

(12) In view of the eventuality of a discussion on the international plane of the tariff problem in its entirety, the Bucharest Conference should draw up a plan of action which would be of a nature to protect particularly the interests of the agricultural countries and which would aim especially at the lowering of duties imposed in Western Europe upon the exportation of agricultural products.

(13) With reference to the problems of commercial policy which will probably be discussed at the international conference, the agricultural countries of Central and Eastern Europe should encourage the conclusion of an international agreement which would settle the question of the most-favored-nation clause. They should besides make their position known vis-à-vis a project for an eventual international agreement upon the permanent derogation to the most-favored-nation clause in favor of multilateral accords concluded under the auspices of the League of Nations.

(14) The agricultural states should concentrate all their efforts in order to safeguard the results of the Stresa Conference with respect to a preferential régime and to have them sanctioned by the World Economic Conference. They should also come to an agreement as to the position to take on the subject of a preferential régime in its entirety, including the question of its eventual extension to products which up to the present have not been included in the régime.

(15) Any effort for the reorganization of the international market of the principal products exported by the agricultural countries is in principle favorable to them and should be supported by them.

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550.S1 Monetary Stabilization/5

*The Secretary of State to the French Ambassador (Laboulaye)*<sup>31</sup>

WASHINGTON, May 27, 1933.

MY DEAR MR. AMBASSADOR: With reference to the informal memorandum which you handed me on May 16th suggesting that tripartite conversations between representatives of France, England and the

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<sup>31</sup> Attached memorandum by Under Secretary of State Phillips reads as follows: "Dear Mr. Secretary: The substance of this letter was conveyed to me over the telephone by Professor Sprague. I told him in reply that we would send a communication along these lines immediately to the French Ambassador."

United States should be undertaken with a view to the stabilization of the monetary situation, it gives me pleasure to inform you that American representatives will be glad to join in conversations with the French and British Governments and the French and British central banks. The American representatives will be in London in about two weeks, at which time they will be ready to discuss these important matters, wholly independently, of course, from the program of the international conference which will then be in session.

I am [etc.]

CORDELL HULL

#### IV. TRIPARTITE CONVERSATIONS UPON MONETARY STABILIZATION: IMPACT UPON THE CONFERENCE, MAY 30-JULY 5

550.S1/9234

*President Roosevelt to the Secretary of State*<sup>32</sup>

WASHINGTON, May 30, 1933.

DEAR MR. SECRETARY: I have the pleasure of appointing you Chairman of the Delegation which is to represent this Government at the Monetary and Economic Conference, which is scheduled to open in London on June 12th. The general subject matter for the Conference discussions is contained in the report of the Preparatory Commission of Experts, of which a copy is attached. While this report may be taken as a useful presentation of the matters which require consideration, the opinions expressed therein are in no way to be considered as binding upon the American Government.

The American Delegation is instructed to set forth the American policy as outlined in the attached memorandum of instruction. In consultation with your colleagues you are authorized to use your best judgment in deciding upon minor variations in form or substance that may arise in the course of discussion. If, however, decision must be reached on matters not covered in the attached memorandum, or if major changes of substance in matters covered by the memorandum seem to you necessary, you are instructed to refer decision to Washington.

It will, of course, be necessary for the Delegation to use its best judgment as to the most effective means and procedure for bringing about a speedy and successful outcome of the Conference. I wish to urge upon you that delay in conferences of this nature usually makes

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<sup>32</sup> Identical instructions, varying only in the phrasing of the first sentence, were delivered to other members of the American delegation, namely, James M. Cox, Vice Chairman; Key Pittman, Senator from Nevada; James Couzens, Senator from Michigan; Samuel D. McReynolds, Congressman from Tennessee; Ralph W. Morrison, of Texas.

it more difficult to secure results and that agreement on main principles should be reached as expeditiously as possible.

There is one other thing which I wish to point out; namely, that neither you nor any other member of the Delegation is to carry on, formally or informally, any discussion of either war debts<sup>33</sup> or disarmament.<sup>34</sup> These two problems will be handled by me in Washington, and any questions in regard thereto should be referred to Washington.

I need not emphasize the importance to the welfare of the American people of the mission you are about to undertake. You may be assured that in your effort you may rely upon the full cooperation of myself and the whole American Government.

Sincerely yours,

FRANKLIN D. ROOSEVELT

[Enclosure 1]

*Instructions as to Organization of the American Delegation to the World Monetary and Economic Conference*

The Secretary of State shall be the Chairman of the American Delegation.

The Honorable James M. Cox shall be Vice Chairman of the Delegation and shall become Chairman if the Secretary of State should leave the seat of the Conference.

The Chairman shall make all appointments to Committees and other assignments of duty to the Delegates and other members of the Delegation.

The Executive Officer<sup>35</sup> shall be charged with the duty of keeping in touch with foreign delegations and with the duty of collecting and distributing all information which becomes available to members of the American Delegation. Each member of the Delegation, who engages in a negotiation or conversation of importance, will as soon as possible dictate a memorandum thereof for immediate transmission to the Executive Officer. The Executive Officer will communicate such memoranda as soon as possible to those members of the Delegation concerned. The Executive Officer will be charged with responsibility for communicating the content of telegrams received to the member or members of the Delegation particularly charged with the subject matter of the telegram.

In order to preserve the secrecy of the codes of the Department of State in a foreign country, it is ordered that the Chief Code Clerk shall deposit one copy of each telegram received in the Code Room

<sup>33</sup> For correspondence relating to intergovernmental war debts, see pp. 826 ff.

<sup>34</sup> For correspondence relating to the Disarmament Conference, see pp. 1 ff.

<sup>35</sup> William C. Bullitt, Special Assistant to the Secretary of State.

safe, and deliver one copy immediately to the Executive Officer, who will see to the proper distribution of its contents. All telegraphic communications sent by the Delegation will go out over the signature of the Chairman of the Delegation, and must pass through the office of the Executive Officer.

The Director of Experts <sup>36</sup> shall have general charge of the conduct of the work entrusted to the experts.

The Secretary of the Delegation <sup>37</sup> shall have charge of the expenditure of the appropriation for the expenses of the American Delegation. Such expenditure is subject to the rigid rules of the General Accounting Office of this Government, and, in order to avoid disallowances of the Delegation's accounts by the General Accounting Office, the members of the Delegation are instructed not to incur any expenditure without the approval of the Secretary of the Delegation. Among the expenditures authorized will be the provision of three automobiles for the use of the Delegation on official business and a bus service between the hotel and the meeting place of the Conference. In the use of the local telephone service, any messages, other than messages on official business, will be at the charge of the person making the call.

[Enclosure 2]

*Memorandum on Policy for American Delegation*

Summarizing the verbal instructions which I have given you concerning your procedure at the Economic Conference, I wish to draw your attention particularly to the following cardinal points:

1. The work of the Conference should be conducted as expeditiously as possible. I can see no reason why its work cannot be completed by the middle of August. If this should prove impossible, the Conference should continue its labors without interruption until they are concluded, at the latest, September 15th. I believe that it would seem indefensible to the millions of people whose hopes are pinned on the successful outcome of the Conference to adjourn for an August vacation as has been suggested.

2. The Conference should confine itself to finding promptly the solution to a few major problems and not diffuse its efforts over too wide a field. It should proceed as rapidly as possible to adopt the general principles of a solution for these problems, appointing immediately such committees as may be necessary to work out the details.

(a) The execution of some of the plans agreed upon at the Conference may require continuing permanent organizations. Proposals

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<sup>36</sup> Herbert Feis, Economic Adviser, Department of State.

<sup>37</sup> James Clement Dunn, Chief of the Division of Protocol and Conferences.

for such organizations should, however, not be permitted until after the major decisions of principle have been taken by the Conference.

3. The major problems which should at once be taken up by the Conference are the following:

- (a) The tariff truce for the duration of the Conference.
- (b) The establishment of the general principles of a coordinated monetary and fiscal policy to be pursued by the various nations in cooperation with each other, for the purpose of stimulating economic activity and improving prices.
- (c) The removal of foreign exchange restrictions.
- (d) The laying of the groundwork for an adequate and enduring international monetary standard.
- (e) The working out of a basic agreement for the gradual abolition of artificial barriers to trade, such as import quotas and export subventions, and for the reduction of tariff barriers.
- (f) The working out of a basic agreement or agreements for the control of production and distribution of certain basic commodities.

In order to crystallize the American policy in regard to these six major problems, I submit to you the following six resolutions, which I should like to see adopted by the Conference with such modifications as may be necessary to meet the wishes of the other nations. The resolutions have been drawn with a view toward meeting the points of view of those nations with whom we have had preliminary discussions at Washington, and it is my hope that no very radical changes will be found necessary.

The first resolution is for the establishment of an agreement between all governments that no further additions will be made to the existing obstacles to international trade—or the so-called tariff truce.

Whereas, international commerce throughout the world is throttled by the obstacles imposed by governments, and

Whereas, these obstacles have steadily increased in variety and potency, and

Whereas, the increase of such obstacles acts to destroy international commerce and to cause new maladjustments and new price difficulties, and

Whereas, these economic and price disturbances in turn excite national animosities and make international cooperation of all kinds difficult, and

Whereas, it is essential that all governments seriously mark their desire to go no further along the path of trade restrictions and to find the means of reducing promptly and effectively the present restrictions,

Now therefore, be it *Resolved*, that the governments agree

(1) That during the period of this Conference they will consider themselves as joined in an agreement to be carried out in good faith that each government should refrain from creating or making any material upward modification in tariff rates, or imposing any new or enhancing any existing restrictions against the importation of goods

which would place additional obstacles in the path of international commerce.\* And the governments would likewise agree that during the period of this truce they will introduce no additional direct or indirect subvention for the expansion of their export industries nor any new discriminatory trade methods nor any additional measures to promote dumping.

(2) That the Secretary-General of the Conference shall make public the list of governments adhering to this truce.

(3) That in the event that any government in joining in this truce shall make any reservation of any nature whatsoever, such reservation with sufficient indication of its meaning in detail shall be published by the Secretary-General of the Conference along with the announcement of adherence. Each signatory government shall remain the judge of the significance of the reservations or limitations put forward by any other signatory government. During the period of the truce each signatory government agrees to communicate any changes in its tariffs or other laws or decrees affecting the international movement of goods one week before such changes may be put into effect.

The second resolution, which relates to the establishment of the general principles of a coordinated monetary and fiscal policy to be pursued by the various nations in cooperation with each other, for the purpose of stimulating economic activity and improving prices, is the following:

Whereas, industry and trade in nearly all the major countries of the world have fallen to unprecedentedly low levels, and

Whereas, as a consequence thereof, millions of people throughout the world have been thrown out of employment and unwillingly have become an ever-increasing burden upon those who still have employment, and

Whereas, the emergency is of such a nature as to demand that all nations and all peoples cooperate to the fullest possible extent in combatting the depression by all available means and in close consultation and harmony with each other, and

Whereas, abundant credit and wise encouragement of private enterprise through government expenditure are essential in bringing about an improvement in prices and an increase of business activity, and

Whereas, such government expenditure shall not necessarily be included in the budget for recurring expenses but may properly be financed by borrowing, provided that the service of government debt so incurred is taken care of in a balanced budget for recurring expenses.

Now therefore, be it *Resolved*, that all the nations participating in this Conference agree

(a) That a close cooperation toward these ends between governments and between their respective Central Banks should be undertaken;

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\* Explanation to be made by American Delegation in regard to Agricultural Bill. [Footnote in the original.]

(b) That a primary step in such cooperation should be the carrying out of a policy of making credit abundantly and readily available to sound enterprise; this may be done by open market operations, where consistent with national policy, or by such other means as may suit the particular requirements of an individual market; and

(c) That an acceleration of the process of recovery should be sought by means of a synchronized program of governmental expenditure in the different countries along parallel lines, designed to stimulate the natural sources of employment, to re-start the wheels of industry and commerce, and to restore the willingness of the individual again to assume the normal risks of trade without which any recovery is impossible.

It is not the sense of this resolution that all nations should agree necessarily to attack the problem in the same way, but rather that the efforts already being made by many nations should be coordinated, and that other nations should be stimulated to make similar efforts.

It should be borne in mind that in the development of such a program care must be exercised lest the cost of a particular kind of work undertaken be inordinately increased whether on the part of suppliers, landowners or wage earners particularly concerned.

And be it further *Resolved*.

(a) That the Issue Banks of the various nations be requested to send at once to London a representative or representatives for the purpose of immediate consultation with each other, and

(b) That a committee be appointed by this Conference to study the various methods of governmental expenditure which have been in use or under consideration by the various nations, with a view towards making a report to be sent to each of the nations for its guidance in working out its own program in the future.

The third resolution, which relates to removal of exchange restrictions, is the following:

Whereas, it is generally conceded that the free flow of trade is today impeded and, in many cases, rendered impossible by the restrictions which various nations have been compelled to place upon dealings in their respective exchanges, and

Whereas, it is an essential to world recovery that the free flow of world trade be reestablished,

Now therefore, be it *Resolved*, that all the nations participating in this Conference agree

(a) That all exchange restrictions of whatsoever nature should be removed as soon as possible;

(b) That it may be necessary as a condition precedent to the accomplishment of this end, that the external debt structure of some countries be re-organized;

(c) That to this end the various Governments undertake to urge upon their nationals the immediate formation of the necessary creditors' organizations both for the funded debt and for the so-called floating debt of such countries whose debt structure require reorganization; and

(d) That a committee be appointed by this Conference to study and determine as quickly as possible which countries require such reorgan-



ization of their debt structure, and also to determine what other measures may be necessary in the various countries to reestablish the independent stability of their exchanges and to diminish fluctuations in exchange arising from purely speculative operations and from the temporary movements of short time money from market to market. The work of this committee to be in appropriate consultation with the respective governments and creditors' organizations.

The fourth resolution, which relates to the laying of the groundwork for an adequate and enduring international monetary standard, is the following:

Whereas, confusion now exists in the field of international exchange, and

Whereas, it is essential to world recovery that an international monetary standard should be reestablished,

Now therefore, be it *Resolved*, that all the nations participating in this Conference agree

(a) That it is in the interests of all concerned that stability in the international monetary field be attained as quickly as practicable;

(b) That gold should be reestablished as the international measure of exchange values;

(c) That the use of gold should be confined to its employment as cover for circulation and as a medium of settling international balances of payment. This means that gold, either in coin or bullion, will be withdrawn from circulation; and that contracts, public and private, shall be made payable in the various currencies without reference to gold;

(d) That in order to improve the workings of a future gold standard a uniform legal minimum gold cover for the currencies of the various countries which shall adopt the gold standard shall be established, and that this legal minimum reserve shall be lower than the average of the present reserve requirements;

(e) That the Central Banks of the various nations be requested to meet at once in order to consider the adoption of such a uniform minimum reserve ratio and that a metal cover ratio of 25% be recommended for their consideration,

*And further,*

Whereas, silver constitutes an important medium of both international and domestic exchange for a large proportion of the world's population, and

Whereas, the value of this purchasing medium has been impaired by governmental action in the past, and

Whereas, it is necessary that the confidence of the East should be restored in its purchasing medium, which can only be done if the price of silver is restored to equilibrium with commodity price levels,

Now therefore, be it *Resolved*, that

(a) An agreement be sought between the chief silver producing countries and those countries which are large holders or users of silver to limit arbitrary sales upon the world market;

(b) That all nations agree to prevent further debasement of their subsidiary silver coinages;

(c) That all the nations agree to remonetize their subsidiary coin-

ages up to a fineness of at least 800 when, as and if consistent with their respective national budget problems; and

(d) That it be recommended to the Central Banks that they agree that 80% of their metal cover shall be in gold and 20% shall be optionally in gold or in silver, provided that silver is obtainable at or below a price to be agreed upon as corresponding to the general commodity price level; and that the governments agree to modify their respective laws to this effect.

The fifth resolution which is designed to lay the foundations for a gradual reduction and removal of artificial barriers to trade, is as follows:

Whereas, various nations have been constrained, on the one hand, to impose restrictions upon imports in the nature of tariffs, quotas, embargoes, etc. and, on the other hand, to subsidize exports, and

Whereas, this tendency has resulted in nationalistic action in all nations, which, if carried to its logical conclusion, will result in the almost complete elimination of international trade and a return to a medieval isolationism, and

Whereas, it is agreed that this tendency must be arrested if a world recovery is to be achieved and a decent standard of living widely maintained,

Now therefore, be it *Resolved*, that all the nations participating in this Conference agree

(a) That it is against the common interest for any nation to adopt or continue a policy of extreme economic nationalism and to raise additional trade barriers and discriminations;

(b) That embargoes, import quotas and various other arbitrary restrictions should be removed completely as quickly as possible; and

(c) That tariff barriers should be reduced as quickly as possible by reciprocal bilateral agreements or by multilateral agreements to a point where trade can once more move in a free and normal manner; and

(d) That care should be taken in making bilateral or multilateral agreements not to introduce discriminatory features which, while providing an advantage to the contracting parties, would react disadvantageously upon world trade as a whole.

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550.S1 Monetary Stabilization/8 : Telegram

*The Acting Secretary of State to the Ambassador in Great Britain  
(Bingham)* <sup>38</sup>

WASHINGTON, May 31, 1933—4 p. m.

136. Advise Foreign Office, for the information of the Government and of the bank officials, that Doctor Oliver M. W. Sprague,<sup>39</sup> representative of the Government of the United States and Mr. George

<sup>38</sup> Repeated to the Ambassador in France as No. 155, May 31, 5 p. m.

<sup>39</sup> Financial Executive Assistant to the Secretary of the Treasury.

L. Harrison, Governor of the Federal Reserve Bank of New York, will sail on the SS *Olympic* on Friday, June 2nd, to discuss with British and French Government representatives and representatives of their central banks methods to stabilize the monetary situation.

They would like to have the first meeting with the British and French Government and bank representatives on the 9th in London.

Please arrange for usual customs courtesies.

PHILLIPS

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550.S1 Monetary Stabilization/7

*The Acting Secretary of State to Mr. James P. Warburg*<sup>40</sup>

WASHINGTON, May 31, 1933.

MY DEAR MR. WARBURG: In accordance with the suggestion of Doctor Oliver M. W. Sprague of the Treasury Department, I should be glad to have you establish a liaison between the American Delegation to the London Conference and the conversations which Doctor Sprague and Governor Harrison of the Federal Reserve Bank of New York are planning to hold with representatives of the British and French Governments and central banks. These conversations are in connection with the stabilization of the monetary situation. I leave to your judgment and discretion the best means of establishing this liaison.

Sincerely yours,

WILLIAM PHILLIPS

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550.S1 Monetary Stabilization/11 : Telegram

*The Chairman of the American Delegation to the Monetary and Economic Conference (Hull) to the Acting Secretary of State*

LONDON, June 8, 1933—midnight.

[Received June 8—6:32 p. m.]

13. For the President and Phillips. In the opinion of the delegation it is vitally important for reasons which will be given if you desire that Warburg should participate fully and from the outset in any discussions which Sprague and Harrison may have in London. As they arrive tomorrow I request immediate authority to inform Sprague, Harrison and Warburg of this decision.

HULL

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<sup>40</sup> Vice Chairman of the Board of Directors, Bank of the Manhattan Co.; Financial Adviser on the American delegation.

550.S1 Monetary Stabilization/12 : Telegram

*The Acting Secretary of State to the Chairman of the American Delegation (Hull)*

WASHINGTON, June 8, 1933—8 p. m.

12. Your 13, June 8, midnight. The President desires that Warburg participate fully in all discussions that Sprague and Harrison may have in London.

PHILLIPS

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550.S1/922 : Telegram

*The Chairman of the American Delegation (Hull) to the Acting Secretary of State*

LONDON, June 9, 1933—6 p. m.

[Received June 9—4 p. m.<sup>41</sup>]

14. I have just returned after 1 hour with Prime Minister MacDonald at private luncheon. I, at the outset repeated and emphasized the American contention about limiting the session to 2 months; also about further extending tariff truce; also about an agreement of the full Conference in definite concrete terms on as many of the basic problems and remedies requiring international cooperation as could possibly be agreed upon and at as early a stage as possible. MacDonald constantly repeated his Washington talk expressing sympathy for a shorter conference than usual and that he would constantly drive the Conference hard. He indicated general approval of further tariff truce but indicated that it had been already violated in some instances and that the matter should be taken up for discussion before the Conference meets. He assured me that he was absolutely favorable to a clear and ringing declaration of agreement in definite concrete terms on as many of the basic conditions and basic remedies as possible at as early a stage as possible. He expressed the idea that the first day should comprise the speech of the King and himself; that on Monday night there would be an official dinner to the delegates by his Government at which I and a French delegate would respond to address welcoming delegates to the Conference. He suggested that Tuesday and Wednesday should be devoted to general statements by spokesmen for a few of the more important governments. I am expected to make such general statement for our Government on that day. He further suggested that a working committee of

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<sup>41</sup> Telegram in three sections.

three or four with himself as chairman including one American representative should be selected by Monday to meet each day throughout the Conference and clear up all difficulties and in many ways facilitate the despatch of business. He further suggested that one large committee with the most suitable person for chairman should be appointed by Thursday which should then be divided into subcommittees suitable for permanent work on each of the important questions and problems in the agenda or otherwise brought up for consideration. These committees were to undertake the permanent detailed work of the Conference. He repeated that some of the other governments had indicated concern about the attempt to shorten the session of the Conference and that the League of Nations officials had likewise expressed concern and skepticism. I continued to reiterate the extreme urgency of the crisis which imperatively calls for rapid progress. I diplomatically urged that he let some of the American delegation confer with him at each preliminary stage from this day forward about each phase of each of the foregoing steps including time, subject matter, policy and personnel as well as tactics. He indicated whole-hearted disposition to do so. My idea was to discuss personnel of the Small or Steering Committee on the work of the Conference aforesaid and also the personnel of the Large Committee especially as it related to the Chairman of the Full Committee and of the various subcommittees. I made an agreement at his instance with his right-hand man, Hankey,<sup>42</sup> for full and detailed discussion with some of our delegation later this afternoon touching all the foregoing phases and certain detailed matters in addition. Our plan is to keep close in touch [with each other?] and with the other key persons at every stage of the proceedings in order that we may render the maximum of service. MacDonald agreed to confer with me freely at frequent intervals in the foregoing connection. He expressed skepticism about the French. I stated to him that our officials at Paris believe that the French in the end really desire comprehensive and basic agreements. Taken altogether the Conference was encouraging save as to the question of its length. I assured MacDonald that while all nations including America had gone to unusual extremes in attempts at self-containment; that a steady campaign for economic reform was being and would be steadily prosecuted in the United States and that in my judgment practical experience would increase the support by our Government of a comprehensive and [workable?] program for business recovery to the extent that international economic cooperation is necessary.

HULL

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<sup>42</sup> Sir Maurice Hankey, personal assistant to Prime Minister MacDonald and secretary to the Cabinet.

550.S1 Monetary Stabilization/13 : Telegram

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

PARIS, June 9, 1933—6 p. m.

[Received June 9—2:22 p. m.]

265. Your 155, May 31, 5 p. m.<sup>43</sup> Foreign Office informs me that arrangements have been made directly by the Bank of France with Sprague and Harrison and that Farnier, Assistant Governor of the Bank, accompanied by Lacour-Gayet<sup>44</sup> are leaving for London tonight to confer with them tomorrow.

Governor Moret will leave for London tomorrow evening.

Repeated to London.

STRAUS

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550.S1/933 : Telegram

*The Acting Secretary of State to the Chairman of the American Delegation (Hull)*

WASHINGTON, June 10, 1933—5 p. m.

17. The President desires me to send you the following message:

“Very glad to have your Number 14 and that you are continuing pressing early adjournment. Perhaps it would be worthwhile considering a motion on Monday or Tuesday stating it is the sense of Conference that its work be concluded on or before August 12th. I think nearly all smaller nations would support this.

Congress is in parliamentary difficulties about veterans' allowances. I still hope for adjournment late tonight. If this not possible am asking for adjournment Monday.

My best to you all. (Signed) Roosevelt.”

PHILLIPS

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550.S1/931 : Telegram

*The Chairman of the American Delegation (Hull) to the Acting Secretary of State*

LONDON, June 11, 1933—6 p. m.

[Received June 11—2:25 p. m.]

19. Our 16, June 10, 6 p. m.<sup>45</sup> *London Times* further reports that another amendment to the Industrial Control Bill confers extraordinary tariff powers to the President. Its account of the nature of these powers is incomplete, kindly cable full text.

In the light of these two additions to the Industrial Control Bill or any other new tariff or similar restrictions does the President see

<sup>43</sup> See footnote 38, p. 627.

<sup>44</sup> Robert Lacour-Gayet, Director of the Economic Intelligence Service of the Bank of France.

<sup>45</sup> Not printed.

any obstacle to the introduction of the tariff truce resolution? I would appreciate a full interpretation either by immediate cable or by telephone.

HULL

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550.S1/935 : Telegram

*The Acting Secretary of State to the Chairman of the American Delegation (Hull)*

WASHINGTON, June 11, 1933—7 p. m.

20. Your 19, June 11, 6 p. m. Learning that Conference Committee on Industrial Control bill had amended subsection (e) of Title I making it mandatory, I discussed your telegram with the President this afternoon, Livesey<sup>46</sup> aiding. The President telephoned Senator Harrison,<sup>47</sup> who agreed immediately to introduce a joint resolution correcting the Conference Report.

The President sees absolutely no obstacle to the introduction of the tariff truce resolution. He assumes that your draft will safeguard our position against dumping.

PHILLIPS

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550.81/929 : Telegram

*The Chairman of the American Delegation (Hull) to the Acting Secretary of State*

LONDON, June 11, 1933—10 p. m.

[Received June 11—7:30 p. m.]

21. Morrison and Bullitt this afternoon obtained MacDonald's agreement to 10-minute limitation of preliminary speeches and definite conclusion of Conference by August 12. MacDonald also agreed to consult with the American delegation before making any decision important in any way to the United States; and that we should have membership on any committees we desired; also that we should have our choice between the chairmanships of the two great commissions: (1) monetary; (2) economic.

MacDonald said that he proposed to organize the Conference as follows: immediately after speeches by King and himself tomorrow he will appoint a "Bureau" which will act as a steering committee. He proposed as members of the Bureau the United States, Switzerland, France, Germany, Italy, Russia, Sweden, China, Japan, Mexico, the Argentine, Czechoslovakia, Hungary, and one British Dominion. We suggested substitution of Brazil for Argentina and pointed out that inclusion of British Dominion indicated clearly that Empire

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<sup>46</sup> Frederick Livesey, Assistant Economic Adviser, Department of State.

<sup>47</sup> Pat Harrison, Chairman of the Senate Finance Committee.

preferences as between sovereign members of the British Commonwealth were violation of most-favored-nation clause. MacDonald will call a meeting of the Bureau tomorrow evening and will ask the American representative on the Bureau to present our views in regard to the tariff truce, the limitation of preliminary speeches to 10 minutes and the achievement of definite agreements before August 12. Preliminary speeches will occupy Conference Tuesday and Wednesday. Thursday morning MacDonald will appoint the chairman, vice-chairman and "rapporteurs" of the two great commissions. The American delegation has as yet been unable to decide which of the chairmanships it is more desirable to hold but the majority opinion is that we should take the chairmanship of the Monetary Commission. The chairman of each of these commissions has the power to appoint the numerous subsidiary committees which will deal with the specific problems before the Conference and MacDonald proposes to conduct the work of the Conference in collaboration with the chairmen of the two commissions rather than with the Bureau which will be called together only in cases of emergency. As soon as the commissions have been organized the submission of the resolutions contained in our instructions will be in order. MacDonald shows every disposition to work intimately and cordially with us.

HULL

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550.S1/9363 : Telegram

*The Chairman of the American Delegation (Hull) to the Acting Secretary of State*

LONDON, June 11, 1933—9 p. m.  
[Received June 11—4:40 p. m.<sup>48</sup>]

1a. For the President. Hull deeply distressed by reports from America that you and administration are no longer supporting his desire and that of delegation to reduce tariffs and remove obstacles to international trade. Advise urgently that you should send him as soon as possible personal cable telling him that you are behind him and that you should issue a liberal early statement that administration policy in regard to removal of barriers to international trade has not been altered. We hope that you will be able to take this action today.

MacDonald has acceded to all our requests in regard to organization of Conference, limitation of preliminary speeches and adjournment by August 12.

Regards Cox, Bullitt.

HULL

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<sup>48</sup> This telegram bears the notation: "Copy handed to President Roosevelt at the White House 5:30 p. m. Sunday, June 11, 1933."



550.S1/937½ : Telegram

*The Acting Secretary of State to the Chairman of the American Delegation (Hull)*

WASHINGTON, June 11, 1933—11 p. m.

22. From the President. Please do not worry about situation here in regard to tariff reductions and removal of trade obstacles. The eleventh hour rows in Congress over domestic problems made general tariff debate dangerous to our whole program.

I am squarely behind you and nothing said or done here will hamper your efforts. There is no alteration of your policy or mine. Remember too, that if we can get treaties signed we can call special session of Senate alone in the autumn to consider ratification. (Signed Roosevelt).

PHILLIPS

550.S1/1069

*The Minister in Rumania (Wilson) to the Acting Secretary of State*

No. 1082

BUCHAREST, June 12, 1933.

[Received June 29.]

SIR: I have the honor to report that representatives of the five agrarian countries of central and eastern Europe, Bulgaria, Hungary, Poland, Rumania, Czechoslovakia and Yugoslavia, composing the so-called "Agrarian Bloc," met in Bucharest from June 4 to June 6, 1933. Representatives of Greece, Turkey, Estonia and Latvia were present as observers.

The purpose of this meeting was to consider the situation of the agricultural countries with regard to the World Economic Conference at London and to decide upon a common attitude at the Conference. The basis of discussion was a memorandum drawn up by Rumanian and Polish experts stating the point of view of the agricultural states with regard to the agenda prepared for the London Conference by the Committee of Experts. A copy of this memorandum was forwarded to the Department with a despatch of May 24, 1933<sup>49</sup> from the Consulate in Geneva.

The delegates to the Bucharest meeting were greeted in the name of the Rumanian Government by Mr. Mironescu, Vice-Premier and Minister of the Interior, who made a perfunctory address of welcome. Mr. Virgil Madgearu, Rumanian Minister of Finance, was unanimously elected president of the meeting and made a rather long speech in the usual positive and uncompromising Madgearu manner. He reviewed the efforts of the agrarian states to protect their interests at the Agricultural Conference at Bucharest and Sinania, at Warsaw

<sup>49</sup> *Ante*, p. 616.

in 1930, before the Committee of Study for European Union at Geneva, at the Wheat Conference in Rome in 1931, and at Stresa in 1932. He deplored the lack of practical results from these various meetings and laid the blame on the agricultural protectionism practiced by the industrial countries of Western Europe and on the lack of cooperation by the over-seas, grain-producing countries. Mr. Madgearu reviewed Rumania's financial situation since 1929 as an example of how the world depression has affected the agricultural countries. He attributed the present bad situation to the closing of foreign markets, low prices and the failure of foreign capital to continue to seek markets in the agricultural countries. He said nothing about the effects of industrial protectionism on the part of the agricultural states, or of import and exchange restrictions applied by them beyond stating that these latter restrictions were made necessary for self-protection. Nor did he mention the undeniable fact that unsound fiscal policies have largely contributed to the financial ills of the agrarian countries.

The general tone of Mr. Madgearu's speech was that the agricultural countries have been imposed upon and that something must be done to help them. He recommended that any suggestion to reduce production be categorically refused and that "means be found" to sell the exportable surplus of the grain-producing countries at high prices. How this desirable state of affairs is to be realized is not specified, but it is obvious that it is to be at the expense of somebody else. Mr. Madgearu seems to think that because the several states represented grow grain that they are entitled to privileged treatment.

The meeting adopted a resolution containing fifteen principal points setting forth the common attitude of the countries of the Agrarian Bloc at the London Conference. The resolution demands the abolition of inter-governmental debts, the rearrangement or maintenance of monetary stabilization, the restoration of freedom of exchange operations, the abolition of prohibition and restriction in international trade and the extension of preferential tariffs. The Agrarian States consider the time opportune for the realization of the projects for public works under the League of Nations. They do not consider that they should curtail production, in view of the fact that none of them has increased the areas under cultivation. Finally they demand that importing countries should import a fair share of the products of agrarian states and renounce the idea of artificial self-sufficiency from the agrarian point of view, which last, they consider, has largely contributed to the world crisis.

There is transmitted herewith a copy in French of a pamphlet<sup>50</sup> containing the speeches, minutes of the sessions and the resolutions adopted.

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<sup>50</sup> *Conférence des Représentants des Gouvernements des États Agricoles de l'Europe Centrale et Orientale, Bucarest, 4-6 Juin 1933 (Bucarest, 1933).*

A copy of the despatch, together with a copy of the pamphlet, is being sent to the Embassy in London with the request that it be forwarded to the American Delegation to the London Conference.

Respectfully yours,

CHARLES S. WILSON

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550.S1/952 : Telegram

*The Chairman of the American Delegation (Hull) to the Acting Secretary of State*

LONDON, June 13, 1933—8 p. m.

[Received 9:25 p. m.<sup>51</sup>]

28. My No. 26, June 13, 3 p. m.<sup>52</sup> Following is final draft of my speech which is not to be released until receipt of Associated Press flash "Hull speaking".

"Mr. Chairman: It is appropriate

1. That the nations should meet in this great capital to deal with the crisis which besets them all. The compelling necessity for the present meeting of chosen representatives from 65 nations has been demonstrated by disastrous experience. The whole panic ridden world is looking to this Conference for leadership with a program of basic relief and every participant here must realize at the outset that distressed peoples in every land expect concord, cooperation and constructive results from these proceedings. The success or failure of this Conference will mean the success or failure of statesmanship everywhere and a failure at this crucial time would long be conspicuous in history.

2. It is universally agreed that economic calamity with attendant losses, sufferings and hardships unparalleled in our time have for 3½ years afflicted each nation and the world in common. Depleted treasuries, collapsed price levels, a destroyed international finance and commerce, greatly diminished domestic production and consumption, 30 millions of unemployed wage earners, a prostrate agriculture, universal monetary and exchange instability, mountainous debt and tax burdens constitute some of the awful panic experiences of recent years. The people of all nations now realize that despite unbounded opportunities they are actually worse off and more insecure than they were 12 years ago and that the necessity for new policies and new leadership is obvious and urgent.

3. This is a Conference of representatives of sovereign governments; I have absolute faith in its complete ability, power and disposition to move the world and this it will accomplish if it promulgates a program which in conjunction with suitable domestic programs everywhere will restore confidence, employment and full and stable prosperity alike in every country. We would be false to the trust reposed in us by the anxious audience of humanity elsewhere if this great tribunal were complacently to adjourn with the humiliating implication that we are incapable of providing new policies at all and that the same nation-

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<sup>51</sup> Telegram in twelve sections.

<sup>52</sup> Not printed.

destroying, world-wrecking economic policies that have been in operation since the war must continue.

4. If we are to succeed narrow and self defeating selfishness must be banished from every human heart within this Council chamber. If, which God forbid, any nation should obstruct and wreck this great Conference with the short-sighted notion that some of its favored interests might temporarily profit while thus indefinitely delaying aid for the distressed in every country that nation will merit the execration of mankind.

5. Ignoring all realities all nations have strenuously pursued the policy of economic isolation each futilely and foolishly striving to live a hermit's life.

6. The cherished idea of the extreme type of isolationist that each nation singly can, by bootstrap methods, lift itself out of the troubles that surround it has proven fruitless. Each nation by itself can to a moderate extent restore conditions by suitable fiscal, financial and economic steps. Thus the administration of President Roosevelt has within 3 months adopted an effective domestic program to promote business improvement in the fullest possible measure. The equal necessity for an equally important international economic program of remedies is clear. A brief examination of existing problems and conditions and the underlying influences chiefly responsible for their creation sustains this conclusion.

7. When every nation is visited by disastrous panic it is for the isolationist a mere coincidence. For him no panic has an international character, cause or cure. He credulously believes that the present depression just happened to come upon all countries at the same time and that despite demonstrated failure to do so since 1929 each by its own local program can at will restore full prosperity.

8. Economic nationalism as practiced since the war comprises every known method of obstructing international capital and trade such as high tariffs, quotas, embargoes, exchange restrictions and depreciated currencies. Many governments by manifesto are constantly changing their tariff and other obstructions so that their utter lack of stability is seriously destructive of business. These trade barriers inevitably caused a disastrous reaction upon production, employment, prices and distribution within the confines of every nation. Under the ravages of these combined methods of extremism uncounted millions of people are starving in some parts of the world while other parts are glutted with vast surpluses. Raw materials are fenced off from factories, factories from consumers and consumers from foodstuffs.

9. How many nations can get along without world trade? The indispensable nature of international commerce is better understood when we recall that most Latin American countries ordinarily sell abroad from 30 to 85 percent of their total production of movable goods; England must sell 25 percent; Germany 30 percent; Canada 30 percent; Australia 30 percent; New Zealand 40 percent and Japan 45 to 60 percent. A serious decline of the international market can cause a severe impairment of the economic and financial life of these large exporting countries and this in turn dislocates all foreign trade and as has been demonstrated during this panic cuts deeply into all production and throws tens of millions of wage earners out of employment.

10. The strangulation of international trade from more than 50 billion dollars the amount it should be according to the pre-war rate of annual increase down to a rate less than 15 billion dollars reveals a most tragic phase of this short-sighted and ruthless policy. An international transaction has become an exception rather than a rule. Each country proposes to sell but not to buy, to export but not to import and to get rich at the expense of the other.

11. The inevitable effect of these contradictory practices has been to reduce to the lowest level all prices of primary commodities bought and sold in world markets with similar effects upon commodity prices back in each country. The inability of peoples in different countries to transfer goods in payment of balances strains all domestic financial structures. Currencies and exchanges become unstable. These practices offensive and defensive have forced business in every nation to an artificial basis and plunged the world into economic war.

12. The more extreme proponents of these disastrous policies in operation during the post-war period in a spirit of mistaken selfishness or unreasoning fear have insisted strenuously upon the very minimum of economic contacts with other nations. Their slogan has been the talismanic word "prosperity" and each nation living by itself was to grow rich and the people everywhere were to wax fat and be clothed in purple and fine linen. In their eyes it was unpatriotic not to buy homemade goods regardless of costs.

13. In the making of tariffs thought was given only to the safeguarding of the home market even to the extent of protecting the more inefficient individual businesses, inefficient industries, and industries clearly not justifiable economically. No serious thought was given the disposition of surplus production through exchanges. The home market was to be kept separate from the world market and prices bearing no relation to those of other countries would be fixed arbitrarily within each nation.

14. Has not the time come for governments to cease erecting trade barriers with their excesses, rank discriminations, and hate breeding reprisals and retaliations?

15. Honest intelligence now compels the admission that nations are substantially interrelated and interdependent in an economic sense with the result that international cooperation today is a fundamental necessity. The opposing policy of self-containment has demonstrated its inability either to avoid or arrest or cure the most destroying depression in all the annals of business.

16. This Conference should proclaim that economic nationalism as imposed upon the various nations is a discredited policy; and from those who insist that the world should continue in this discredited policy the Conference must turn aside. Many measures indispensable to full and satisfactory business recovery are beyond the powers of individual states. The extreme difficulty is manifest of one nation by itself undertaking largely to reduce its tariffs or to remove exchange restrictions or to stabilize its exchange and currency or to restore the international financial credit and trade structure.

17. It is equally true that mutually profitable markets could only be obtained by the liberalization of the commercial policies of other countries and this is only possible by the simultaneous action of all governments stabilizing exchange and currencies and reducing to a

reasonable extent trade barriers and other impediments to commerce between nations.

18. This Conference must formulate plans to deal effectively with these difficulties. Satisfactory conditions of peace and prosperity and human progress itself require the maintenance of a growing international commerce. The Conference must make clear whether civilized countries can ignore this economic fact and shirk the duties which such fact imposes.

19. Let me here reassert the principle that trade between nations does not mean the displacement of established home production and trade of one country by that of another. International trade is chiefly barter of a mutually profitable exchange of surpluses by different countries either directly or in a triangular manner. It specially contemplates too that an enterprising nation goes out into the world and locates and develops new markets for the goods it effectively produces. The gradual and careful readjustment of the excesses of tariff and other trade barriers to a moderate level would not contemplate either unreasonable or excessive competitive imports against efficient domestic industry operated under normal conditions on the one hand nor monopolistic price advantages at home on the other. This policy if practiced generally among the nations would insure healthier and more prosperous conditions in all industry at all efficient in every country. This broad program while disclaiming extreme economic internationalism on the one hand would challenge extreme economic nationalism on the other and launch every nation upon a sane practical middle course. It would reciprocally supplement efficient home markets with capacious foreign markets. In no others half so feasible can the present 30 millions of unemployed wage earners be returned to work nor bankrupt agriculture be restored to solvency nor famished industry be brought back to normal.

20. The world cannot longer go on as it is going at present. A successful meeting of this Conference in my judgment is the key to widespread business recovery. While it is true that at the present time there does not exist a sufficiently informed public opinion in support of a necessary program of international economic co-operation it is my firm conviction that the losses and sufferings of peoples in every country have been so great that they can soon be aroused into aggressive support of such a program.

21. The first and greatest task at the present juncture is the development here in this hall of a will and a determination on the part of nations vigorously to advocate this course. Thereafter plans and methods will readily take form. My firm prayer therefore, is for a spirit of co-operation necessary to create a unified leadership and program in this Conference that will carry hope to the unnumbered millions in distress throughout the world. A preliminary step indicative of sincere purpose would be the immediate general adherence by all the participating governments to the tariff truce already agreed to by at least a dozen countries to continue to the end of this Conference. The full program should comprise a succession of methods and plans of international co-operation.

22. All excesses in the structure of trade barriers should be removed, all unfair trade methods and practices should be abandoned, the nations should attack these conditions and problems simultaneously and

by as many effective methods as we can devise. In the monetary field suitable measures must be taken to provide for an immediate policy which will give the greatest possible measure of stability for the period during which the groundwork will be laid for enduring reform. Simultaneously all the nations must stimulate the natural sources of employment, restart the wheels of industry and commerce and so build up consumer power that a rise of the price level will of necessity follow.

23. Then the Conference must face the vexing problem of a permanent international monetary standard and lay down the proper function of the metals, gold and silver, in the operations of such a standard in the future.

24. Coincident with the immediate and the ultimate monetary problems there is the necessity of taking measures for the removal of restrictions upon foreign exchange dealings. This may involve a balance sheet reorganization of certain countries. The American delegation is prepared to offer concrete suggestions in regard to all these questions.

25. The nations which sent us here are interested above all else in peace and prosperity and prerequisite of either is a wise readjustment of economic policies. Economic conflicts with some exceptions are the most serious and the most permanent of all the dangers which are likely to threaten the peace of the world. Let this great Conference, therefore, proceed to the herculean task of promoting and establishing economic peace which is the fundamental basis of all peace."

HULL

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550.S1/961 : Telegram

*The Chairman of the American Delegation (Hull) to the Acting Secretary of State*

LONDON, June 14, 1933—8 p. m.  
[Received June 14—5:05 p. m.]

30. For the President and Phillips. The Secretary's address was well received by the delegates of all nations.<sup>53</sup> There has been a most disquieting development however in our relations with the British and French. We were under the illusion that MacDonald had promised us his active support for the chairmanship of the Monetary Commission, but this morning discovered that he had apparently left the French under the same illusion with the result that Bonnet<sup>54</sup> now definitely opposes Cox as Chairman of the Monetary Commission and tonight stated that he would nominate a representative of a smaller power for the position. The British attitude remains unclear and we are strongly reminded of the traditional tactics employed by Lloyd George. We obtained promises from a majority of the members of the Bureau that they would vote for Cox at the scheduled meeting this

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<sup>53</sup> For summaries of the preliminary speeches delivered in the opening sessions of the Conference, see League of Nations, *Journal of the Monetary and Economic Conference*, pp. 7-11 *passim*.

<sup>54</sup> Georges Bonnet, French Minister of Finance.

afternoon whereupon MacDonald without consulting us postponed the meeting of the Bureau until tomorrow noon and we are in doubt as to the result. We intend to refuse the chairmanship of the Economic Commission which may be offered to us in case we are defeated upon this issue and we are in doubt as to the future course we shall pursue unless certain of the British show an increasing disposition to deal with us frankly and as collaborators.

HULL

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550.S1/960 : Telegram

*The Chairman of the American Delegation (Hull) to the Acting Secretary of State*

LONDON, June 15, 1933—2 p. m.  
[Received June 15—8:25 a. m.]

32. For the President and Phillips. We have won the first fight. Bonnet himself will tonight nominate Cox as Chairman of the Monetary Commission.

HULL

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550.S1 Monetary Commission/4 : Telegram

*The Chairman of the American Delegation (Hull) to the Acting Secretary of State*

LONDON, June 15, 1933—8 p. m.  
[Received June 15—2:35 p. m.]

34. Cox elected Chairman of Monetary Commission, Bonnet nominating him. Colijn<sup>55</sup> elected President Economic Commission.

HULL

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550.S1 Monetary Stabilization/15 : Telegram

*The Acting Secretary of State to the Chairman of the American Delegation (Hull)*

WASHINGTON, June 15, 1933—9 p. m.

37. For Secretary of State and Cox and Sprague. The following message is sent for the President. "All kinds of wild reports here about stabilization at some fixed rate, some reports saying around 4 dollars and other reports at other rates. I feel sure all these reports are not founded in any fact. Of course any proposal must in any event come here for approval or disapproval by Treasury Department and me."

PHILLIPS

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<sup>55</sup> Hendryk Colijn, President of the Netherlands Council of Ministers.



550.S1 Monetary Stabilization/18: Telegram

*The Chairman of the American Delegation (Hull) to the Acting Secretary of State*

LONDON, June 16, 1933—7 p. m.

[Received 8:40 p. m.<sup>56</sup>]

35. For Secretary Woodin from Sprague. After continuous negotiation beginning last Saturday between Treasury representatives and the central banks we have finally evolved a plan for limiting fluctuations of exchange during the time that the Conference is endeavoring to lay foundations for ultimate monetary stability. The plan is embodied in two documents:

(a) A general statement which follows: "Declaration by the three Governments to the Financial Commission.

1. The informal conversations between representatives of the treasuries and banks of issue of France, Great Britain and the United States of America have been concluded.

2. These conversations have achieved the following results:

3. The French Government has confirmed its determination to maintain the free working of the gold standard in France within the framework of its national monetary law.

4. Both Governments and banks of issue agreed on the necessity for limiting as far as it may be feasible fluctuations in these [*those?*] of their currencies which are off gold from the beginning of the Conference and during the period when the Conference is endeavoring to lay the ground-work for lasting stability—an endeavor which has the unqualified support of the three Governments.

5. With the object as defined above in view and without attempting to fix at this time the rates of ultimate stabilization of the currencies off gold the Governments of the three countries have agreed on the necessity of an appropriate financial policy and that they will not in the absence of exceptional and unforeseen circumstances take any measures which will be incompatible with the principle of maintaining or restoring monetary stability.

6. In connection with the above declaration a temporary agreement for cooperation has been agreed between the three banks of issue.

7. The Governments and banks of issue have decided to remain in close contact for the execution of the program laid down above" and

(2 [b]) an agreement between the banks of issue which will be relayed to you from the Reserve Bank of New York.

The general statement is designed to make it absolutely clear that the arrangement is limited to the period of the Conference and is designed solely to facilitate the work of the Conference by eliminat-

<sup>56</sup> Telegram in three sections.

ing if possible wide fluctuations in the three exchanges. The arrangement does not imply any commitments whatever as regards the monetary policy of the government after the adjournment of the [Conference?]. It also contains a provision. The abrogation of the arrangement in the event of extraordinary circumstances not now foreseen. Such a circumstance would be for example a serious reaction of trade and of prices in the United States. In the event that such developments should occur we have the right to do whatever we think is necessary.

You will readily understand that it is reasonable that both Britain and the United States give such an assurance as otherwise the entire facility of the exchanges would be so completely in the air as to make any attempt to lay a foundation for the future foredoomed to failure. I cannot emphasize too strongly that in view of the publicity that has been given to these negotiations a failure now would be most disastrous in its effect upon the work of the Conference. The positive assurance that we give for the time of the Conference is limited to the statement that the Governments will not in the absence of unforeseen circumstances adopt policies calculated seriously to depress the exchange. The British assurance means that they will not use the equalization fund of [or?] any other method to affect the price of sterling while our undertaking would involve our not using the Thomas amendment<sup>57</sup> during the period of the Conference, except in exceptional and unforeseen circumstances arising out of our own domestic situation. This, of course, does not forbid reasonable open market operations and it is so understood here. In the case of the French, their assurance means that they undertake to remain on the gold standard during the period of the agreement in exceptional and unforeseen circumstances.

The proposed method of operation by the banks of issue provides that the Bank of England and the Federal Reserve Bank of New York shall in effect maintain rates within a spread of 3 percent in relation to the gold franc. It is furthermore provided that each of these two banks in order to accomplish this will agree, if necessary, to expend up to 3 million ounces of gold equivalent 60 million gold dollars. The agreement will terminate whenever any one of three banks shall have lost 3 million ounces of gold but may be renewed by mutual consent at new or the same rates and for new or the same amounts of gold. The rates in the agreement result in a dollar—sterling middle rate of 4 dollars per pound. This has been done on the ground that it is taking something closely approaching the present *status quo*. To take a rate very much above or below this point would be introducing through the arrangement a new arbitrary factor into the situation.

The British Government very unwillingly assented to this rate but finally concurred making, however, a reservation permitting them to

<sup>57</sup> Title III of the Emergency Farm Mortgage Act of 1933; 48 Stat. 51.

ask for a downward adjustment of not more than 10 cents at the end of a fortnight of experience in the working of the agreement, even though the 3 million ounces have not been lost by any of the three banks. This does not involve any prejudice on our part and should we not agree to such request for revision the contract would stand on the present rates until terminated by the loss of gold. We are not committed in any way beyond the first amount and the first rate except that we are committed to discuss a renewal if such renewal should be necessary. It is most essential that the mechanism above described should remain secret and it is a condition made by the banks of issue that the amount of gold and the rates must remain secret. A leakage in this respect will release the banks from their undertaking. If you approve on this agreement between the three central banks it would seem reasonable to presume that the Federal Reserve Bank of New York would be acting at the request of and for the account of our Government. It perhaps is unnecessary to add that the arrangement itself requires the approval of the directors of the Reserve Bank of New York and of the Federal Reserve Bank.

After Bonnet had agreed to nominate Governor Cox as Chairman of the Monetary Commission of the Conference, a joint statement of governmental monetary policy was prepared which seems to go beyond the period of the Conference. I wish it to be clearly understood that this statement of policy was not made in connection with the discussions relating to steadying the exchanges during the period of the Conference and is not essential thereto. It is, however, a statement with which I am in entire sympathy and its inclusion has been made by the French a condition for the acceptance of the entire arrangement. [Sprague.]

HULL

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550.S1 Monetary Stabilization/19 : Telegram

*The Chairman of the American Delegation (Hull) to the Acting Secretary of State*

LONDON, June 16, 1933—9 p. m.  
[Received June 16—5 : 53 p. m.]

37. For the President from Warburg. I endorse Sprague's today's cable to Woodin and for your information should like to add the following. As you know we had quite a struggle to obtain chairmanship of Monetary Commission. Immediately after agreeing to nominate Cox, Bonnet asked for reassurance as to the attitude of the American Government in monetary matters. We told them that we could give no assurance whatsoever except that we would recommend to you the authorization of a declaration such as that embodied in Sprague's

cable. The French were willing to proceed on this assurance realizing that it was perfectly possible that you might not agree with our recommendation. Your decision is therefore in no way prejudiced. In addition to the text of the declaration as cabled by Sprague we have agreed to recommend that you authorize us to agree also to the following statement: "The Governments and banks of issue of the United Kingdom and the United States have stated that the stabilization of their currencies on a gold basis under proper conditions forms the ultimate objective of their policy". This statement goes no further than what we have said in all our preliminary conversations and goes no further than the Secretary of State's speech to the Conference. The only reason for treating it separately from the rest of the declaration as cabled by Sprague is that it does not properly fall within the terms of reference of Sprague's mission and belongs rather to the field of the Economic Conference. We hope that you will authorize this addition to the declaration and that you will approve of the plan as a whole as nothing could give a more auspicious beginning to the meeting of the Monetary Commission under our chairmanship next Monday <sup>58</sup> than an announcement of this sort. We have tried to protect your freedom of action to the utmost at the same time giving the assurance that can reasonably be asked of us as leaders in the monetary field to the effect that we are not going to be wilful and unnecessarily violent in our monetary policy. Finally I realize that you are probably flooded with cables like one I received from the Committee of the Nation. We feel that those who think stabilization a mistake do not realize the full significance of the alternative which among other things would be that it would be practically impossible to assume a leading role in attempting [to] bring about a lasting economic peace among the nations. So far we are getting along excellently. We have won our first major tactical victory in getting monetary chairmanship and preliminary meeting this morning indicates good prospect of carrying through our program if we can get over this first hurdle. [Warburg.]

HULL

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550.81 Monetary Stabilization/20 : Telegram

*The Acting Secretary of State to the Chairman of the American Delegation (Hull)*

WASHINGTON, June 17, 1933—6 p. m.

42. For Hull for guidance of Cox and information of Harrison and Sprague. In reply to Sprague and Warburg cables the President states the following as his definite policy with regard to stabilization.

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<sup>58</sup> June 19.

"My difficulty in approving the statement that 'The governments and banks of issue of United Kingdom and United States have stated that stabilization of their currencies on gold basis under proper conditions forms the ultimate objective of their policy' is that it may later be construed to mean that Great Britain and United States would so stabilize without world wide action toward the same end. The broad principle we advocated in preliminary discussions in Washington was based on a reestablishment of currencies based on gold or gold and silver by all nations and not by three or four only. Please bear this fact in mind because we do not want to go just part way in a conference of 66 nations.

As to the rest of the declaration and the proposed plan, what I fear is that it may be construed by us as general and permissive in scope but is so worded that London and Paris might later charge us with bad faith if we decline later to go along with their interpretation of it.

As a general principle, I am at present opposed to any agreements aimed at close stabilization of pound and dollar with small leeway either way, especially at present approximate levels.

It is my thought that at this time we should avoid even a tentative commitment in regard to any definite program by this Government to control fluctuations in the dollar.

It seems wiser to content ourselves for the present with an informal statement that if the pound should rise to an excessive point, say \$4.25, that we will then consider unilateral action of some kind, the exact nature of which would depend on the circumstances then confronting us.

On the other hand, if exchange goes the other way, resulting in commodity price declines in this country, we must retain full freedom of action under Thomas amendment in order to hold up price level at home.

It is my personal view that far too much importance is being placed on existing and temporary fluctuations of pound, franc and dollars and that the bigger ultimate objective of balanced budgets and permanent national currencies in all countries based on standard reserves of gold or gold and silver far outweigh these temporary conditions in importance."

PHILLIPS

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550.S1 Monetary Stabilization/22 : Telegram

*The Chairman of the American Delegation (Hull) to the Acting Secretary of State*

LONDON, June 18, 1933—7 p. m.

[Received June 18—2:50 p. m.]

41. For the President from Warburg. You may have been wondering why we did not introduce our resolutions in plenary sessions as planned. The reason is that British met our wishes to a far greater extent than anticipated in limiting general discussion which as you know was confined to 3 days after which Conference subdivided into two major commissions, monetary and economic. Having ob-

tained chairmanship of Monetary Commission, and therefore having organization of this Commission very much in our hands, we did not feel any precipitous need for introducing our program but should be just about ready tomorrow or next day to introduce it with every hope of success if stabilization program were out of the way.

Cox has made excellent impression so far having received comments from all sides indicating respect for his sincerity and earnestness of purpose. Believe that he will be able to show real leadership in Monetary Commission and that personal liking for him on part of other delegates will add greatly to our chances for success. We do not feel that we can propose any suggestions of our own until our attitude toward exchange stability during the Conference is clear and we hope very much that we shall be able to obtain your agreement quickly because every day of delay means delay in proposing our program and therefore likelihood of other ideas taking root. Even if we have not been able to meet your wishes completely on technical details we hope therefore that subject to such technical details being satisfactorily arranged you will as quickly as possible endorse in principle the proposed arrangement and express yourself as being in sympathy with the proposed declaration on the basis of which we could then go forward without embarrassment. [Warburg.]

HULL

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550.S1 Monetary Stabilization/21 : Telegram

*The Chairman of the American Delegation (Hull) to the Acting Secretary of State*

LONDON, June 18, 1933—7 p. m.  
[Received June 18—3:10 p. m.]

40. For the President from Cox, Sprague and Warburg. Referring to your 42 transmitting President's ideas concerning stabilization.

1st. Objection to general settlement concerning ultimate objective entirely valid and believe will have no difficulty in adding thereto "It is obvious that this objective can only be obtained as a result of cooperation by practically all of the nations represented at the Conference except those which are not naturally gold standard countries" or some clause to this effect.

2d. You need have no apprehension as to our being charged later with bad faith because we have made it perfectly clear that present proposal is of purely temporary nature designed to facilitate work of Conference in laying permanent groundwork. Not only does agreement to permanent groundwork require our consent therefore providing any number of opportunities for withdrawal from any proposal of lasting nature but even proposed temporary agreement contains let-out clauses, much stressed by us, to the effect that even if

during Conference national emergency should make it necessary we can withdraw.

3d. It does not seem to have been clear from our yesterday's cables that proposal does not limit dollar-sterling rate to narrow range. Proposal actually means middle rate of 4 dollars with lower and upper points of 3.88 and 4.12 which comes very close to your own suggestion. If you consider it essential it might be possible to change proposal so as to widen spread in gold points from 3 percent, which means 6 percent in sterling-dollar rate, to say 5 percent, which would mean 10 percent in sterling-dollar rate, or 3.80-4.20. Believe any greater spread than this would result in making it too easy for speculators to work against stabilization.

4. Fully agree with your last paragraph as to undue importance but must point out (a) that while agreement for immediate reduction of fluctuations in itself not as vital a factor as many think, it is exceedingly vital in the sense that the work of the Conference to achieve the important permanent things we want is unmeasurably hindered not only by the fluctuations but even more by the feeling on the part of the other nations that America is an entirely unknown, uncertain and perhaps indifferent factor; (b) we have every hope that if we eliminate this feeling by the proposed action we shall be able to carry our program through in rapid order. On the other hand if we refuse to cooperate in reducing fluctuations immediately it will be interpreted here as meaning, (1st) that having sent special representatives—to discuss temporary stabilization we have now changed our minds or, (2d) that the American representatives have exceeded their authority in discussing such a plan, even with all the reserves that they have made, which will cast doubt on our authority to present on whole program. Cox, Sprague, Warburg.

HULL

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550.S1/993 : Telegram

*The Chairman of the American Delegation (Hull) to the Acting Secretary of State*

LONDON, June 18, 1933—8 p. m.  
[Received June 18—5 : 52 p. m.]

42. For your information, press reports that American delegation has proposed 10 percent all around tariff cut. We have made no such proposal but have merely listed various topics<sup>59</sup> on the economic agenda for discussion, which does not in the least constitute a statement of our position.

HULL

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<sup>59</sup> Entitled: "Suggested Agenda for Economic Commission in the field of tariffs and commercial policy" (Conf. M. E./C. E. 4.).

550.S1 Monetary Stabilization/24 : Telegram

*President Roosevelt to the Acting Secretary of State*

U. S. S. "ELLIS," June 19, 1933—1 p. m.

[Received 2 : 50 p. m.]

1. Believe general situation not greatly altered and still my personal thought that a range with upper and lower limits is unnecessary. London and Paris would combine to put dollar at lower end of range. Why not probably try suggestion of our willingness during Conference to keep pound from going above 4.25. You can make it perfectly clear that the 4 dollar medium point is in my judgment too low especially at this time of year with tendency of trade balance favorable to us during next few months depressing pound still further.

Talk with Baruch and Moley about advisability of suggesting to Cox a final medium point of 4.15 with maximum point of 4.25 and minimum 4.05. I hesitate to go even that far but it is worth considering.

We should also ascertain whether life of Conference means August 12 or perhaps December 12. There is a vast difference.

Am in Nantucket tonight.

ROOSEVELT

550.S1 Economic Commission/3 : Telegram

*The Chairman of the American Delegation (Hull) to the Acting Secretary of State*<sup>60</sup>

LONDON, June 20, 1933—5 p. m.

[Received June 20—1 : 05 p. m.]

46. One of the interesting developments in the Economic Committee has been the prominence given to proposals for the international control of the production and exchange of various important commodities such as wheat, wine, cotton, lumber, coal, copper, silver, et cetera. This proposal was put forward by the French and has received the support of the British. A separate subcommittee of the Economic Conference will be occupied with the subject.

The French interest no doubt arises in part from the fact that if it should succeed it would lessen the pressure for moderation of tariffs and quotas. The British support was expressed by Conliffe-Lister, Minister for the Colonies, which indicates the direction of British interest.

The difficulties to be overcome in reaching any agreement of immediate importance except in the case of wheat<sup>61</sup> and which discus-

<sup>60</sup> Transmitted to President Roosevelt, aboard U. S. S. *Ellis*, as telegram No. 3, June 20, 4 p. m.

<sup>61</sup> For correspondence relating to the wheat agreement, signed at London, August 25, 1933, see pp. 787 ff.



sions are already advanced are great. The American delegation will follow the development of plans and ideas closely and sympathetically with a view of protecting the American interests. Has the President any further instructions on this matter?

HULL

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550.S1 Monetary Stabilization/28 : Telegram

*The Acting Secretary of State to the Chairman of the American Delegation (Hull)*

WASHINGTON, June 20, 1933—7 p. m.

48. Following received from President.

“USS *Ellis*, June 20, noon. For Hull. After careful reading of the views expressed in your 40 (June 18, 7 p. m.) and 41 (June 18, 7 p. m.) and after full discussion here I think it best in every way for us to stand on the principles and suggestions outlined in my cable of June 17th (42, June 17, 6 p. m.). You are in position to insist on consideration of the larger and more permanent program, working towards a means of exchange among all nations. Remember that far too much importance is attached to exchange stability by banker-influenced cabinets. In our case it means only a very small (perhaps 3) percent of our total trade as measured by production. Roosevelt.”

PHILLIPS

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550.S1 Monetary Commission/5 : Telegram

*The Chairman of the American Delegation (Hull) to the Acting Secretary of State*<sup>62</sup>

LONDON, June 20, 1933—9 p. m.

[Received June 20—4: 34 p. m.]

47. For the President from Warburg. Discussion in second committee of Monetary Commission was centered entirely on our resolution<sup>63</sup> introduced yesterday. At today's session committee unanimously accepted sections (a) and (b) and referred remainder of first half to subcommittee appointed for working out technical details of an eventual permanent gold standard and referred second half of resolution relating to silver to second subcommittee under chairmanship of Pittman. This result highly gratifying and precisely what

<sup>62</sup> Transmitted to President Roosevelt, aboard U. S. S. *Ellis*, as telegram No. 5, June 20, 6 p. m.

<sup>63</sup> See fourth resolution in “Memorandum on Policy for American Delegation,” pp. 622, 626; for discussion, see *Journal of the Monetary and Economic Conference*, pp. 66-67.

we were working for. First committee has so far debated resolution introduced by Chamberlain<sup>64</sup> on immediate monetary and credit policy which closely resembles first half of our corresponding resolution. We have not joined debate since through Cox chairmanship we can get in our work more easily in drafting committee which will probably be appointed tomorrow. [Warburg.]

HULL

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550.S1 Monetary Commission/8 : Telegram

*The Acting Secretary of State to the Chairman of the American Delegation (Hull)*

WASHINGTON, June 21, 1933—5 p. m.

52 Following received from Early:

“SS *Ellis*, June 21, noon. The President gratified Delegation’s 47, June 20, 9 p. m. from Warburg.

In answer Delegation’s 46, June 20, 5 p. m. President says okeh about control of commodities. We approve in principle but recognize difficulties. President asks you keep him closely informed regarding negotiations on each individual commodity.”

PHILLIPS

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550.S1 Monetary Stabilization/30 : Telegram

*The Chairman of the American Delegation (Hull) to the Acting Secretary of State*<sup>65</sup>

LONDON, June 21, 1933—8 p. m.  
[Received June 21—3:40 p. m.]

53. For the President and Phillips. Your telegram<sup>66</sup> received advising of negative action by you on the temporary stabilization proposal and directing that the efforts of the delegation be exerted in the direction alone of permanent and universal stabilization. We shall promptly and wholeheartedly comply.

The delegation thus far has not considered nor treated temporary stabilization as falling under its function and jurisdiction but under that of Professor Sprague and Mr. Harrison acting under separate instructions.

HULL

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<sup>64</sup> Neville Chamberlain, British Chancellor of the Exchequer.

<sup>65</sup> Transmitted to President Roosevelt, aboard U. S. S. *Ellis*, as telegram No. 8, June 21, 5 p. m.

<sup>66</sup> No. 48, June 20, 7 p. m., p. 650.

550.S1 Monetary Stabilization/32 : Telegram

*The Chairman of the American Delegation (Hull) to the Acting Secretary of State*<sup>67</sup>

LONDON, June 22, 1933—2 p. m.  
[Received June 22—10:30 a. m.]

56. For the President from Warburg. After full discussion in delegation it was decided in view of your cables that we must remove present doubt as to American position concerning temporary stabilization. We therefore carefully drew up statement to be given to press and told Sprague to inform French and British treasuries this morning. Simultaneously Cox and I informed MacDonald, Bonnet and Jung<sup>68</sup> before meeting of Executive Bureau at 10:30. MacDonald expressed grave apprehension as to what our statement would do to Conference. Jung likewise felt sure that it would cause withdrawal of French and Bonnet exploded. After a morning of very difficult discussions between us and the British, the British and the French, and the French and ourselves we finally succeeded in calming all fears and obtained French acquiescence to our releasing following statement at 3 o'clock this afternoon:

“Undue emphasis has been placed upon consideration of the plan proposed for temporary *de facto* stabilization of currencies. The fact is that this was never an affair of the delegation. It was considered by representatives of the treasuries, and central banks of the United States, Great Britain and France, Dr. Sprague having been specially sent to represent the United States Treasury for this purpose. The American Government at Washington finds that measures of temporary stabilization now would be untimely. The reason why it is considered untimely is because the American Government feels that its efforts to raise prices are the most important contribution it can make and that anything that would interfere with those efforts and possibly cause a violent price recession would harm the Conference more than the lack of an immediate agreement for temporary stabilization. As to the ultimate objective the American delegation has already introduced a resolution designed for the ultimate world-wide stabilization of unstable currencies and is devoting itself to the support of measures for the establishment of a coordinated monetary and fiscal policy to be pursued by the various nations in cooperation with each other for the purpose of stimulating economic activity and improving prices.”

After agreement reached with French, MacDonald and Chamberlain expressed to Cox and me their extreme gratification at our having been able to overcome a most delicate and precarious situation. Have just seen Jung who is giving us his support through thick and thin

<sup>67</sup> Transmitted to President Roosevelt, aboard U. S. S. *Ellis*, as telegram No. 9, June 22, 1 p. m.

<sup>68</sup> Guido Jung, Head of the Italian delegation; Italian Minister of Finance.

and is delighted with the outcome. While there will doubtless be repercussions believe we have safely overcome the worst of our anticipated trouble in meeting this particular emergency and should not be surprised if this morning's conversation restored much of our lost prestige. [Warburg.]

HULL

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550.S1 Monetary Stabilization/33 : Telegram

*The Chairman of the American Delegation (Hull) to the Acting Secretary of State*<sup>69</sup>

LONDON, June 22, 1933—7 p. m.  
[Received June 22—3:17 p. m.]

57. For the President from Warburg. Referring my [statement?] this morning's cable, while the crisis has been overcome and we are now definitely past the point that an agreement for temporary stabilization for the condition precedent to the continuance of the Conference, the situation will again flare up at any time during the Conference if there are violent fluctuations in the dollar rate. It would therefore seem most desirable if without making any declaration whatsoever you could see your way clear to authorize the Federal Reserve banks to take such action to limit fluctuations as may from time to time be desirable and practicable. If this can be done and if as a result of the Conference there could ultimately be devised some method of cooperation to work until it becomes possible to effect permanent stabilization then I believe we are really around this corner. Would you give us your views in regard to this thought? If agreeable should like to have Harrison informed of situation and also of this suggestion and believe he could easily devise method by which it could be carried out. [Warburg.]

HULL

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550.S1 Monetary Stabilization/34 : Telegram

*The Chairman of the American Delegation (Hull) to the Acting Secretary of State*<sup>70</sup>

LONDON, June 22, 1933—8 p. m.  
[Received June 22—5:03 p. m.]

58. For the President from Cox. Supplementing Warburg's reports deem it desirable to advise you of two things he did not cover. (1st).

<sup>69</sup> Transmitted to President Roosevelt, aboard U. S. S. *Ellis*, as telegram No. 10, June 22, 5 p. m.

<sup>70</sup> Transmitted to President Roosevelt, aboard U. S. S. *Ellis*, as telegram No. 11, June 22, 8 p. m.

I learned that American action hung like pall over Conference. In our statement we sought to make clear to delegates from other countries just why you had to act as you did. (2d). It seemed necessary to restore the prestige of our delegation at home. That is why the separated operation of our delegation unit and financial unit was made clear. We won the French over as we were perfectly frank with them and permitted them to see statement before it was issued. MacDonald has freely expressed opinion that the worst crisis of the Conference has been passed. If love us at all don't give us another week like this one. [Cox.]

HULL

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550.S1 Monetary Commission/9 : Telegram

*The Chairman of the American Delegation (Hull) to the Acting Secretary of State*

LONDON, June 23, 1933—6 p. m.  
[Received June 23—2:45 p. m.]

61. To the President from Warburg. After very interesting debate in gold subcommittee this morning section (c) of our fourth resolution revised as follows:

“That all [*under?*] modern conditions monetary gold is required not for internal circulation but as a reserve against central bank liabilities and primarily to meet external demand for payment caused by some disequilibrium on the foreign account. It is consequently undesirable to put gold coins or gold certificates into internal circulation and powers should moreover be given to the proper authorities to enable them in case of need to take over gold in the hands of the public.”

I stated that this was somewhat weakening our statement because it leaves internal bullion redemption optional with each country and that therefore it might delay our return to gold if we were not convinced that conditions were so firmly reestablished as to protect against danger of hoarding pointing out that if France continues bullion redemption it facilitates hoarding not only for French people but for any one else who can buy francs and then convert them into gold bars. French take position that impossible change their law without causing panic which probably correct. Therefore recommend that we agree to revision which entirely consistent with what we want except that it does not compel others to remove bullion from circulation if they want to continue it. Have made our reservation as to practicability perfectly clear and think can probably tie whole matter up tighter in redrafting of next section which deals with operation of

central banks. Our second resolution <sup>71</sup> regarding monetary policy introduced yesterday without speech. Are planning to get in our heavy work in Drafting Committee rather than in public discussion. Our fifth resolution as you know introduced yesterday which leaves only third resolution concerning removal exchange restrictions which we shall also probably introduce through Drafting Committee next week. MacDonald stated to Bureau this morning that in his opinion work of first 2 weeks had far exceeded expectations. Press on the whole rather decent over yesterday's developments. [Warburg.]

HULL

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550.S1 Monetary Stabilization/43 : Telegram

*President Roosevelt to the Acting Secretary of State* <sup>72</sup>

U. S. S. "ELLIS," June 24, 1933—4 p. m.

[Received 6:20 p. m.]

10. Referring to Warburg's 57 of June 22d and Cox's 58 of June 22d am inclined to think my suggestion of taking steps to prevent pound from fluctuating violently above 4.25 might be helpful. This could be effected through Federal Reserve Banks but should be limited to violent upward fluctuations. Will you talk this over with Baruch and Woodin and if you all think advisable please prepare draft of further message. On other hand situation seems quieting down so well that anything further may be unnecessary.

Please send following for Hull and Cox:

"Delighted way things are going. Your statements were well received here. The real trouble of first week lay I think with French and British press trying deliberately to discredit us for certain clear objectives.

Am inclined to think we should lay further stress on absolute necessity of every nation large and small living within income and starting to reduce national debts. Monetary stabilization is impossible for any nation which continues to go deeper into debt unless additions to debt are definitely covered by specific and adequate taxes as we have done in special session.

Do not worry about attitude of a few papers like *New York Times*. Prestige of delegation is generally excellent at home and most people are saying you were all clever enough to avoid an obvious trap."

ROOSEVELT

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<sup>71</sup> See "Memorandum on Policy for American Delegation," pp. 622, 624.

<sup>72</sup> Substance transmitted to Assistant Secretary of State Moley, aboard S. S. *Manhattan*, June 26, 6 p. m. Quoted portion transmitted to the Chairman of the American delegation as telegram No. 69, June 24, 8 p. m.

550.S1/1035 : Telegram

*The Assistant Secretary of State (Moley) to the Acting Secretary of State*

S. S. "MANHATTAN," June 25, 1933—10 p. m.

[Received June 26—1:04 a. m.<sup>73</sup>]

For immediate transmission to the President of the United States.

(Statement to the press by Assistant Secretary of State of the United States Raymond Moley upon reaching London, June 28th, 1933).

"The interest manifested in my arrival prompts me to make clear my purpose in coming. My mission is simple. It can best be described in President Roosevelt's own words to the press last Tuesday when upon giving me his final instructions he said (I quote)

'Assistant Secretary Moley is sailing tomorrow for London at the request of the President. He will act in a sense as messenger or liaison officer on this short trip giving the American delegates first-hand information of the various developments, congressional, et cetera, in this country since the delegation left and conveying the President's views of the effect of these developments on the original instructions given delegation before they sailed.

Assistant Secretary Moley will stay in London only about a week and will then return to give the President full information of the Conference up to that time.'

Under these instructions and in pursuance of the plan made before the Conference began that I should go to London during its sittings I am bringing to my present chief, Secretary of State Hull, to my former wartime chief, Governor Cox, and to the other gentlemen of the American delegation a report of the latest economic and legislative developments in America. My associate in this mission by direction of the President and at my own request is Herbert Swope.

I look forward eagerly to seeing and hearing of the great common effort under way here in London to bringing into equilibrium and stabilization economic life of the world. This is an unusual and unprecedented endeavor. Being without precedent lacking charts of previous experiences it is inevitable that explorations and as the President phrased it 'bold experimentations', are necessary before final formulae are adopted for action. The danger is not that we shall go too far but rather that we shall spend our efforts working toward showing economic orthodoxy.

In America intelligent opinion to which I should like to add my own regards the Conference as being on the path toward ends helpful to each nation and so to all the world.

The American delegation informed and equipped by weeks of preparation at home and representative as it is of the vital substance and integrity of the American life has straightforwardly proposed on the floor of the Conference in accordance with the original program of procedure a series of concrete resolutions looking toward the improvement of economic relations.

The open debating of these in candor and good will cannot fail to help clarify the problems facing each country big and little. Happily

<sup>73</sup> Repeated to President Roosevelt, aboard U. S. S. *Ellis*, June 26, 9:20 a. m.; paraphrase sent to the American delegation at the Monetary and Economic Conference.

in at least some of the states definite signs of betterment are to be observed. Each nation has a contribution to make and each will make it for the good of itself and for the good of all".

Please acknowledge at once with corrections if any.

MOLEY

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550.S1/1048 : Telegram

*President Roosevelt to the Acting Secretary of State*<sup>74</sup>

U. S. S. "ELLIS," June 26, 1933—4 p. m.

[Received 5:45 p. m.]

13. Your 19, June 26, 9 a. m.<sup>75</sup> Moley's statement for press seems fully lucid. I am inclined to think that from now on he should give out no further statements or talk with press because he is under the Secretary and is not a member of the delegation. The same should apply to Swope. You might suggest this to Moley and inform the Secretary.

ROOSEVELT

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550.S1 Monetary Stabilization/49 : Telegram

*The Acting Secretary of State to the Chairman of the American Delegation (Hull)*

WASHINGTON, June 26, 1933—4 p. m.

71. Your 62, June 23, 7 p. m.<sup>75</sup> Department has received following letter dated June 24 from Donald R. Richberg, General Counsel, National Recovery Administration:

"In answer to your inquiry received today, I wish to advise that all trades and industries are comprehended within the terms of Title I of the National Industrial Recovery Act, the provisions of which, therefore, apply to the silver mining industry.

The provisions of Section 3 (e) of Title I authorize the President to limit imports and to license importers and to permit the entry of specified articles on terms and conditions and limitations as to quantities, which authority could be exercised over importations of silver when necessary to effectuate the policy of the Act and to maintain the effectiveness of codes or agreements made under the Act. You understand, of course, that the exercise of authority conferred upon the President to approve codes or agreements is discretionary and the exercise of authority under Section 3 (e) in order to maintain the effectiveness of codes or agreements is also discretionary".

PHILLIPS

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<sup>74</sup> Contents transmitted to Assistant Secretary of State Moley, aboard S. S. *Manhattan*, and to the American delegation at the Monetary and Economic Conference.

<sup>75</sup> Not printed.



550.S1 Monetary Stabilization/54 : Telegram

*The Chairman of the American Delegation (Hull) to the Acting Secretary of State* <sup>77</sup>

LONDON, June 27, 1933—11 p. m.

[Received June 27—7:15 p. m.]

4a. For the President. MacDonald invited the entire American delegation to meet with British delegation this afternoon. He indicated that Holland, France, Switzerland and Belgium had all been to see him today making urgent representations that unless something were done these countries would be forced off gold in immediate future possibly next week and that result of this happening would be to create complete confusion and make further work of Conference exceedingly difficult if not impossible. Among other things that tariff truce would be *ipso facto* rendered null and void. Naturally we explained that we could not consider any phases of this matter. They said that the present situation was due largely to depression of dollar. We did not agree. Chamberlain with the approval of others of the British delegation inquired whether our Government would in conjunction with others including England take steps to prevent speculation in dollar exchange. Again we stated that we could not consider or deal with such proposal. They indicated that in their judgment this would be helpful to prevent Holland and the other gold countries going off gold standard. Some of our delegation seem to think that this meeting was a step to fix major blame on United States in case the Conference should sag down and terminate. The monetary situation in the gold standard countries is understood to be serious and that anything may happen within next 2 or 3 weeks beginning with Holland almost any day. I and others have constantly assured British, French and other delegations of the keen and sympathetic interest of yourself in their respective countries in connection with their difficulties. I have also in full detail pointed out all the facts about how conditions have been and how they have developed at home in order that delegates of other nations here may fully appreciate your present situation. This I have done from the outset. I am not offering any suggestions pro or con but simply detailing chief facts effecting occurrences today. If you desire any suggestions from Sprague, Warburg or members of delegation kindly advise. Just now this gold standard situation in the countries mentioned is in fact very acute if representations are reliable, and inevitably the effect is to somewhat slow down and confuse our work in the Economic Conference.

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<sup>77</sup> Transmitted to President Roosevelt, aboard U. S. S. *Ellis*, as telegram No. 23, June 27, 9 p. m.

Cox, myself and others much appreciated your message of Sunday morning.<sup>78</sup> I would not be frank if I did not say that it has been impossible to keep some of our delegates out of the newspapers. Some, too, are not in full sympathy with all of the instructions and this has impaired our efficiency.

HULL

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550.S1 Monetary Stabilization/58 : Telegram

*The Acting Secretary of State to the Chairman of the American Delegation (Hull)*

WASHINGTON, June 28, 1933—6 p. m.

79. For Sprague from Acheson. Please cable at once for Treasury's information your views;

(a) Of imminence of going off gold by Holland, Belgium, Switzerland and France, and the consequences of such action internationally and upon our domestic situation.

(b) As to whether immediate action desirable by us and if so whether you recommend attempt to regulate exchange transactions or temporary unilateral stabilization transactions or temporary tripartite action or combination of any of these.

Please cable Treasury daily regarding imminent events and your judgment concerning them. [Acheson.]

PHILLIPS

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550.S1 Economic Commission/6 : Telegram

*The Chairman of the American Delegation (Hull) to the Acting Secretary of State*<sup>79</sup>

LONDON, June 28, 1933—7 p. m.

[Received June 28—5:10 p. m.]

75. One of the subcommittees<sup>80</sup> of the Economic Committee is undertaking serious consideration of a proposal<sup>81</sup> made by the Cuban delegation for an agreement between the sugar producing and consuming countries.

Under the original form of the Cuban proposal which of course is certain to be more or less revised in committee the producing countries are asked to agree to take for a period of 10 years various measures calculated to prevent an increase in sugar production such

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<sup>78</sup> See telegram No. 10, June 24, 4 p. m., to the Acting Secretary of State, p. 655.

<sup>79</sup> Transmitted to President Roosevelt.

<sup>80</sup> Economic Sub-Commission II (Co-ordination of Production and Marketing).

<sup>81</sup> See *Journal of the Monetary and Economic Conference*, p. 112.

as a pledge that no new sugar factories will be constructed. No new subsidies are to be granted for production or export.

The proposal provides that tariff duties shall not be increased if they are now over 70 percent ad valorem and if they are under 70 percent they will not be raised over that figure before September 1935.

The main lines of the proposal received considerable support in committee discussion this morning although all the details will probably be revised. The British Government while dissenting from the proposed methods gave an indication that they would undertake to apply the plan for the British colonies. The British Indian Government, however, manifest obvious doubt as to the possibility of cooperating.

Ferrara,<sup>82</sup> who introduced the scheme is eager to have indications of American support.

Please instruct the delegation as to the position it should take. It would help to guide the delegation if it were informed as to the present situation in regard to the plan for the allocation of the American sugar market that was under discussion some weeks ago and in connection with which I understand a Cuban mission is arriving in Washington today. At first glance it would appear as if this broader proposal is shaped in such a way as to assist rather than to hinder the general purposes underlying the scheme that has been under discussion in the United States.

It is expected that proposals for the international regulation of the production or exchange of wine and of lumber will be presented next and if you have any instruction in regard to these please transmit them as soon as possible.

HULL

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550.S1 Monetary Stabilization/56 : Telegram

*President Roosevelt to the Acting Secretary of State*

U. S. S. "ELLIS," June 28, 1933—7 p. m.  
[Received June 29—3 a. m.]

15. Have read your 23, June 27, 9 p. m.<sup>83</sup> and also Acheson's of today. Suggest you discuss following with Acheson, Baruch and others and if no serious disagreement send it<sup>84</sup> as early as possible to delegation.

"Number 23 and have discussed it with Washington. I fully appreciate the importance attached to staying on gold by France, Holland and Switzerland but I still believe this importance is distinctly debatable from point of view of an ultimate permanent settlement.

<sup>82</sup> Orestes Ferrara, Cuban Secretary of State for Foreign Affairs.

<sup>83</sup> See footnote 77, p. 658.

<sup>84</sup> Withheld pending receipt of telegrams from London; see telegram No. 29, June 29, 6 p. m., to President Roosevelt, p. 663.

For example, if France goes off gold it will be very difficult for her to finance her continuing deficits and this will result in realistic efforts to balance her budget. It is also questionable whether under any circumstances they will find it advisable or possible to stay on gold. I do not greatly fear bad set-back to our domestic price level restoration even if all these nations go off gold.

But the most important fact is that our London delegation is absolutely right in distinguishing between government action at Conference and private action by central banks. The United States must continue to make this distinction clear and that the Treasury Department cannot participate in the exercise of form of tripartite action.

In view of all circumstances at this time I suggest that special care be taken by delegation and Moley and those close to it to insure no publicity of any kind except through Secretary Hull. Please read this from me to all concerned. Roosevelt".

ROOSEVELT

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550.S1 Monetary Stabilization/57½ : Telegram

*The Acting Secretary of State to President Roosevelt*

WASHINGTON, June 28, 1933—9 p. m.

27. For the President from Acheson. The following message prepared by Baruch after consultation with Secretary Woodin represents their views and is concurred in by Harrison, Douglas<sup>85</sup> and me:

Since our message to you yesterday<sup>86</sup> telegram from Hull<sup>87</sup> has been received and communicated to you. While picture presented in that cable must necessarily be interpreted in the light of the qualifying clause "if representations are reliable", even so the situation has become considerably more disturbed than when our message was sent yesterday owing to continued decline in the dollar, which is now about 77¢, and rise in sterling to over 4.42 this afternoon. This fluctuation has taken place in the face of relatively small amount of dealings and is due in large part to the fact that there are no buyers of dollars in the market. The exchange market here seems to confirm representation in Hull's message. Certainly so far as the guilder is concerned, because there are practically no buyers in this market of forward guilders, indicating a real fear that Holland is going off gold.

In other words, present indications are that the dollar is under continuing pressure due to a flight of capital from this country in different forms, such as a direct flight of capital and an indirect flight by exporters retaining foreign currencies received for goods sold. And it is also due to the fact that there are no buyers of dollars to take up the offerings from others. It seems likely therefore that unless something is done promptly the dollar will continue its decline in relation to gold currencies and if that happens those countries now on gold will be forced to devalue their currencies, which would prob-

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<sup>85</sup> Lewis W. Douglas, Director, Bureau of the Budget.

<sup>86</sup> Not found in Department files.

<sup>87</sup> Telegram No. 4a, June 27, 11 p. m., p. 658.

ably cause a rise in the dollar in relation to those currencies. If therefore it is desired that we maintain a depreciation of the dollar as against gold currencies, it would appear necessary promptly to take some steps that will avoid the necessity of those other countries abandoning gold. If present tendencies are allowed to continue and the dollar declines still farther in respect to gold currencies, a rapid rise in the dollar may be forced upon us by the action of others and to our own detriment. We feel therefore that rather than risk such results of a continued decline in the dollar, it would be better now to check the decline through temporary measures to limit extreme exchange fluctuations.

In this connection and referring to our telegram of yesterday about unilateral action versus tripartite action, it should be pointed out that the tripartite arrangement<sup>88</sup> proposed in London 2 weeks ago contained a declaration by France to remain on gold. Furthermore that proposed arrangement was made temporary and flexible in character first, by specifying that the arrangement would be effective only pending developments of the Economic Conference, which expression can if necessary be clarified; second, by limiting the expenditure of gold by any one country in the arrangement to a specified amount, approximately \$60,000,000 gold; and third, by providing that the domestic requirement would permit any one of the three countries to take whatever affirmative action might be necessary at home, even though it should result in affecting the exchange rates. If this temporary arrangement should be terminated because of the fact that any one of the three countries had lost \$60,000,000 of gold or for any other reason, it would be subject to renewal only by mutual agreement of all three parties at the same or new rates, or for the same or new amounts of gold. Consequently, if the dollar should be weak, in an effort to support it at the minimum rate we should lose \$60,000,000 of gold the agreement would automatically cease and be subject to renewal at a new rate. If no new rate is mutually agreed upon the arrangement would terminate. This arrangement, therefore, does not in fact stabilize any one of the currencies, but rather provides a means by which exchange fluctuations might be somewhat levelled out temporarily pending developments of the Conference, which provision would enable us through trial and error to feel the way toward those points at which some day stabilization might be achieved. If mutually approved it would probably remove at least for the time being the threat of abandonment of the gold standard by present gold standard currencies referred to in Hull's cable, an event which would inevitably force a rise in the price of the dollar in terms of those other currencies. Furthermore, it would probably do much to avoid any possibilities of combined action against the United States by trade blocs, quota, etc.

In view of all these conditions supplemented by the situation as presented by Hull in his cable of yesterday, we therefore feel that it is advisable now to do two things:

(1) Tighten up exchange control so as to further restrict an outflow of capital as far as that may be possible and specifically to instruct Hull to advise the British that we expect to do that, and that we would expect them to take similar measures on their part, in accord-

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<sup>88</sup> See telegram No. 35, June 16, 7 p. m., from the Chairman of the American delegation, p. 642.

ance with their own suggestion, not only to avoid speculation in the dollar, but to avoid all speculative transactions in exchanges; and (2), to reopen consideration of the temporary and flexible tripartite arrangement recently proposed in London on the basis of the present market level, actual rates and threats to be worked out over there subject to final approval of Washington, and without any diminution in the amount of gold agreed to be expended by each bank at the rates agreed upon. We think we can afford to stand pretty firm on this question of amount and present market rates as a basis of discussion, because if accepted it will appear to the public mind as an advantage from the 2 weeks' delay, and if not accepted, will afford us fairly complete protection against the charge that the Conference has failed because we have refused to do anything.

In making this recommendation we have not had the benefit of any recent suggestions or recommendations from Sprague or Warburg, or from any member of the Delegation except as might be inferred from Hull's cable of yesterday. Our recommendation, therefore, should naturally be considered subject to their comments and suggestions.

[Acheson]  
PHILLIPS

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550.S1 Monetary Stabilization/57 : Telegram

*President Roosevelt to the Acting Secretary of State*

U. S. S. "ELLIS," June 28, 1933—9 p. m.  
[Received 10:22 p. m.]

16. For Acheson. Please get copy my wire to Phillips and discuss with him and Baruch. If Harrison and Central Banks arrive at a purely temporary *modus vivendi* this would not be a function of government so long as no government action is implied or required.

ROOSEVELT

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550.S1 Monetary Stabilization/64 : Telegram

*The Acting Secretary of State to President Roosevelt*

WASHINGTON, June 29, 1933—6 p. m.

29. From Acheson. Your message of June 27 [28?] <sup>89</sup> containing proposed cable to Delegation has been discussed by Phillips, Baruch and me. In the meantime messages have come from Sprague and Moley stating that they are working on proposal which is in accord with your policy as stated in your cables to Delegation of June 17 and June 20 and which will be cabled tomorrow for submission to you.

In view of these messages it seemed best to us to withhold your proposed cable to the Delegation and await message from Sprague and Moley. [Acheson.]

PHILLIPS

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<sup>89</sup> Telegram No. 15, June 28, 7 p. m., from President Roosevelt, p. 660.

550.S1 Monetary Stabilization/59 : Telegram

*The Chairman of the American Delegation (Hull) to the Acting Secretary of State*<sup>90</sup>

LONDON, June 30, 1933—2 a. m.  
[Received June 29—10:28 p. m.]

79. From Sprague. For Woodin and Baruch. Replying to your cable 79, June 28, 6 p. m., and subsequent telephone conversations regarding maintenance of the gold standard in France and other gold standard countries, the future of these currencies is most uncertain. The Dutch position is seriously affected by the situation in the Dutch East Indies and the French by an unsatisfactory budgetary position.

As far as I can learn all the gold countries are determined to stay on gold but this situation may suddenly change. They insist that rumors that proposals for general devaluation at the Conference weaken their position. At all events they insist that some general statement of policy made by Britain and the United States would be most helpful. We have discussed this matter with the British who have discussed the matter with the gold standard countries and a draft proposal may be sent you later in the day. In its present form as agreed upon by the British and ourselves it contains in addition to the general statement of ultimate monetary policy made 2 weeks ago a proposal for concerted action in all countries directed toward restricting speculative foreign exchange operations. It goes no further than this and if the French and the other gold countries accept I think we might wisely agree a gesture of concrete cooperation at this time would be most helpful at the Conference.

Although action to check speculation would be helpful I do not think that this alone would insure the maintenance of the gold standard. On the other hand I do not think it is necessary or desirable at this time to enter into specific arrangements of a tripartite character. Unilateral action can be more immediate and involves less publicity.

I would suggest testing the position by moderate sales of gold by the Federal Reserve Bank of New York directed toward holding the exchange at a point not far from the present rate or a little under that rate say down to 4 dollars and 30 cents. Action of this sort I believe would be helpful to the gold standard countries and also desirable from our own domestic point of view. It seems to me desirable that a moderate amount of gold be used at this time. There is danger that a mentality be developed at home making it increasingly difficult to make future use of our huge gold stocks.

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<sup>90</sup> Transmitted to President Roosevelt at Campobello, N. B., as telegram No. 31, June 30, 10 a. m.; telephoned in paraphrase to Under Secretary of the Treasury Acheson in New York.

Moreover, it would seem to me that speculation in securities and commodities is going dangerously far and might well be subjected to a mild cold douche.

I have discussed these matters with Moley. The proposal of an international statement mentioned above has not been agreed upon as yet.

Moley sending separate telegram.<sup>91</sup> [Sprague.]

HULL

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550.S1 Monetary Stabilization/60 : Telegram

*The Chairman of the American Delegation (Hull) to the Acting Secretary of State*

LONDON, June 30, 1933—3 a. m.

[Received June 29—11 : 58 p. m.]

80. For Woodin and Baruch. My attitude with respect to Sprague message is one upholding general statement by Britain and the United States. Sprague and I agreed tentatively with British representatives upon a statement to be approved by the President and to be made by Great Britain and the United States on the one hand and the gold standard countries on the other hand. I quote this statement for your information.

“Joint declaration by the countries on the gold standard and by those which are not on the gold standard.

1. The undersigned governments agree:

(a) That it is in the interests of all concerned that stability in the international monetary field be attained as quickly as practicable.

(b) That gold should be reestablished as the international measure of exchange value it being recognized that the parity and time at which each of the countries now off gold could undertake to stabilize must be decided by the respective governments concerned.

2. The governments whose currencies are on the gold standard reassert that it is their determination to maintain the free working of that standard at the existing parities within the framework of their respective monetary laws.

3. The governments whose currencies are not on the gold standard take note of the above declaration. They reaffirm as indicated above that the ultimate objective of their monetary policy is to restore under proper conditions an international monetary standard based on gold.

4. Each of the undersigned governments undertakes to use whatever means they may consider appropriate to limit exchange speculation whether against its own or against other currencies. They agree to discuss with their respective central banks this undertaking with a view to finding the best means of making it effective.”

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<sup>91</sup> *Infra.*



The French later this afternoon balked at 2 points in the above, namely, in paragraph 3 they want to insert after the word "note" something indicating mild approval. The British would positively not agree to this and Sprague and I think our position should be the same. In paragraph 4 the French are insisting upon wording which will not rest the action solely upon limiting exchange speculation but want to secure agreement for joint action by central banks against "violent fluctuations". To illustrate what they want I quote their own original draft:

"In the meantime the governments whose currencies are not at present on the gold standard undertake that they will use their resources in agreement with their banks of issue to limit abnormal movements of their exchanges due to speculation. In connection with the above declaration the banks of issue in the countries of signatory governments will cooperate from now onwards with a view to maintaining monetary stability."

The matter rests exactly here until tomorrow at eleven when the French meet with the British again. We are insisting upon the draft tentatively agreed upon by Britain and ourselves and although various threats are rumored it is our belief that the French will yield.

2. With respect to Sprague's suggestion of "unilateral action" I believe it to be sound if some monetary corrective is needed but you are the best judges of whether the American situation will be favorably or adversely affected, thereby taking into consideration the always [present?] danger that even such a temporary project if known might be regarded as the beginning of permanent stabilization.

I have arranged for Acheson to telephone me early in the morning and shall keep in touch with Woodin and Acheson at Woodin residence New York and with Baruch in Washington.

Address reply to me at the Embassy. Moley.

HULL

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550.S1 Monetary Stabilization/65 : Telegram

*The Acting Secretary of State to President Roosevelt*

WASHINGTON, June 30, 1933—9 a. m.

30. The following telegram has been received from American Delegation, London: "(Quote No. 80, June 30, 3 a. m. from American Delegation, London<sup>93</sup>)." Both messages 30 and 31<sup>94</sup> have been read to Acheson who is now in New York in conference with Secretary Woodin and Baruch. Their comments will be sent you a little later in the day.

PHILLIPS

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<sup>93</sup> *Supra.*

<sup>94</sup> See footnote 90, p. 664.

550.S1 Monetary Stabilization/68 : Telegram

*The Acting Secretary of State to President Roosevelt*

WASHINGTON, June 30, 1933—2 p. m.

32. Acheson in New York has just given me certain changes which have been suggested by the Delegation in a telephone call to him by Moley in the draft statement which I conveyed to you this morning in my telegram No. 30.

“Strike out paragraphs 3 and 4 of the proposed joint declaration and substitute following:

3. The governments whose currencies are not on the gold standard, without in any way prejudicing their own future ratios to gold, take note of the above declaration and recognize its importance. They reaffirm, as indicated in paragraph 1 above, that the ultimate objective of their monetary policies is to restore, under proper conditions, their international monetary standard based on gold.

4. Each of the governments whose currencies are not on the gold standard undertakes to adopt the measures which they deem most appropriate to limit exchange speculation, and each of the other signatory governments undertake to cooperate to the same end.

5. Each of the undersigned governments agrees to ask its central bank to cooperate with the central bank of the other signatory governments in remedying speculation in the exchanges and, when the time comes, in reestablishing a general international gold standard.”

Woodin, Baruch and Acheson are conferring on this matter in New York and will communicate with you by wireless or by telephone as soon as they have reached any conclusions.

PHILLIPS

550.S1 Monetary Stabilization/72 : Telegram

*The Acting Secretary of State to President Roosevelt*

WASHINGTON, June 30, 1933—6 p. m.

33. For the President from Woodin, Baruch and Acheson. My 32, June 30, 2 p. m. After talking with Moley and Sprague and discussing a proposed joint declaration among ourselves, we feel that the situation in Europe is so delicate and the further continuance of the conference so precarious that we should take a sympathetic attitude towards proposed declaration. The declaration in itself seems entirely acceptable and goes no further than declaration already made in resolution<sup>95</sup> introduced by our delegates. The general purposes expressed in it are wholly in accord with your letter to Chiefs of State on May 16, 1933.<sup>96</sup> Furthermore, we feel that you should not

<sup>95</sup> Introduced by Senator Key Pittman, June 19; see *Journal of the Monetary and Economic Conference*, pp. 55 and 66 ff.

<sup>96</sup> *Ante*, p. 143.

be placed in position of rejecting declaration, upon the adoption of which both Moley and Sprague feel strongly that the continuance of the Conference depends. Just what effect, if any, the making of the declaration may have on exchanges is difficult to forecast, but if it should result in some strengthening of the dollar that, at the moment, would not be undesirable. If the upward tendency should be too pronounced, it may be checked, as Sprague suggested to us over the telephone, by an increase in open market transactions. Should this not be sufficient, or should the dollar, instead of rising, continue to decline, the most effective method of preventing further instability in exchange would be limited movement of gold, but this should only be done if the central banks are able at the same time to work out an understanding, however informal, permitting earmarking or export of gold in limited amount. While this would not require inter-governmental action, it would, of course, require, should the occasion arise, that the governments signify to their respective banks that they would permit such movement of gold.

We, therefore, recommend that you give your approval to the declaration and suggest that you advise the American representatives to add that, should the declaration have unintended effect and produce any undue movement in any exchange, it may be necessary to ask the central banks to cooperate, not only in the measures referred to in paragraph 5, but in taking other cooperative steps, possibly including permitting export of limited amounts of gold. [Woodin, Baruch, and Acheson.]

PHILLIPS

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550.S1 Monetary Stabilization/71 : Telegram

*The Acting Secretary of State to the Chairman of the American Delegation (Hull)*

WASHINGTON, June 30, 1933—9 p. m.

90. The President has sent telephone message to me from Campobello<sup>97</sup> saying that he will send reply to your Nos. 79 and 80 just as soon as possible. Meanwhile he asks that the Delegation refrain from any action or comment.

PHILLIPS

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<sup>97</sup> Received June 30, 1933, 8 : 50 p. m.

550.S1 Monetary Stabilization/66 : Telegram

*President Roosevelt to the Acting Secretary of State*<sup>98</sup>

U. S. S. "INDIANAPOLIS," July 1, 1933—2 a. m.

[Received 5 : 40 a. m.]

18. Please send following to Hull and notify Secretary of the Treasury and Baruch :

"Have received Hull's 80, of June 30, and Sprague's 79. In regard to suggested joint declaration I must tell you frankly that I believe the greater part of it relates primarily to functions of private banks and not functions of governments. Other parts of declaration relating to broad governmental policies go so far as to erect probable barriers against our own economic fiscal development. As to paragraph 1 (a) of suggested joint declaration this language assumes that immediate stabilization in international monetary field will create permanent stability. This I gravely doubt because it would still allow a country to continue unbalanced budgets and other financial operations tending to eventually unsound currencies. France is an example.

As to paragraph 1 (b) we must be free if gold or gold and silver are reestablished as international measure of exchange to adopt our own method of stabilizing our own domestic price level in terms of the dollar regardless of foreign exchange rates.

As to paragraph 3 this would be possible only if we are fully free to maintain stable domestic price level as our first consideration. Also it is most advisable to insist on addition of words 'gold and silver' to any possible currency reserve.

As to paragraph 4 I do not think this means anything on our part. I know of no appropriate means here to limit exchange speculation by governmental action. I am clear that this is not at the present time at least a government function but is one that could be undertaken only as a private banking function and only if governmental action is not implied or contemplated thereby. In other words, I cannot assent to private action now which might morally obligate our Government now or later to approval of export of gold from the United States.

At this time any fixed formula of stabilization by agreement must necessarily be artificial and speculative. It would be particularly unwise from political and psychological standpoints to permit limitation of our action to be imposed by any other nation than our own. A sufficient interval should be allowed the United States to permit in addition to the plan of economic forces a demonstration of the value of price lifting efforts which we have well in hand. These successful forces will be beneficial to other nations if they join with us toward the same end.

It would be well to reiterate fact that England left gold standard nearly 2 years ago and only now is seeking stabilization. Also that France did not stabilize for 3 years or more. If France seeks to break up Conference just because we decline to accept her dictum we should take the sound position that Economic Conference was ini-

<sup>98</sup> Transmitted to the Chairman of the American delegation as telegram No. 91, July 1, 8 a. m.

tiated and called to discuss and agree on permanent solutions of world economics and not to discuss domestic economic policy of one nation out of the 66 present. When Conference was called its necessity was obvious although problem of stabilization of American dollar was not even in existence.

I have no objection to delegation using the import of this telegram as basis for a statement of American policy.”

ROOSEVELT

550.S1 Monetary Stabilization/63 : Telegram

*The Chairman of the American Delegation (Hull) to the Acting Secretary of State*<sup>99</sup>

LONDON, July 1, 1933—8 a. m.  
[Received July 1—4: 10 a. m.]

84. For the President from Moley: The complete final text of the declaration is as follows:

JOINT DECLARATION BY THE COUNTRIES ON THE GOLD STANDARD AND  
BY THOSE WHICH ARE NOT ON THE GOLD STANDARD

1. The undersigned governments agree—

(a) that it is in the interests of all concerned that stability in the international monetary field be attained as quickly as practicable;

(b) that gold should be re-established as the international measure of exchange value, it being recognized that the parity and the time at which each of the countries now off gold could undertake to stabilize must be decided by the respective governments concerned.

2. The governments whose currencies are on the gold standard reassert that it is their determination to maintain the free working of that standard at the existing gold parities within the framework of their respective monetary laws. They are convinced of the importance from the point of view of the restoration of world economy and finance of the maintenance by their respective countries of the gold standard on the basis of the present gold parities.

3. The signatory governments whose currencies are not on the gold standard without in any way prejudicing their own future ratios to gold take note of the above declaration and recognize its importance. They reaffirm as indicated in paragraph 1 above that the ultimate objective of their monetary policy is to restore under proper conditions an international monetary standard based on gold.

4. Each of the governments whose currencies are not on the gold standard undertakes to adopt the measures which it may deem most

<sup>99</sup> Transmitted to President Roosevelt, aboard U. S. S. *Indianapolis*, as telegram No. 34, July 1, 4 a. m. Copy also sent to Under Secretary of the Treasury Acheson.

appropriate to limit exchange speculation and each of the other signatory governments undertakes to cooperate to the same end.

5. Each of the undersigned governments agrees to ask its central bank to cooperate with the central banks of the other signatory governments in limiting speculation in the exchanges and when the time comes in reestablishing a general international gold standard. [Moley.]

HULL

550.S1/1090 : Telegram

*The Chairman of the American Delegation (Hull) to the Acting Secretary of State*

LONDON, July 1, 1933—10 a. m.  
[Received July 1—7:05 a. m.]

85. For the President from Moley. By now you have first and final drafts of declaration;<sup>1</sup> also the Woodin-Baruch-Acheson opinion.<sup>2</sup> Sprague and I agree with the general text of the Woodin-Baruch opinion. The situation here requires tonic effect of agreement to this declaration. It in no sense extends beyond our policy already laid down and in fact is a combination of the resolutions in the instructions to delegation and subsequent resolutions of unilateral control. Please note that references to ultimate return to international gold standard permits your suggestion to me to be worked out; also note that references to gold standard are in line with resolutions introduced by delegation and in original instructions to delegation. Also sure reference to central banks are within your statement of June 17th.<sup>3</sup> Important to note that the declaration unites United States and England as distinguished from European gold block.

Really believe success even continuance of the Conference depends upon United States agreement. [Moley.]

HULL

550.S1 Monetary Stabilization/70 : Telegram

*The Chairman of the American Delegation (Hull) to the Acting Secretary of State*

LONDON, July 1, 1933—11 a. m.  
[Received July 1—9:20 a. m.]

86. For Baruch and Woodin from Swope. Moley, Sprague and I convinced statement though innocuous is essential to continuance of

<sup>1</sup> See telegram No. 80, June 30, 3 a. m., from the Chairman of the American delegation, p. 665, and telegram No. 84, *supra*.

<sup>2</sup> See telegram No. 33, June 30, 6 p. m., to President Roosevelt, p. 637.

<sup>3</sup> See telegram No. 42, June 17, 6 p. m., to the Chairman of the American delegation, p. 645.

Conference and to save America from onus of break-up. We are delighted you, Woodin and Acheson are in approval. My suggestions as to background to accompany statement about President's approval are:

It is general statement in no way binding. It does not concern the Government but is merely permissive to central banks to act if necessary to check excessive speculation against currencies of the various nations. In no way whatsoever is it even an approach to stabilization. That is definitely excluded. There is to be no control of trend but only, if at all, monetary action against speculative pressure and some experts believe that even this step will not be needed. The matter is being considered quite apart from the Conference which is not dealing in it but which, once freed of the obstacle in its path, can go on to its set tasks. It is important to point out that statement largely duplication of Pittman resolution.<sup>5</sup> It may be worth noting that America and Britain as non-gold countries took their stand together as apart from the gold bullion countries. London will probably be all right in press treatment but if Paris attempts to give wrong color it should be checked by statement from Treasury and we will do same over here. Regards. [Swope.]

HULL

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550.S1/1084 : Telegram

*The Chairman of the American Delegation (Hull) to the Acting Secretary of State*

LONDON, July 1, 1933—7 p. m.

[Received July 1—1:45 p. m.]

87. For the President and Phillips from Moley. Your telegram with objections to declaration received. Note that it is based on first draft sent you but assume no change in your opinion on basis of second draft sent this morning. Therefore Secretary of State is issuing following statement:

"The Secretary of State has received a reply from the President rejecting the declaration in its present form. He will issue a statement of American policy on the subject Monday."<sup>6</sup>

Will notify you of reaction of French and the Secretary will govern his statement Monday in accordance therewith. Personally bow to your judgment with no inconsiderable relief. Regards. [Moley.]

HULL

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<sup>5</sup> *Journal of the Monetary and Economic Conference*, p. 66.

<sup>6</sup> July 3.

550.S1/1077 : Telegram

*President Roosevelt to the Acting Secretary of State*

U. S. S. "INDIANAPOLIS," July 2, 1936—6 p. m.  
[Received 8 p. m.]

19. Please send following to Hull <sup>7</sup> as soon as possible :

Herewith is a statement which I think you can use Monday morning as a message from me to you. If you think it best not to give it out in London let me know at once and in that event I will release it here as a White House statement.

"I would regard it as a catastrophe amounting to a world tragedy if the great Conference of Nations, called to bring about a more real and permanent financial stability and a greater prosperity to the masses of all nations, should, in advance of any serious effort to consider these broader problems, allow itself to be diverted by the proposal of a purely artificial and temporary experiment affecting the monetary exchange of a few nations only. Such action, such diversion, shows a singular lack of proportion and a failure to remember the larger purposes for which the Economic Conference originally was called together.

I do not relish the thought that insistence on such action should be made an excuse for the continuance of the basic economic errors that underlie so much of the present world wide depression.

The world will not long be lulled by the specious fallacy of achieving a temporary and probably an artificial stability in foreign exchange on the part of a few large countries only.

The sound internal economic system of a nation is a greater factor in its well being than the price of its currency in changing terms of the currencies of other nations.

It is for this reason that reduced cost of government, adequate government income, and ability to service government debts are all so important to ultimate stability. So too, old fetishes of so-called international bankers are being replaced by efforts to plan national currencies with the objective of giving to those currencies a continuing purchasing power which does not greatly vary in terms of the commodities and need of modern civilization. Let me be frank in saying that the United States seeks the kind of a dollar which a generation hence will have the same purchasing and debt paying power as the dollar value we hope to attain in the near future. That objective means more to the good of other nations than a fixed ratio for a month or two in terms of the pound or franc.

Our broad purpose is the permanent stabilization of every nation's currency. Gold or gold and silver can well continue to be a metallic reserve behind currencies but this is not the time to dissipate gold reserves. When the world works out concerted policies in the majority of nations to produce balanced budgets and living within their means, then we can properly discuss a better distribution of the world's gold and silver supply to act as a reserve base of national currencies. Restoration of world trade is an important partner, both in the means

<sup>7</sup> Transmitted to Mr. Hull as telegram No. 94, July 2, 8 p. m.



and in the result. Here also temporary exchange fixing is not the true answer. We must rather mitigate existing embargoes to make easier the exchange of products which one nation has and the other nation has not.

The Conference was called to better and perhaps to cure fundamental economic ills. It must not be diverted from that effort."

ROOSEVELT

550.S1/1073 : Telegram

*The Chairman of the American Delegation (Hull) to the Acting Secretary of State*

LONDON, July 2, 1933—8 p. m.

[Received July 2—3 : 20 p. m.]

88. For Phillips. I quote below, for your information and that of the President, the text of a statement which I propose to issue Monday forenoon<sup>a</sup> in my capacity of Secretary of State and not in my capacity as Chairman of the American delegation.

"I need not add further to my statement of yesterday except to say what the world knows, that the United States, with virtually the solid support of its businessmen and general public, is engaged in the careful effort to bring about an orderly increase in commodity price levels.

The present economic undertaking of the United States, already showing signs of success, sheds full light upon its attitude toward any governmental measures affecting world currencies which might influence or be construed as influencing directly or indirectly the steady advance of the American program.

This definition of the American position does not carry with it any implication that the United States is not in full sympathy with the difficulties of other countries or is not ready to join in any common effort looking to the betterment of world conditions for which purpose the London Conference was called. There is absolutely no reason why the Conference, with the many important measures now before it, should not go forward to a successful conclusion."

Since I have not yet determined upon the precise hour of release here please do not release in Washington.

HULL

550.S1/1076 : Telegram

*President Roosevelt to the Acting Secretary of State*

U. S. S. "INDIANAPOLIS," July 2, 1933—10 p. m.

[Received 10 : 40 p. m.]

20. For Hull. Your 88, July 2, 8 p. m. Your Monday statement excellent and I think my statement sent you 3 hours ago supplements

<sup>a</sup> Not released; see telegram No. 38, July 3, 10 a. m., to President Roosevelt, p. 678.

and ties in with it very well. Let me know when you decide on hours of release. Congratulations on the clear and dignified position you are taking and my warm regards. The country is behind you.

ROOSEVELT

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550.S1 Economic Commission/10 : Telegram

*The Chairman of the American Delegation (Hull) to the Acting Secretary of State*<sup>9</sup>

LONDON, July 2, 1933—10 p. m.  
[Received July 2—9:49 p. m.]

90. Our number 75, June 28, 7 p. m. Discussion of this subject is making rapid progress and Drafting Committee began work Friday afternoon.

The general line of the proposals which have won support is that each country according to its circumstance as producer, consumer or exporter, undertake some obligation which combined would assure the better balance of production and consumption of sugar. Countries like the United States are apt to be asked not to increase production or not to increase beyond designated limits. The question of production in the Philippines, Hawaii and Puerto Rico will also certainly arise.

The British Government speaking for its colonies, the Dutch Government speaking for its colonies, and French Government speaking for its colonies, have given general support for the proposal in principle.

The American delegation has closely followed the discussions but has stated that it has requested instructions from Washington and pending receipts of these instructions cannot take an affirmative position. A member of the delegation will serve on the drafting subcommittee in order to keep fully acquainted with the development of the plan while continuing to make it clear that until instructions are received he cannot give any assurance regarding the American position.

Immediate advice would be appreciated. Ferrara is anxiously seeking some indication of our attitude.

HULL

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<sup>9</sup> Transmitted in part to President Roosevelt as telegram No. 40, July 3, 3 p. m.

550.S1 Economic Commission/9 : Telegram

*The Chairman of the American Delegation (Hull) to the Acting Secretary of State*

LONDON, July 2, 1933—11 p. m.

[Received July 2—9:14 p. m.]

91. For the President. The following is the result of a long session this afternoon with Moley, Feis and Day in regard to the economic section of the Conference work.

1. As you know, the fifth resolution<sup>10</sup> regarding removal or reduction of trade barriers as drawn in our instructions has been presented to the Conference. Various committees and subcommittees have been engaged in seeking to formulate and agree upon concrete measures and possible agreements in accord with these governing principles. The delegation has been doing little more than observing the discussion in this field during the past few days for it has difficulty in seeing its way clear.

The difficulty is brought home in connection with the concrete measures that are taking shape in the subcommittee discussions; for example, suggestions for the prolongation of the tariff truce and for a revised agreement for the gradual reduction of quota and similar restrictions. It is difficult, being away from Washington and somewhat out of touch with the course of current decisions, to be certain as to how to proceed while avoiding representations here which may not be in accord with the planning of domestic recovery measures in Washington. I realize that all the import regulation powers conferred upon the Executive by that Act are optional. However, current reports that Executive exercise of these powers may be judged necessary in order to effect the purposes of the Act naturally makes the delegation desirous of knowing your expectations in this regard. In order to participate in the further efforts to carry the purposes of the fifth resolution into effect the delegation would welcome further instructions.

The idea of the prolongation of the tariff truce perhaps is the first step towards which the delegation may have to take a definite attitude. The present truce<sup>11</sup> is only for the period of the Conference and subject to denunciation on 1 month's notice beginning July 31. American participation in an extension of the truce would mean that no additional restrictions on the entry of goods into the United States could be made except (a) possibly under some emergency clause which would not cover changes of duty, et cetera, made merely because a competing

<sup>10</sup> See "Memorandum on Policy for American Delegation," pp. 622, 627.

<sup>11</sup> *Ante*, p. 605.

commodity was entering the United States in increasing quantities, and (b) for protection against dumping in the strict sense of selling at lower prices than in country of origin. Can the American delegation join in such a move?

The second proposal which is gaining headway is a rather complicated agreement designed to check any further quantitative restrictions upon imports and to reduce progressively existing restrictions. Introduction of import quotas in the future administration of the Industrial Recovery Act would conflict with agreements now under consideration in subcommittees. With regard to quotas and other quantitative restrictions [upon?] international trade the American delegation will have to indicate a position. Before this is done further instructions are urgently needed.

2. In regard to tariff rates no definite proposal has yet taken shape. However, the matter is under discussion. In the Washington conversations with representatives of foreign governments during April and May<sup>12</sup> we consistently took as you know a strong position against excessive restrictions on international trade. This was generally and I think reasonably interpreted as an indication of willingness on our part to share in attempts to moderate prevailing restrictions including manifest exaggerations in our own present tariff system. To abandon this position now would enormously strengthen the world-wide forces already making for economic isolationism and would be universally regarded as heralding the adoption by the American Government of a policy of national self-containment. I cannot believe long range American interests lie in this direction. Can the delegation, however, in present exigencies of American recovery program properly reaffirm position taken in Washington conversations with all that this implies with regard to later concrete action on the American side?

3. In this connection I am of the opinion that undue emphasis has been placed at the Conference on monetary issues. A smoothly operating international monetary system is impossible if conditions do not permit sufficiently easy international movement of goods and capital to effect the easy adjustment of balances of payments between countries. Stability in the foreign exchanges has in the past been maintained only because temporary lack of adjustment in balances could be overcome by merchandise and capital movements that the unbalanced situations themselves produced. Sufficient scope for movements of goods and capital is the only firm foundation for stable arrangements on the financial side.

Thus in my judgment the Conference can only achieve permanent benefit if it paves the way towards an increase of international com-

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<sup>12</sup> See pp. 489 ff.

merce to more normal levels. Current conditions make immediate measures to this end extremely difficult to obtain but it may prove feasible to seek to bring the governments together in support of principles and measures undertaken for a longer period.

These views also assume importance in my mind because of their bearing upon the American program for national recovery. It is to be hoped and expected that the Agricultural Adjustment and Industrial Recovery Acts<sup>12a</sup> will for the immediate future enable us to take care of the problems of employment created by the decline in international commerce. But if this problem of employment must be grappled with as a permanent one and the labor and resources that the American people have been applying to production for export must permanently find occupation elsewhere I fear that the task of the Government will grow increasingly more difficult. These fundamentals clearly should be weighed in the development of American policy.

4. I am very anxious that the views expressed and the positions taken by the delegation should accurately represent the Administration's policy as far as can be forecast at the present time. I am ready to assist in every possible way in bringing your views effectively to bear on the Conference program in the general area covered by the fifth resolution. It may be that the immediate requirements of the domestic program are judged to call for a moderation of substantial alteration of the position taken in the fifth resolution. In considering this possibility I hope that appropriate weight will be given to the facts that (a) the 1930 Tariff Act was passed when costs and prices in the United States were substantially higher than at present and that prices in the United States have since fallen more than in most countries; and (b) American currency meanwhile has depreciated in relation to gold currencies.

In dealing with all of these fundamental matters the delegation is greatly in need of your further advise. The Conference is in a critical state. If we are to work effectively it is essential that we have our way cleared immediately. The earliest possible reply is earnestly requested.

HULL

550.S1/1086: Telegram

*The Acting Secretary of State to President Roosevelt*

WASHINGTON, July 3, 1933—10 a. m.

38. Your 20, July 2, 10 p. m. Secretary Hull telephoned this morning that he issued at 10:45 a. m., London time, the statement from you transmitted in your 19, July 2, 6 p. m.

<sup>12a</sup> 48 Stat. 31 and 48 Stat. 22.

He decided that it would be inadvisable to add anything thereto and therefore has not issued his proposed statement as Secretary of State which was transmitted to you in the Department's No. 37, July 2, 4 p. m.<sup>13</sup>

CARR

550.S1/1088 : Telegram

*The Chairman of the American Delegation (Hull) to the Acting Secretary of State*

LONDON, July 3, 1933—10 p. m.

[Received July 3—5:25 p. m.]

95. For the President. Your very able and courageous statement given wide publicity. Its entire subject matter highly praised by those with whom I have talked except there is a serious difference of opinion as to meaning of reference to the dollar and also the language as to ultimate gold standard. Some construe the language as to the dollar to refer to a commodity price level by the United States such as was suggested by Keynes<sup>14</sup> in 1930; others that it means an ultimate managed gold standard. I hear many express the hope that when you clarify this language it will definitely convey the latter meaning. The only general criticism against which I and all Americans and others are strongly defending you, charges harshness and untimeliness to your language. The five gold countries profess to be very angry and MacDonal for the moment seems much depressed. The previous desultory talk from day to day about some sort of adjournment pretty widespread today. Many consider this phase of the situation actually grave. The American delegation is busy taking every possible step in resistance of any movements to adjourn.

That portion of resolution number 4 relating to gold standard has been amended by the subcommittee of the Conference and apparently liberalized. I will send this amended copy and if desired other like background material.

HULL

550.S1/1115 : Telegram

*President Roosevelt to the Acting Secretary of State*<sup>15</sup>

U. S. S. "INDIANAPOLIS," July 3, 1933—11 p. m.

[Received July 4—1:18 a. m.]

22. Your 93.<sup>15a</sup> In discussing effect of recovery legislation on instructions with Cabinet it would be helpful to us if you could suggest

<sup>13</sup> See telegram No. 88, July 2, 8 p. m., from the Chairman of the American delegation, p. 674.

<sup>14</sup> John Maynard Keynes, British economist.

<sup>15</sup> Transmitted to the Chairman of the American delegation as telegram No. 99, July 4, 10 a. m.

<sup>15a</sup> July 3, noon; not printed.

to us more particularly in what way and where you fear possible conflict between instructions and general policy.

ROOSEVELT

550.S1/1130½ : Telegram

*The Ambassador in Great Britain (Bingham) to the Acting Secretary of State*<sup>16</sup>

LONDON, July 4, 1933—noon.

202. From Moley to the President alone and exclusively, with no distribution in the Department. I shall telephone between 9 and 10 this morning your time today,<sup>17</sup> and this cable is to provide guidance in our conversation. We can discuss topics without references to content by number. The topics follow:

Topic 1. I believe best immediate course would be a recess for from 2 to 10 weeks permitting formulation of your ideas into resolutions.

Topic 2. On personal side Pittman is only member of delegation able intellectually and aggressively to present your ideas to Conference.

Topic 3. Expert group needs strengthening on progressive program.

Topic 4. Reconstituted delegation would be helpful in view of developments, hence desirability recess.

Topic 5. MacDonald not favorable recess because political life depends upon continuation of Conference. Cox emotionally stirred by MacDonald's plight.

Topic 6. If you reply regarding fourth resolution<sup>18</sup> with a new draft radically different from present form Pittman might get general approval from committee and Conference, but it is doubtful.

Topic 7. Saw Keynes day following my arrival explaining situation to him. We can depend upon him for assistance although he is not in favor with Government here.

Topic 8. I consider your message splendid. It was the only way to bring people to their senses, and do not be disturbed by complaints about severity of language. It was true, frank and fair. [Moley.]

[BINGHAM]

550.S1/1097 : Telegram

*President Roosevelt to the Acting Secretary of State*

U. S. S. "INDIANAPOLIS," July 4, 1933—1 p. m.  
[Received 3:55 p. m.]

23. For Hull and Delegates. Your 95.<sup>18a</sup> I do not think the two constructions of language about the dollar are incompatible. In other

<sup>16</sup> Original not found in Department files.

<sup>17</sup> No record of telephone conversation found in Department files.

<sup>18</sup> Concerned with reestablishment of an international monetary standard; for text, see "Memorandum on Policy for American Delegation," pp. 622, 626.

<sup>18a</sup> July 3, 10 p. m., p. 679.

words through internal control we can seek to keep its domestic purchasing power fairly constant and at the same time maintain a gold and silver bullion reserve against currency. If every other nation would do the same the world would have in effect a managed gold standard.

The original instructions to delegation contained a clause which in effect meant that all gold should eventually be government owned and not privately speculated in or shipped back and forth between nations. This plan involves of course a moral obligation on governments not to debase their paper currencies below the agreed on bullion reserve basis and also suggests that the ideal of foreign trade is a balance between exports and imports thus preventing material losses or gains of gold between nations.

As I have intimated I see no reason why we cannot eventually distribute some of our gold to such nations as agree to receive it on fixed condition that it will be permanently held by them as bullion reserve.

Establishment of such policy by a nation means notice to world that it will not debase its currency below a definite collateral basis. This would give definite stimulus to world trade.

I wish the delegation would also confidentially explore the possibility of establishing a unit of measure in which international trade transactions would be conducted. While this would not affect national currency values it would simplify mental processes of trade by giving a unit which at all times would mean the same thing in grains of gold. A similar silver unit is a possibility.

For your information and that of MacDonald I purposely made language of my message a bit harsh because I felt at this distance that Conference was getting into stage of polite resolutions about temporary stabilization only and that it was time to be realistic and work towards main objectives.

ROOSEVELT

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550.S1/1089 : Telegram

*The Chairman of the American Delegation (Hull) to the Acting  
Secretary of State*

LONDON, July 4, 1933—3 p. m.  
[Received July 4—10:41 a. m.]

99. For the President. Conditions calculated to disrupt further regular sessions of Conference developed considerably over night. Many of us felt late last night that an improvement would occur over night but the contrary is evident. The five gold countries, namely, France, Italy, Belgium, Switzerland and Holland, speaking through their leading representatives are united in the contention that the Conference cannot hope to make satisfactory progress and therefore



should adjourn. The British seem to be about in the attitude of only feebly and haltingly resisting this course as set forth in MacDonald's statement below. Naturally the American delegation will continue in every possible way to avoid adjournment in the first place but if this cannot be prevented then to urge a recess with as many important committees continuing to function over a period of weeks or months as can be agreed upon. This would be our second or alternative position. The present plan unless broken up will result in one of these two courses being taken on Thursday morning.

I shall again confer with the British Prime Minister early this afternoon in a desperate effort to find common ground on which the British and Americans can stand in opposition either to adjournment or to a recess.

Governor Cox and James Warburg were present at the meeting of the committees and subcommittees this morning when the very emphatic and most unfavorable conversations and utterances on the part of the representatives of the five gold countries took place. Cox and Warburg agreed upon the following summary of these utterances by representatives of these five governments and also Prime Minister MacDonald:

"At usual morning meeting of MacDonald and heads of two commissions it was reported that all subcommittees yesterday refused to continue work on ground that your message made continuance futile. Colijn speaking for Economic Commission said that in his view it would be pure waste of time to continue Conference although certain subcommittees dealing with specific matters such as restriction of production of certain commodities might profitably be kept at work. Jung and Bonnet each agree with Colijn as to futility of continuing Conference in economic field as did Krogmann.<sup>19</sup> Jung and Bonnet speaking for Monetary Commission said that continuation in this field was even more unthinkable. Jung who has been our staunch friend throughout stating that Europe could not throw overboard the accumulated experience of centuries for the sake of an untested experimental theory and that experimentation would have to be left to those who have sufficient resources to be able to afford it. MacDonald made eloquent plea for continuation but said that he fully realized serious nature of situation which had arisen due to your yesterday's message. He said that Europe had no desire to interfere with internal American policy or to render your task any more difficult than it already is, but that until your yesterday's message he had harbored the hope that you would cooperate towards finding an arrangement which would not bring chaos on Europe as the price of American success, and that while he still hoped for such cooperation from you he could not conceal that that he was hurt by the tone of your yesterday's message which he felt to be that of one who stood apart and had little interest in the problems

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<sup>19</sup> Carl Vincent Krogmann, of German delegation; Chairman, Economic Sub-Commission I (Commercial Policy); Lord Mayor and President, Government of Free and Hanseatic City of Hamburg.

of the other nations. MacDonald, Jung and Bonnet all stated very clearly that your yesterday's message was entirely inconsistent with what you had said in Washington. MacDonald suggested calling plenary session with a view to passing some general resolution pointing out possible ways out of the depression so as not to disappoint the entire world by complete failure and second he urged continuation of Bureau or an executive committee thereof to keep alive contacts and eventually call Conference again when present obstacles to progress removed. First suggestion found no favor on grounds that general discussion would only make impression of failure worse and vague general declarations would be useless; in other words that frank failure was better than travesty. Second suggestion agreed to subject to approval of Bureau which called for 6 p. m. today. MacDonald will recommend to Bureau Drafting Committee consisting of Chamberlin, Jung, Bonnet and Colijn to prepare resolutions for adjournment of Plenary and continuance of Bureau and such subcommittees as Bureau feels can usefully continue.<sup>20</sup> Plenary meeting to be called Thursday 10 a. m.<sup>21</sup>

This completes the Cox and Warburg summary of aforesaid conversations. Is there anything more that you care to say or do in support of our position as above outlined first preventing adjournment and second standing for recess. The situation is thoroughly alarming with respect to these two phases. We are anxious to keep you fully advised at each stage without a moment's delay.

HULL

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550.S1 Economic Commission/13 : Telegram

*President Roosevelt to the Acting Secretary of State*<sup>21</sup>

U. S. S. "INDIANAPOLIS," July 4, 1933—3 p. m.

[Received 5:18 p. m.]

24. For Hull and Delegation. Will cable you more at length about tariffs tomorrow but as a preliminary I send you the following thoughts.

1st. I think you can make definite offer to any nation to discuss with us reciprocal tariff agreements<sup>22</sup> in Washington at their convenience.

2d. Would it be possible to work out a formula for an extension of tariff truce and for tariff adjustments downward basing this on (a) the only changes in existing schedules could be made by a

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<sup>20</sup> For resolution to this effect, adopted by Bureau on July 6, 1933, see *Journal of the Monetary and Economic Conference*, p. 154.

<sup>21</sup> Repeated to the Chairman of the American delegation as telegram No. 103, July 4, 11 p. m.

<sup>22</sup> For correspondence relating to reciprocal trade agreement policy, see pp. 921 ff; for bilateral negotiations with individual countries, see vol. II under Canada, New Zealand, Norway, Portugal, and Sweden, vol. IV under Argentina, and vol. V under Brazil and Colombia.

surcharge or rebate that would be automatically added or deducted to offset fluctuations of exchange during period in which we are working toward more stable conditions; (b) the standard tariff on which this surcharge or rebate is based should be founded on thought that as to manufactured goods it should not in any case be a complete embargo but should be low enough to allow some goods to enter even if the percentage these bear to a nation's own production is as low as 2 or 3 percent; (c) as to agricultural and raw metal products I hope we can press for international production limitations on as many products as possible even if such agreements are made on experimental basis for a limited period.

I think it vital for our whole delegation to stress the many things of world importance which the Conference can accomplish and that a defeatist attitude just because temporary gold stabilization is overboard is a serious responsibility for any nation to assume. I hope Great Britain and most of the smaller nations will go along with us in our sincere efforts.

ROOSEVELT

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550.S1/1093 : Telegram

*The Chairman of the American Delegation (Hull) to the Acting Secretary of State*

LONDON, July 4, 1933—6 p. m.  
[Received July 4—11:30 a. m.]

100. For the President. Supplementary to my 99, July 4, 3 p. m.  
(a) I would appreciate your indicating your position with regard to the following two questions:

1. The Conference is probably determined to adjourn in the light of this. Do you wish the delegation to oppose adjournment?
2. Do you or do you not agree that it is in the American interest at this time to agree to a recess of the Conference?

This is the alternative plan to adjourn as contemplated by MacDonald and the five gold countries and a number of other central European countries. The plan provides for the permanent sitting of appropriate committees to conduct valuable work pertaining to both the economic and monetary groups of problems. These committees would work under the direction of the Bureau or Steering Committee composed of 14 representatives of the 14 most important governments presided over by Prime Minister MacDonald who would continue the directing head of the interim work.

The full Conference would be convened some weeks or months later on the call of the President or Prime Minister MacDonald.

HULL

550.S1/1095 : Telegram

*The Chairman of the American Delegation (Hull) to the Acting Secretary of State*

LONDON, July 4, 1933—9 p. m.

[Received July 4—5:38 p. m.]

101. For the President. The meeting of the Bureau or Steering Committee composed of 14 representatives of the leading nations met at 6 o'clock p. m. with the seeming determination of gold standard countries and certain others to adopt resolution to recess the convention for a period of months upon the principal ground that no progress could be made on economic problems until monetary difficulties, especially exchange currency fluctuations were first settled. The proposal further was that when this cause for recess should be removed the Prime Minister would reconvene the Conference. This was a definite plan to fasten responsibility for adjournment or recess on our Government.

I entered a motion to delay to adjourn the meeting until tomorrow and gave reasons relating to the time for deliberation, et cetera. Neville Chamberlain seconded my motion with an amendment to adjourn until Thursday. The opposition which had been determined on final action today then collapsed and the motion to meet Thursday, 10 a. m. prevailed unanimously.

A majority of our friends here now feel that our Government may go out of one flare-up into another if this regular session continues but that this would be avoided by a recess and the appointment of certain committees with MacDonald and the Steering Committee in charge as per that proposal. I have already wired for your best judgment as to a choice between these two proposals. Naturally we would expect that such course would not contemplate the slightest imputation upon our Government in the way of responsibility for such a course.

HULL

550.S1 Economic Commission/16 : Telegram

*The Acting Secretary of State to the Chairman of the American Delegation (Hull)*

WASHINGTON, July 4, 1933—10 p. m.

102. For Hull [from Roosevelt]. Your 91.<sup>22a</sup> The following may be of use to delegation and economic section and form basis for discussion in conference:

<sup>22a</sup> July 2, 11 p. m., p. 676.

The government of the United States sees no inconsistency between its program for economic recovery and international cooperation for the purpose of restoring prosperity throughout the world.

The measures taken in the United States involve: lifting the price level to restore a more equitable relationship between debtors and creditors; provision of a medium of exchange which shall be substantially equal in purchasing power from one generation to another; stimulation of business activity and reemployment of idle millions through an immediate program of public works and reorganization of relations between government and business; managing of production to meet actual needs for farm products; creation of new purchasing power by a concerted effort to raise wages and to spread employment through restriction of hours of work; and a genuine effort to balance current expenditures and current receipts so that the credit of the government can be maintained.

It is conceived by this government that such a program is desirable not only for the United States but for other countries as well; it would welcome similar efforts elsewhere. If such a united effort should commend itself to other nations, the firmest basis would be laid for world-wide recovery, and international cooperation would immediately become possible. A substantial similarity of standards and of programs for recovery would remove any necessity which may exist for closing our borders to the goods of other nations and for most currency discrepancies and fluctuations.

The efficiency of the agricultural and manufacturing enterprises of the United States is well-known. In the midst of a great effort for recovery, however, the whole program might be jeopardized by exposure to concerted competition from other regions whose standards were markedly lower. We cannot afford to remove protection if such a move would involve exploitation of workers and farmers. A general lowering of living standards throughout the world would result. The people of the world would have no reason to thank us for entering on such a course; and our own people would be brought down toward the lower level.

It was an appreciation of these possibilities which caused the Congress, during the last session, to write certain sections into the Industrial Recovery Act and the Agricultural Adjustment Act. Subsection (e) of Section 3 of the Industrial Recovery Act gave the Executive power to prevent such competition from abroad: Here is synopsis:

"On his own motion, or if any labor or trade organization, shall make complaint to the President that any articles are being imported in substantial quantities or increasing ratio to domestic production of any competitive articles and under such conditions as to render in-

effective the maintenance of any code under this title, the President may cause investigation to be made by the Tariff Commission, and if, after such investigation the President shall find the existence of such facts, he shall, direct that the articles concerned shall be permitted entry only upon such terms and subject to the payment of such fees and to such limitations in the total quantity which may be imported (in the course of any specified period or periods) as he shall find it necessary to prescribe. In order to enforce any limitations imposed on the total quantity of imports, in any specified period, of any articles, the President may forbid the importation of such articles unless the importer shall have first obtained a license. Any limitation of entry shall continue in effect until the President shall find that the conditions which led to the imposition of such limitation no longer exists."

And subsection (e) of Section 15 of the Agricultural Adjustment Act provides compensating duties on articles manufactured from agricultural products.

"During any period for which a processing tax is in effect with respect to any commodity there shall be levied, upon any article processed wholly or in chief value from such commodity and imported into the United States, from any foreign country, a compensating tax equal to the amount of the processing tax in effect with respect to domestic processing at the time of importation. . . ."

In a very real sense neither of these measures contemplates a change in the present competitive situation. They simply make it possible to limit imports of products made under conditions which fail to meet the standards considered by us to be fair and just.

We shall be the first to join with any nation showing genuine desire for recovery in line with these policies. This should mean, in the first place, a truce, and in the second place, the opening of negotiations looking to the removal of barriers to trade. If the Conference can, through its deliberations, work out the basis for such a program for recovery as is already under way in the United States, the whole trend of international action can be reversed. The drift toward nationalistic economic exclusiveness can be stopped; trade can resume its normal courses; currencies can be brought into better understood relationship with each other; and industrial activity can be resumed. It is our belief that the measures recently taken by this government will not only relieve distress within this country but that taken together they provide the basis for similar relief in all nations.

It is our earnest wish that such a result can be had from the deliberations at London. But the United States has no other recourse than to pursue its present program until a more general international one shall have been worked out by your conference. Roosevelt.

CARR

550.S1/1106 : Telegram

*The Acting Secretary of State to the Chairman of the American Delegation (Hull)*<sup>25</sup>

WASHINGTON, July 4, 1933—midnight.

104. For Hull and Delegation [from Roosevelt]. Your 99, July 4, 3 p. m. and 101, July 4, 9 p. m., I think our position should be opposed to any recess because Conference has not yet considered the overwhelming majority of the matters on its agenda.

If we are unable to prevent some form of recess our alternative position should be for a recess of 10 days or say till July 17 and it should distinctly be labelled a recess to allow committees to work.

An adjournment of 60 days is in my judgment a defeatist gesture and we should oppose it. We cannot in any way admit or agree that no progress can be made on economic problems until temporary exchange fluctuations are first settled.

The people and press here are united in praise of our stand and regard the French position as wholly selfish and ignoring utterly the big objectives of Conference.

Am back in White House. Roosevelt.

CARR

550.S1/1130‡

*Memorandum of Trans-Atlantic Telephone Conversation*<sup>26</sup>

THE PRESIDENT: Hello, Mr. Secretary.

THE SECRETARY: Hello, Mr. President. It is splendid to hear your voice. I hope you had a good vacation and everything is fine.

THE PRESIDENT: Everything is fine.

THE SECRETARY: We have a complicated situation here about the recess movement. I want to talk to you a few moments about two or three questions. Now the first thing, if it is agreeable with you, I would like to take up with you the memorandum that was sent to you last night about policy generally. Have you got that before you?

THE PRESIDENT: No I haven't, which one was that?

THE SECRETARY: That was a comprehensive memorandum sent from here—

THE PRESIDENT: What number was it? Was it number 202?

THE SECRETARY: Moley sent it to you. It starts out "In my communication to you of July 2——"<sup>27</sup>

<sup>25</sup> This telegram bears the notation: "Above handed to Mr. Salmon by the President at 10:55 p. m., July 4, 1933."

<sup>26</sup> Between President Roosevelt, Secretary Hull, and Mr. Moley on Wednesday, July 5, 1933.

<sup>27</sup> Not printed; for statement as submitted to the Conference, see *infra*.

**THE PRESIDENT:** No I haven't got that.

**THE SECRETARY:** That is what I wanted to talk about.

**The PRESIDENT:** Go ahead and tell me about it.

**THE SECRETARY:** It is about three and a half pages that we put together here which we thought embraced substantially your ideas on the monetary situation.

**THE PRESIDENT:** It may be in the State Department, but I haven't had anything from them since about 9 o'clock.

**THE SECRETARY:** We can't understand why they haven't it over there for you. I wanted to inquire whether that does not contain within its four corners your monetary ideas.

**THE PRESIDENT:** Cordell I will send over there and see if they have it and then I will call you back.

**THE SECRETARY:** That is all right. That is intended to be all comprehensive providing it is accurate and that is what we wanted to get a careful check on from you.

**THE PRESIDENT:** That is right.

**THE SECRETARY:** The second thing is about the economic side relating to tariff and other questions arising in that connection. Our position is not fully enough defined really to enable the Delegation, in the judgment of our experts, to give support to any of the different proposals that are under consideration. It is not concrete or definite enough. Your suggestion about the tariff truce—the surtax proposition would of course give relief to the gold standard countries. Then the question would become more or less serious as to whether you could administer the Industrial Recovery Act without violating the proposed tariff truce that would be adopted for six to twelve months. (Interruption) Did you get that last statement about the tariff truce?

**THE PRESIDENT:** No, I got cut off.

**THE SECRETARY:** I was saying that while the reservations—got to impose surtaxes to offset depreciated currencies—that would give relief to gold standard countries, but as to the other countries, and in that respect the question of how far you could go in administering the tariff or the import side of the Industrial Recovery Act without coming in contact with the tariff truce is one that will have to be further considered.

**THE PRESIDENT:** Yes, that is right. The Agricultural Adjustment Bill seems to be mandatory, but the other Bill, the Industrial Recovery Bill, is wholly discretionary.

**THE SECRETARY:** Yes, it is discretionary, but if it should be deemed necessary to raise the rates at some time it is a question then of how you could do it without running afoul of the tariff truce.

**THE PRESIDENT:** We would face that on a . . .<sup>28</sup>

<sup>28</sup> Omission indicated in the original.



**THE SECRETARY:** Yes, well, on the other question of international agreement for the control of production, now we have constantly emphasized this matter to other delegates. Now, we are not making satisfactory progress. We have sent cables about sugar, lumber and have kept in close touch with the wheat situation <sup>29</sup> here. I think Australia and the Argentine are both standing in the way of final agreement although I don't want to say so publicly. Now, those are the points that I want to call attention to before I get to the question of recess. It looks to our experts as though some little time would be necessary to formulate fully and develop fully our monetary ideas as indicated by your telegrams and also our tariff and other methods of lowering or readjusting trade barriers and a little time will be necessary to develop that policy back home. So the experts would like more time than I think would really be necessary—they would want a good many weeks.

**THE PRESIDENT:** The psychology of it to adjourn or recess would be taken here and in most places as final—

**THE SECRETARY:** Yes I see.

**THE PRESIDENT:** Make it 10 days and then if we need it another 10 days.

**THE SECRETARY:** Without going into the question of time, what would you think about recess subject to the call of the President, Prime Minister MacDonald who would remain in close supervision of the committees?

**THE PRESIDENT:** I am afraid he would not call them back again at all.

**THE SECRETARY:** Well, if they didn't have an understanding with him—I am not sure that we can prevent recess that is not subject to his call.

**THE PRESIDENT:** That is right.

**THE SECRETARY:** I may say that on yesterday evening when I went over to the six o'clock meeting of the Bureau which is the steering committee, I could not get any of them to even talk of an adjournment but they seemed bent on putting through an adjournment resolution and saddle on us in express language responsibility for the breaking up of the Conference. I finally manoeuvred to get the adjournment over. Now our problem is, most of our people here think, that we should have a short recess in order to develop some phases of our economic and monetary ideas that we now have before us.

**THE PRESIDENT:** Yes, I think it ought to be a recess to a definite date. If we leave it to MacDonald, the world will say that it will never be called together again.

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<sup>29</sup> For correspondence relating to negotiations on wheat production, see pp. 787 ff.

THE SECRETARY: Our plan on yesterday was to do just what I cabled you—to take a recess subject to the call of Chairman MacDonald and he pledged himself to call them as soon as they had perfected their work or as soon as certain impediments such as fluctuations in currency were removed.

THE PRESIDENT: That might be six months. That was intended to nail us to the cross. My idea would be that we should first try to see to it that we are not censored [*censured?*] in any sort of way as some of them have contemplated. Make it perfectly clear that this particular flare-up over gold related to private agreements between five or six nations and that the agenda for the conference had nothing in it about this particular subject and that we have not taken up any of the really big things in the agenda and that on the temporary monetary paying problem we are perfectly willing to have the other four or five nations concerned do what they want to do. We are not blocking London, Paris, and Rome from making some agreement. I heard over here—we have pretty good information that if that plan had gone through originally and we had approved it, they would have ear-marked a half a million of gold in this country and if they had done that there would have been a flight of gold from the dollar and we would have been morally compelled to stop gold exports again.

THE SECRETARY: Getting back to the matter of recess. Do you agree that instead of opposing adjournment which will probably take place anyhow, would you suggest that we stand for a brief recess with as short a limitation as possible but accepting the best we can get.

THE PRESIDENT: Yes, we would have to do that anyway even if it should be something we don't like. I would say that we do not want to adjourn at all. If we have to limit it, make it by weeks.

THE SECRETARY: It is very important. I am to meet MacDonald and his associates at five thirty by our time and it is all important that you read that three and a half page manuscript which was sent you last night. It was sent through the Embassy, I think, by Moley. It starts in like this: "In my communication to you of July 2—" It is very important that I hear from you on that before I go to see MacDonald. Moley wants to speak to you.

THE PRESIDENT: Hello, Ray.

MR. MOLEY: That thing went through this morning. The statement to which I referred<sup>30</sup> went through this morning. We did it last night—[Swope, Keynes?], Lippman and myself, and it is a statement that is intended to give the general four corners of your position with certain statements in it that I am not sure that you would want, but if you have it before you we have copies here we could

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<sup>30</sup> *Infra.*

go over and cross out parts of it and get the British and the dominions and the Scandinavians and a number of others to agree to it.

THE PRESIDENT: I will call you back as soon as I get it from the State Department.

MR. MOLEY: It is important that the statement be rewritten before it is issued because there are certain passages that need to be rephrased—rephrased because I want to eliminate certain statements in it for reasons I will give you later.

THE PRESIDENT: Righto.

MR. MOLEY: It is very important that we go over it together. Cordell and I will be here and you will call back as soon as you get it.

THE PRESIDENT: I will send over for it right away.

MR. MOLEY: Oh, by the way, . . .<sup>31</sup> handed me this morning a draft memorandum that the dominions have gotten up which practically covers your ground and the whole strategy over here is to solidify England and the dominions and the Scandinavian countries and the United States.

THE PRESIDENT: Good.

MR. MOLEY: That can be done I am sure if you would agree to issue some such statement as I have sent you. Do you see? The continental countries will be left out in the cold and I think that is the strategy. You will call back then as soon as you get it.<sup>32</sup>

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550.S1 Documents/54

*The American Delegation to the Secretary General of the Monetary and Economic Conference (Avenol)*

LONDON, July 5, 1933.

The President has made it clear that he saw no utility at the present time in temporary stabilisation between the currencies of countries whose needs and policies are not necessarily the same. Such stabilisation would be artificial and unreal and might hamper individual countries in realising policies essential to their domestic problem. He urged the Conference to seek consideration of its fundamental task of facilitating policies by the different nations directly, not to temporary expedients, but to mitigating and, if possible, remedying the harassing evils of the present economic situation. In the hope that the United States may be of help to the Conference, to whose success and friendly co-operation the President continues to attach the greatest importance, it may be useful that we should develop this thought somewhat more fully.

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<sup>31</sup> Omission indicated in the original.

<sup>32</sup> No record of telephone call in Department files.

The revaluation of the dollar in terms of American commodities is an end from which the Government and the people of the United States cannot be diverted. We wish to make this perfectly clear; we are interested in American commodity prices. What is to be the value of the dollar in terms of foreign currencies is not and cannot be our immediate concern. The exchange value of the dollar will ultimately depend upon the success of other nations in raising the prices of their own commodities in terms of their national monies and cannot be determined in advance of our knowledge of such fact. There is nothing in our policy inimical to the interest of any other country and we are confident that no other country would seek to embarrass us in the attainment of economic ends required for our economic health.

When the currencies of those great nations of the Continent of Europe—France, Italy and Belgium—depreciated over a period of years, there was no criticism from the United States, nor did we criticise their ultimate devaluation. And when Great Britain and the Scandinavian countries went off the gold standard there was only sympathetic understanding in the United States. Great Britain has been off the gold standard for nearly a year and three-quarters and the United States has been off for less than three months. Nevertheless, we are glad to be able to associate ourselves with the statement of British policy made yesterday, July 4th, in the House of Commons by the Financial Secretary to the Treasury<sup>33</sup> when, speaking in the name of the Chancellor of the Exchequer, he said:

“My right hon. Friend has on a number of occasions expressed the view of His Majesty’s Government that, although a return to the Gold Standard might be our ultimate objective when proper conditions were assured, we must reserve complete liberty to choose both our own time and parity. He does not think he can usefully add anything to that statement now.”

If there are countries where prices and costs are already in actual equilibrium we do not regard it to be the task of the Conference, as it certainly is not the purpose of the American Government to persuade or compel them to pursue policies contrary to their own conception of their own interests.

It is not sufficient to escape from the present evils. But it is our duty to consider together how to avoid their recurrence in the future. The first task is to restore prices to a level at which industry and above all agriculture can function profitably and efficiently. The second task is to preserve the stability of this adjustment once achieved. The part which gold and silver should play after adjustment has been secured would seem a further subject suitable for consideration by the Conference.

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<sup>33</sup> Leslie Hore-Belisha.

We conceive therefore that the great problems which justify the assembling of the nations are as present today and as deserving of exploration as was the case a few weeks ago; and we find it difficult to conceive that the view which it has been our obvious duty to take on the minor issue of temporary stabilisation can in any way diminish the advisability of such discussion.

V. EFFORTS OF THE AMERICAN DELEGATION TO ACHIEVE ITS OBJECTIVES, JULY 5-27

550.S1/1099 : Telegram

*The Chairman of the American Delegation to the Monetary and Economic Conference (Hull) to the Acting Secretary of State*

LONDON, July 5, 1933—11 p. m.

[Received July 5—5:49 p. m.]

104. For the President. Dissatisfaction somewhat allayed save among five so-called gold countries who still indicate considerable feeling. Plans to charge our Government with responsibility for wrecking Conference now abandoned in my opinion. Little chance for recess of only 10 days or 2 weeks. If any recess is had it will extend over several weeks probably to the middle of September. There has developed considerable sentiment against either adjournment or recess. Unfortunately as I stated to you in telephone conversations of today our delegation is without sufficient definite instructions to know what to do with respect to tariff truce or any method of lowering trade barriers of any sort except by bilateral bargaining treaty. The same need for information relative to your monetary ideas leaves the delegation in need of time and further instructions.

Your approved statement<sup>34</sup> which the delegation has given out tonight made a good impression on the British as it will on all except most of the so-called five gold standard countries. The Steering Committee will probably determine at 10 o'clock tomorrow about the course of the Conference.

HULL

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550.S1/1123 : Telegram

*The Acting Secretary of State to the Chairman of the American Delegation (Hull)*

WASHINGTON, July 5, 1933—midnight.

106. [From the President.] Your 104. Hope you will press for definite recess as short as possible if you cannot obtain continuation.

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<sup>34</sup> *Supra.*

A recess subject to call of chair will be regarded generally as complete failure and belief that Conference will never be reconvened.

As to more definite instructions, I am certain that if original agenda<sup>35</sup> and original instructions<sup>36</sup> are read together with my dispatches of July 3 and 4 you and delegation will have plenty to go ahead on. After all the world realizes that no complete discussion has as yet been had on the many topics in agenda. No one expected any completed program at outset of Conference and I think it important to obtain all views and all suggestions of all nations on each topic.

In other words the Conference through its committees should explore every suggestion, all those that were discussed in Washington this spring and others old or new from any other source before the Conference can be said to have performed the task for which it was called.

If you have any question as to any specific point on monetary or economic policies to suggest or to ask our point of view in Washington telephone me Thursday.<sup>37</sup> (Signed) Roosevelt.

PHILLIPS

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550.S1 Economic Commission/19 : Telegram

*The Chairman of the American Delegation (Hull) to the Acting Secretary of State*<sup>38</sup>

LONDON, July 6, 1933—9 p. m.  
[Received July 6—4:36 p. m.]

105. Our 75, June 28, 7 p. m. and 90, June 30 [*July 2?*], 10 p. m. We should immediately have an outline of the plan which we understand is being discussed in Washington for the allocation of the American market, the present position of the negotiations and the prospects for success. On the basis of our present knowledge the plan under consideration is substantially in line with the plans being discussed here. If there is any useful American interest to be served by having an international sugar agreement it is important that the Delegation be able to report the substance to the Committee which is at work here.

HULL

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<sup>35</sup> League of Nations, Monetary and Economic Conference, *Draft Annotated Agenda submitted by the Preparatory Commission of Experts* (Official No.: C.48M.18.1933.II [Conf. M.E.I.]).

<sup>36</sup> *Ante*, p. 622.

<sup>37</sup> July 6.

<sup>38</sup> Copy transmitted to President Roosevelt.

550.S1 Economic Commission/23 : Telegram

*The Chairman of the American Delegation (Hull) to the Acting Secretary of State*<sup>39</sup>

LONDON, July 6, 1933—10 p. m.

[Received July 6—8:30 p. m.]

106. Our 91, July 2 and Department's 102<sup>40</sup> and 103<sup>40a</sup> of July 4 regarding the possibilities of positive action by the American Delegation in the field of commercial policy.

The questions that will arise comprise [*sic*] in our attempt to execute by actual accords the general ideas contained in Department's 102 are:

1. Is the delegation authorized to agree to any form of prolongation of the tariff truce under which the American Government will agree not to increase tariff rates or introduce any restrictions on foreign commerce? If it is not possible to agree without reservations exactly what types of action by us should be reserved?

2. Is the American delegation authorized to agree to join in any agreement calling for no further imposition of import quotas and restrictions and for a gradual removal?

Again precisely what must it reserve in this matter?

3. Is the American delegation authorized to join in any multilateral agreement for either the gradual or moderate reduction of tariff rates in any of the forms that have suggested themselves to wit;

- (a) General horizontal reduction by moderate amount;
- (b) Reduction of rates about [*above?*] a certain level;
- (c) Reduction of rates covering certain classes of goods;

4. Provided we are in a position to join in any multilateral agreement for horizontal reduction such as the type of the Ouchy agreement<sup>41</sup> is the delegation authorized not to insist on most-favored-nation rights as regards the concessions mutually extended to each other by those who do participate?

5. In regard to production agreements the delegation awaits instructions in regard to sugar and lumber agreements. Coal is also under consideration.

All attempts to carry forward these discussions towards actual agreement are certain to present one or all of these questions concretely and the delegation will find it difficult to proceed without a clear definition on these precise points consistently with the various domestic legislative actions which make up our recovery program.

At best if the participating governments can not deal with the points

<sup>39</sup> Copy transmitted to President Roosevelt.

<sup>40</sup> *Ante*, p. 685.

<sup>40a</sup> See footnote 21, p. 683.

<sup>41</sup> Convention for the Lowering of Economic Barriers, signed at Geneva, July 18, 1932; for text and protocol, see Department of State, *Treaty Information*, Bulletin No. 37, October 1932, pp. 16-23.

mentioned above, all that can be achieved is a declaration of general principle and intention representing little immediate achievement.

The delegation has begun its attempt to formulate its program and urgently needs clarification on this economic side which seems to be the main business of the [Conference?] for the immediate present.

HULL

550.S1/1120 : Telegram

*The Chairman of the American Delegation (Hull) to the Acting Secretary of State*

LONDON, July 6, 1933—11 p. m.

[Received July 6—7: 55 p. m.]

107. After a busy day I feel that the plans of the five gold countries and certain defeatist elements to virtually close out the Conference have been definitely defeated at least for the present and the Conference again faced in the desired direction of continuous sessions until its work is concluded. Chamberlain <sup>42</sup> and Bennett <sup>43</sup> speaking for England, Canada and the entire Empire, earnestly seconded my address at opening of Bureau meeting urging that Conference continue in session and perform its full task. These were followed by Viscount Ishii <sup>44</sup> and the Chinese delegate and a spokesman for the Scandinavian countries each earnestly supporting my proposal. The only opposition came from the five gold standard countries and Spain. Naturally the malcontents including selfish interests opposed to purposes of Conference have succeeded somewhat in confusing and demoralizing the sessions during recent days.

It is very vital that as definite instructions as possible on each important phase of the monetary and economic problems be forwarded to us just as soon as possible. Original instructions and more recent data sent are almost entirely of a general nature and hence virtually without value. The Bureau or Steering Committee meets Monday to decide on full list of questions on both monetary and economic side that will be given consideration by the Conference. On that day the gold standard countries will have their last chance for decision on whether to join in the permanent proceedings with most monetary questions to be considered or endeavor to disrupt Conference by walking out. I learned today that at the 6 o'clock meeting Monday they intended to drive through the Bureau a resolution adjourning the Conference and personating you as being responsible. We hope real soon to have enough definite concrete proposals from Washington to make suitable showing on both the economic and monetary sides.

HULL

<sup>42</sup> Neville Chamberlain, British Chancellor of the Exchequer.

<sup>43</sup> Richard Bennett, Canadian Prime Minister.

<sup>44</sup> Kikujiro Ishii, Japanese Privy Councilor.



550.S1/1124 : Telegram

*The Acting Secretary of State to the Chairman of the American Delegation (Hull)*

WASHINGTON, July 6, 1933—10 p. m.

111. For Hull from the President. Referring to your 107, July 6, 11 p. m. Splendid work. We are all proud of you. We have meeting here Friday and will try to get elaboration of previous instructions and additions to you by Saturday morning.

PHILLIPS

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550.S1 Monetary Commission/14 : Telegram

*The Chairman of the American Delegation (Hull) to the Acting Secretary of State*

LONDON, July 7, 1933—11 a. m.

[Received July 7—7:57 a. m.]

110. For the President from Pittman. I take place of Warburg who has been substituting for me on gold section of Monetary Commission. Some action must be taken this afternoon on our monetary resolution.<sup>45</sup> It has been unanimously approved and now will go to the full Monetary Commission. Some statements in it are indefinite while others may be construed contrary to your policy. A motion to reconsider the vote by which it was approved would probably be defeated. Not being able to get it in a parliamentary situation where amendments may be offered I deem it wise to make interpretative statement on behalf of our delegation. One of our delegates holds that resolution is not subject to interpretation I give it. Whether he is right or not the statement will fix the interpretation as far as the United States is concerned. I must have your advice on this matter.

First, do you want any statement made at all?

Second, if so indicate changes in statement.

Third, if there are too many changes hope you will have complete statement redrafted and cabled.

You have won great victory at Conference. Doubt if it is wise to further force gold issue because our allies fear to make the issue at this time and might insist upon weakening your position by compromise. The statement above mentioned on which I desire your advice and action is as follows:

"To the members of the subcommission: Your subcommission has made a favorable report on the monetary resolution introduced by

<sup>45</sup> See fourth resolution in "Memorandum on Policy for American Delegation," pp. 622, 626.

me on behalf of the United States delegation. Your subcommittee has amended the original text of sections (c) and (d) of the resolution as referred to you. These changes may be in accord with the intention as expressed in the original resolution or they may not. You will determine this from the interpretation which follows.

I feel impelled at this time by reason of the action of the Bureau taken on July 6, 1933, and because further consideration may be had by the Monetary Commission to set forth the interpretation intended by the proponents of the resolution and which intention will govern the action of the United States in the event such monetary resolution or any amendment or substitute therefor shall be adopted by the Conference.

Article (b) of the resolution as submitted to your subcommittee provides;

‘That gold should be reestablished as the international measure of exchange values, time and parity being for each country to determine’.

This declaration is limited solely to the settlement of international balance of payments. It [is] exclusive of any suggestion or intent with regard to the standard or measurement of value of national currencies. It is not suggested as a temporary measure or even one to be adopted in the near future. The method or manner of inaugurating such a measure is left for future determination by each government.

The proponents of the resolution did not and do not intend that such gold measure shall be reestablished at a time or in a manner that will obstruct or retard the domestic policies of the United States or that will result in unbeneficial depletion of the gold reserves of the United States or in the hoarding of gold.

The President of the United States has emphatically declared his position in this matter in his public statement under date of July 3, 1933. This policy has been reiterated by the delegation of the United States of America in its statement<sup>46</sup> under date of July 5, 1933 filed with the Secretariat General.

I particularly desire to call attention to the interpretation to be placed upon the words ‘time and parity being for each country to determine’ found in section (b). This not only means that each government for itself shall determine the time when it shall adopt gold as a measure of the value of its currencies but that it will from time to time determine and fix such gold parity. The United States is authorized and reserves to itself the right to determine the weight and fineness of the gold dollar and from time to time change and fix the gold content of such gold dollar as the commodity prices and other factors may seem to the United States to judge such determination and action.

The government of the United States is now controlling the possession and use of gold and reserves to itself the right to continue such control in any manner that it may deem proper and legal so long as it is in the interest of the country.

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<sup>46</sup> *Ante*, p. 692.

This interpretation is not to be construed as a disinclination on the part of the United States Government to cooperate to the fullest extent with other governments at the opportune time and under equal conditions in the stabilization of international exchange”.

[Pittman]

HULL

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550.S1/1125 : Telegram

*The Chairman of the American Delegation (Hull) to the Acting Secretary of State*

LONDON, July 7, 1933—2 p. m.  
[Received July 7—11 : 10 a. m.]

112. For the President. Following resolution adopted by Bureau or Steering Committee of yesterday :

“Whereas the Bureau is firmly determined to proceed with the work of the Conference to the utmost possible extent and as rapidly as possible and,

Whereas on account of circumstances which have recently arisen the countries on the gold standard find themselves obligated to declare that for the time being it is impossible for them to take part in any discussions of monetary questions.

The Bureau agrees unanimously to :

(a) request each subcommittee to meet as soon as possible to draw up a list of the questions which can in these circumstances be usefully studied by it ;

(b) meet as soon as the reports of the subcommittees have been received in order to make recommendations as to the arrangements which should be made for the further business of the Conference”.

The resolution means that as to opinion of Bureau the entire work of the Conference according to agenda should go forward as rapidly as possible. The second whereas was simply to give the small group of gold countries the chance to make their reservation from the plan of the Conference to proceed with entire agenda. The regular subcommittees on financial and monetary subjects will probably report virtually all topics listed on agenda to the Bureau on Monday with minority reports by French group including Little Entente largely excluding monetary topics. The Bureau will then doubtless agree and announce that the other 60 countries represented shall be at full liberty to consider any and all topics listed on the agenda but with the privilege of the gold standard groups and any other of their supporters declining to sit in and join in consideration of any of most of the so-called monetary topics. This would make it possible for the other 60 nations to reach agreements as to most important matters embraced in agenda both monetary and economic with the minority group of nations first agreeing in part or remaining aloof.

Many of us are doing all possible to develop renewed interest in full functions of Conference and with some progress. The French group seem to be doing all possible to obstruct and bring an end to Conference as early as possible. I am suggesting that other delegations having our view should emphasize it publicly over weekend. British Government and entire British Dominions in strong cooperation today. Also Scandinavia, Mexico and other countries. The Little Entente will naturally be pulled in the other direction. Any very definite and concrete instructions on any phase of agenda will be welcome. The French group continue extremely obstinate today. The fact that so many important delegations on yesterday asserted their earnest desire for the continuation of Conference prevents any charge that the Conference is being continued largely on account of requests of our Government.

HULL

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550.S1 Economic Commission/25 : Telegram

*The Acting Secretary of State to the Chairman of the American Delegation (Hull)*

WASHINGTON, July 7, 1933—5 p. m.

114. Your 75, June 28, 7 p. m. and 90, July 2, 10 p. m. The President authorizes you to give general support in principle to the Cuban proposal.<sup>47</sup> However, in view of the fact that our sugar tariff is a fixed one and not an ad valorem one, it would appear to be desirable that some safeguard clause providing for the case of extreme price fluctuations be proposed in view of prevailing currency uncertainties. Any agreement you tentatively accept must be subject to ratification either as a treaty or by Congressional action.

Dr. Coulter<sup>48</sup> has stated that the Cuban proposal will not, in his opinion, conflict with general purposes underlying the sugar negotiations now going on here. He believes that a safeguard should be included to protect any agreements we might make with Cuba.

PHILLIPS

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550.S1 Economic Commission/26 : Telegram

*The Acting Secretary of State to the Chairman of the American Delegation (Hull)*

WASHINGTON, July 7, 1933—9 p. m.

117. Your 105, July 6, 9 p. m. The informal conference of producers, processors and others responsible for supplying sugar to the

<sup>47</sup> See *Journal of the Monetary and Economic Conference*, p. 112.

<sup>48</sup> John Lee Coulter, Commissioner, U. S. Tariff Commission.

American consumer met in Washington on June 27.<sup>49</sup> So far it has been agreed that: (1) the question of raising or lowering the present United States tariff is not a subject for discussion by the conference; (2) that the question of the preferential granted by the United States Government to Cuba is to be left for decision to other governmental agencies; and (3) that the program of the conference does not include imposing licenses, permits or quotas upon the world full-duty sugar.

A first draft of a general agreement<sup>50</sup> has been drawn up providing for the following steps: (1) after making a conservative estimate of continental United States market requirements, to prorate these requirements among producing areas for the first year with a provision for over-supply to care for an expanding market or the inability of any area to produce its quota; (2) to provide for an adjustment in quotas for each succeeding year; (3) to provide for the limitation of off-shore direct consumption sugars; (4) to provide machinery for preventing a price collapse; and (5) in general to guard against any further expansion in production at present by the areas represented at the conference.

The conference has reached substantial agreement on the method of control and is now discussing the more difficult problem of proration of quotas.

PHILLIPS

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550.S1 Monetary Commission/15: Telegram

*The Acting Secretary of State to the Chairman of the American Delegation (Hull)*

WASHINGTON, July 7, 1933—midnight.

120. Your 110, July 7, 11 a. m. enclosing message for the President from Pittman. The President does not see any objection to the adoption of the resolution referred to in its modified form. Both the President and the Delegation have already stated the position of this Government on temporary stabilization. We, therefore, do not see any advantage in making the proposed explanatory statement which will tend to reopen a subject closed by the President and which

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<sup>49</sup> The General Conference of the Sugar Industry, held at Washington, June 27–July 18, 1933, was attended by representatives of producers and processors of cane and beet sugar interests of continental United States, the Philippines, Hawaii, Puerto Rico, the Virgin Islands, and Cuba (811.6135/13, 25b). For a concise account of the work done by the Conference, of the tentative draft of proposed marketing agreement, and of its disapproval by the Secretary of Agriculture, see U. S. Agricultural Adjustment Administration, *Agricultural Adjustment; a report of administration of the Agricultural Adjustment Act, May 1933 to February 1934* (Washington, Government Printing Office, 1934), pp. 189–192.

<sup>50</sup> Revised on July 18, 1933, by a Committee of the General Conference of the Sugar Industry; *Sugar Stabilization; Tentative Draft of Proposed Marketing Agreement* (811.6135/23b).

may be construed as modifying previous statements. You may, however, in agreeing to the resolution, make a statement that it is the opinion of the Delegation that it does not conflict with the public statement of the President of the United States under date of July 3, 1933, or the statement of the Delegation of the United States of America of July 5, 1933, both of which are filed with the Secretariat General.

PHILLIPS

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550.S1 Economic Commission/28 : Telegram

*The Acting Secretary of State to the Chairman of the American Delegation (Hull)*

WASHINGTON, July 7, 1933—midnight.

121. Your 106, July 6, 10 p. m. The President feels that in our 102<sup>51</sup> and 103<sup>51a</sup> he has outlined as specifically as is possible now the general policy that should guide you in your negotiations there. We feel that this will enable you to discuss with the assembled nations the pros and cons of an international agreement more or less to conform to this program. As a result of those discussions, it should be possible to ascertain to what extent the adherence of other nations can be secured and to formulate specific proposals for submission here for approval. To answer your No. 106 more specifically, the Delegation is authorized to agree to a prolongation of the tariff truce in its present form for say 1 year and to make it clear, if you think it not sufficiently clear, that the compensating tax which might be imposed here as a result of the processing tax, which is purely compensatory, would be permissible under the truce. Action by the President under the Industrial Recovery Act<sup>52</sup> would of course also be permissible but would be invoked only to prevent flooding our market from outside in such a way as to destroy the purpose of the Act. You might point out that the end we have in view would not alone benefit ourselves but the rest of the world and it has already done the latter by raising the prices of commodities we buy and raising the prices of commodities we sell in competition with others.

2. Our policy should be to oppose further imposition of import quotas and to advocate the gradual removal of those that exist. Suggest that you explore this and submit with your recommendations any proposals along this line.

3. Our policy naturally would be to reduce the level of tariffs by multilateral agreements, but we do not see how this can be dealt with in a practical way until we reach the stage where there is more or

<sup>51</sup> *Ante*, p. 685.

<sup>51a</sup> See footnote 21, p. 683.

<sup>52</sup> 48 Stat. 22.

less a stationary price level and more stable currencies because fluctuating currencies can so modify tariffs as to upset any tariff arrangement which might be made. If, however, you can find some formula that will take care of this when prices improve and become more stable, it is worth considering.

The President suggests that you might explore the possibility of agreement permitting the importation of goods up to say 5 per cent of existing domestic consumption where importation is now excluded by tariff. This would, of course, involve a lowering of present duties and perhaps a system of license to importers and would require approval or authorization by Congress. This is along lines of the President's discussions with Secretary Hull.

4. This Government is inclined not to insist on most-favored-nation rights as regards concessions mutually extended to each other by the parties to a multilateral agreement for horizontal reduction, provided that the agreement operates to reduce tariffs among its parties without increasing them with countries which do not participate. We deem it inadvisable, however, to take a definite position until the question is more fully discussed and explored. We suggest, therefore, that the Delegation, after it has reached definite conclusions on the subject, submit, for consideration, its specific recommendations.

5. Reference is made to Department's telegram Nos. 114, July 7, 5 p. m. and 119, July 7, 11 p. m.<sup>53</sup> as regards sugar.

The Delegation might proceed further with discussion of production agreements with reference to coal, copper, oil and lumber, with full realization that any agreement would require Congressional approval.

PHILLIPS

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550.81/1129 : Telegram

*The Chairman of the American Delegation (Hull) to the Acting Secretary of State*

LONDON, July 8, 1933—10 p. m.

[Received July 8—6:30 p. m.]

117. For the President. French bloc still attempting to organize to disrupt Conference as much as possible according to reports here. Probably most of Monday will be consumed in discussions before the Bureau or Steering Committee. We are constantly resisting these movements. I am urging the view that the Conference should continue in session until first part of August. The second possible stage which I am not mentioning at present would contemplate recess then

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<sup>53</sup> Latter not printed.

until middle or last of September during which time experts and governments back home would develop policies and agreements relative to undisposed questions. This course of a further 3 or 4 weeks' session would get the Conference entirely away from the present defeatist or adjournment atmosphere and at the same time the recess if necessary would afford opportunity to clear up all unfinished problems about which agreements might be possible.

HULL

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550.S1 Economic Commission/30 : Telegram

*The Acting Secretary of State to the Chairman of the American Delegation (Hull)*

WASHINGTON, July 10, 1933—noon.

125. Your 75, June 28, 7 p. m., and Department's 114, July 7, 5 p. m., and 117, July 7, 9 p. m. Replying further with regard to sugar, the negotiations here seem to have run into the stumbling block of Philippine production greatly in excess of the 850,000 tons provided in Independence Bill,<sup>54</sup> which would not go into effect for 5 [10?] years.

On the assumption that domestic beet and cane production is not increased, we feel that Cuba should export to us as much as 1,700,000 tons. Philippine excess production would reduce this to 1,300,000 tons.

The President feels that there is no reason why the Delegation should not continue to confer about world production limitations. On world reduction plan he feels that regional treatment is advisable keeping transportation distance as short as possible.

In regard to wine production limitation the President does not believe we can enter into any agreement which would limit our right to make domestic wines. This, he holds, is a domestic industry of great potential value and is in line with our national effort to increase temperance by substitution of beer and wines for Tennessee and Georgian mountain dews.

With reference to lumber the President has no doubt that you realize the pressure of Pacific coast states on Congress. Nevertheless, he feels that we should take the long range point of view looking to conservation of our own diminishing supply. As a general principle, he believes that it is wise to encourage the use of lumber from the large untapped sources, and also to encourage plans to make each nation eventually self-sustaining in production of lumber for its own uses.

PHILLIPS

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<sup>54</sup> 47 Stat. 761.



550.S1 Economic Commission/31 : Telegram

*The Chairman of the American Delegation (Hull) to the Acting Secretary of State*

LONDON, July 11, 1933—2 p. m.

[Received 2:25 p. m.<sup>55</sup>]

121. For the President. Your numbers 102, July 4, 10 p. m.; 103, July 4, 11 p. m.; <sup>55a</sup> 121, July 7, midnight. I wish to submit for your consideration the results of the efforts to embody in immediate positive policy the general principles and ideas which were presented in the enumerated cables for the guidance of the delegation. I will transmit these suggestions in two separate cables. In this one I will sketch out that part in the field of action which seems to the delegation to be fairly assured ground in the sense, (1st), of meeting the requirements of domestic policy, (2d), of being administratively feasible and, (3d), of being a useful basis for the beginning of an effort to check international economic warfare. In a second cable I will transmit our attempts to formulate proposals connected with the idea of admitting goods up to some percentage, say 5% of domestic production (or consumption).

There follows an outline of a resolution<sup>56</sup> that the American delegation might bring before the Conference if authorized;

PREAMBLE

The Governments in conference are unanimously of the conclusion that trade barriers have been erected to an excessive extent; that these barriers have worked to the injury of all people; and that they have contributed to the depression. The Governments declare therefore that it is essential that all proceed early and simultaneously to the revision of the whole network of restrictions that has come into existence.

SECTION I—NEGATIVE UNDERTAKING

*Agreement not to increase trade barriers.*

The participating governments agree not to introduce any new obstacles direct or indirect to the movement of international commerce. This agreement will be of indefinite duration but subject to denunciation 1 year after coming into force. It would apply to all governmental actions whether embodied in new legislation or brought into existence by administrative or executive exercise of power under

<sup>55</sup> Telegram in six sections.

<sup>55a</sup> See footnote 21, p. 683.

<sup>56</sup> For text of proposal as communicated to the Conference, July 21, 1933, see p. 728.

existing legislation subject to the exceptions and reservations cited below;

*Reservations and exceptions.*

(a) The exceptions generally admitted in existing treaties for purposes of safety, sanitation, plant and animal protection, morals, etc., (such as are enumerated in article 4 of the Geneva Convention of 1927<sup>57</sup> and reproduced as an index to document Conference M.E.C.E. 24).

(b) Arrangements whether of duties, quotas or other forms applied in connection with multilateral agreements for the regulation of production and/or marketing of natural products such as have been under consideration in various committees of the Conference (for example, wheat, sugar, wine, etc.). Care would have to be taken in defining the nature or the characteristics necessary to qualify any agreement in order that it might come within this exception.

(The two preceding reservations would apply mainly if not entirely to prohibitions and quotas. The following reservation would apply mainly to tariff rate making).

(c) Customs duties imposed on imported products in such amounts as to just off-set corresponding increases in taxes on similar domestic products (for example, processing taxes under the Farm Bill).

(d) Additional duties imposed upon shipments found to be "dumped" in the strict sense of having been sold abroad at less than at home or "bounty fed" in the sense that the export industry benefits directly or indirectly by official or unofficial bounties.

(This seems to be required by the Anti-Dumping Act of 1921<sup>58</sup> and the anti-bounty provision in section 303 of the Tariff Act of 1930.<sup>59</sup> It may be necessary in committee discussions to consider changes in the scope of the application of this exception).

(e) Additional duties imposed on products of particular countries which refuse to accord equality of treatment.

(This is the substance of the retaliatory authority in section 338 of the Tariff Act of 1930).

(f) General safeguarding clause to allow governments to impose in the event of special necessity new or additional duties or other restrictive measures for the purpose of protecting in extraordinary and abnormal circumstances the vital interests of the country.

Any new or increased duties or restrictions authorized under the above circumstances shall be imposed only in the event where over a minimum period of 2 months there is an increase in imports repre-

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<sup>57</sup> *Foreign Relations*, 1928, vol. I, p. 336.

<sup>58</sup> 42 Stat. 9, 11.

<sup>59</sup> 46 Stat. 590, 687.

senting a drastic increase in the ratio of imports to estimated domestic production during the corresponding months of a previous base period (to be agreed upon).

(This reservation would take care of possible new or additional duties or restrictions resorted to by the President under the permissive authority embodied in the Industrial Recovery Act but would limit the exercise of the President's power in accord with a minimum evidence of the increased competition constituting the emergency. Some such tangible test of emergency is required both as a safeguard to us against action by foreign governments under this reservation and as assurance to other countries.

Any adjustment of rate or other restriction made under this reservation should not be more than is judged sufficient to meet the emergency and only for the period of the emergency. Any quantitative restrictions on foreign trade as may be resorted to under the above described circumstances should not be below 100% of the average quantity imported or exported during normal years (to be decided upon) the duration of such measures to be limited to the period of the causes which gave rise to them and they should not be operated so as to discriminate against particular products originating in one country as against the same products of other countries. Tariff changes as may be resorted to shall likewise be made so far as possible with due regard to the foregoing limitation and shall be designed not to reduce trade below the level of the predetermined normal years but shall be sufficient only to prevent drastic increases of importation above that level.

Before exercising the right conferred in this reservation governments are to give preliminary notice to the principal foreign countries interested in the trade in the particular commodities involved and allow representations of viewpoints of foreign governments with regard to conditions of application of such measures, each government having the right in case of unsatisfactory result to denounce the agreement toward the products of the country availing itself of this safeguarding provision.)

(*g*) The field of reservations outlined in the preceding section (*f*) would sanction changes made to off-set drastically increased imports facilitated by currency depreciation. It would probably be desirable from the point of view of American interest that no more specific reservation be introduced dealing with this point. However, it may prove advisable or necessary to embody a section specifically allowing an exception to off-set the temporary advantage arising from currency depreciation. The exercise of the exceptional rights contained in any such reservations should be subject to the same type of tangible test as is suggested in section (*f*) preceding.

## SECTION II—POSITIVE UNDERTAKING

*1. Agreement for the reduction of duties.*

(It has been found difficult to formulate any feasible basis for a multilateral undertaking looking forward to a general reduction of duties both because of the inherent difficulties of any multilateral action and of the special circumstances set forth in your No. 121. There follows what in my judgment is the most feasible basis on which we might put forward a suggestion; even this I recognize is not without an element of inconsistency and would be difficult to carry through the Conference).

The governments might agree to undertake over a period of, say 3 years, to reduce their present duties and/or taxes of all kinds levied exclusively upon imports (or at a higher rate on imported than on the same domestic products). The average amount of reduction to be made over the 3 years might be such as to reduce the level by, say one-fifth, or perhaps with different fractions of reductions applying to different classes of duties or of goods.

Any such agreement would have to contain provisions allowing for the pertinent reservations and exceptions recited in connection with section I—to wit; (a) Any participating government may reserve the right not to reduce the duties or even to increase the duties on specific commodities produced in the country in appreciable quantities when over a minimum period of 2 months there has been a drastic increase in the ratio of imports to estimated domestic production during the corresponding months of a previous base period (to be agreed upon). (This is to meet action that may be found necessary in order to effectuate the purposes of the Industrial Recovery Act). (b) The same reservations as are covered in (d) and (e) of section I and the reservations given under (g) of section I intended to safeguard against depreciated currencies.

This proposal represents an attempt to reconcile an effort to lower trade barriers in general with a wish to afford protection against any disturbing increases of particular imports.

*2. The abolition of quantitative restrictions.*

The governments might be asked to agree to undertake to abolish all quotas or other non-tariff restrictions on imports within a period of 3 years assuming that monetary stabilization, the elimination of exchange controls and the restoration of order in the international, financial world are substantially attained within that period. In order that progress in this direction may begin soon on a fairly definite predetermined basis each nation should undertake in each of the 3 years to liberalize each existing quota by that fraction which would

permit the entry at the end of a third year of a quantity at least equal to the 1929-32 average.

If the American Government adhered to any such agreement it would not of course be able to introduce quantitative restrictions as a regular means of effecting the purposes of the Industrial Recovery Act. The question which presents itself is whether the reservations outlined in regard to both the tariff truce and the positive tariff agreement (see reservation (f) under section I the general safeguarding clause) would be sufficient safeguard. If this reserved right to maintain or increase duties in order to prevent a flooding of the American market is not judged sufficient it is hard to see how the American Government can become party to a multilateral agreement dealing with quantitative restrictions.

It is very likely that the two parts of the positive program outlined above would have to be incorporated into a single agreement.

I realize that many features of the preceding suggestions will require further clarification of detail. I would be glad to be informed whether proposals along the above lines are approved and whether the delegation is authorized to introduce them on the receipt of alternative concrete formulations that have been worked out in Washington.

Since the question whether the Economic Committee can continue to operate effectively remains in the balance and our ability to put forward positive program may be a decisive factor in the decision it follows that a decision as to how far Washington would approve this program is urgently required. The opportunity to present this or any other positive program may soon pass.

HULL

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550.S1 Monetary Commission/17: Telegram

*The Acting Secretary of State to the Chairman of the American Delegation (Hull)* <sup>60</sup>

WASHINGTON, July 11, 1933—7 p. m.

133. Your No. 83, June 30, 10 p. m.<sup>61</sup> was transmitted to the Treasury, Reserve Board and Reserve Bank of New York. Acheson today informs me that the Federal Reserve Board adopted the following expression of their views.

"I am returning the telegram from Secretary Hull, together with Section 4 of the letter from B. I. S.<sup>62</sup> Governor of May 7, 1933. The Board has considered this matter today and feels that this Section 4 is an academic statement of principles pertinent to the gold standard

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<sup>60</sup> This telegram bears the notation: "Based on telephone conversation between Mr. Phillips and Mr. Acheson."

<sup>61</sup> Not printed.

<sup>62</sup> Bank for International Settlements.

on a bullion basis as existent in pre-war days, plus the suggestion of an enlargement of central bank cooperation in effectuating the application of this standard. The Board is of the opinion that this academic statement of such principles is not applicable under present conditions in the international monetary field and is especially not applicable to monetary conditions in the United States and feels that such statement of principles subscribed to by our Government would be construed as some pronouncement of intention relative to the gold standard, would be unwise for this reason at this time, and might result in a revival of the distressing situation recently prevalent at the Conference arising out of the question of stabilization."

The President instructed Acheson to tell me that the foregoing represented his views.

PHILLIPS

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550.S1/1139 : Telegram

*The Chairman of the American Delegation (Hull) to the Acting Secretary of State*

LONDON, July 11, 1933—9 p. m.  
[Received July 11—3 : 35 p. m.]

123. For the President. Feeling for continuance of full Conference noticeably improved over week-end especially since Monday morning. Instead of seeking controversial topics on agenda all delegates today show disposition to seek and consider non-controversial subjects without any mention of any difficulties ahead. Delegation feels much encouraged in the belief that the Conference will now go forward and gradually create renewed and increasing confidence that substantial progress can be expected before termination. Probability the Conference may decide to recess towards or around August 1st for the reasons often mentioned heretofore. I hope to offer substantial proposal on quotas, tariff truce and trade barrier reductions as soon as I hear from plan cabled today. This would probably give our country the leadership in this broad field.

HULL

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550.S1 Economic Commission/32 : Telegram

*The Acting Secretary of State to the Chairman of the American Delegation (Hull)*

WASHINGTON, July 12, 1933—noon.

134. The President has gone over your 121 of July 11 as carefully as time would permit and wholly approves its introduction. He hopes proposal will be distinctly helpful at this time. He is confident, of course, that you will make it clear that it is being introduced only as a basis for immediate conversations and not as a final American plan.

Department is expediting preparation of specific suggestions to go forward promptly.

PHILLIPS

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550.S1 Monetary Commission/18 : Telegram

*The Chairman of the American Delegation (Hull) to the Acting Secretary of State*

LONDON, July 12, 1933—4 p. m.  
[Received July 12—11:20 a. m.]

124. For the President. We followed your instructions at meeting of Commission today and announced that Federal Reserve Board had reported to delegation that they considered that present action on resolution dealing with policy of central banks<sup>63</sup> was not advisable and that present action on resolution would be premature. The delegation therefore suggested that present action be not taken on resolution. Rumanian delegate<sup>64</sup> suggested amendment to the effect that resolution if adopted should not become effective until after gold resolution became effective it being a matter exclusively to be determined by Federal Reserve Board. The delegation could not approve or disapprove of suggested amendment. The matter was then referred back to the Bureau for further consideration. The Bureau will probably meet tomorrow. Hope you can advise delegation before meeting of Bureau of further action you desire. Press sending out stories charging that United States is breaking up Conference by refusing to discuss purely academic question of future applicability. The French who have heretofore intimated a desire to terminate the Conference have informed Bullitt<sup>65</sup> today that they have no intention to attempt it and will be prepared to take up the silver resolution Monday. Full statement by Pittman follows.<sup>66</sup>

HULL

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550.S1 Economic Commission/33 : Telegram

*The Chairman of the American Delegation (Hull) to the Acting Secretary of State*

LONDON, July 13, 1933—10 a. m.  
[Received July 13—4:59 a. m.]

126. For the President. Your No. 134, July 12, noon. Doubt advisability of offering economic proposal sent you in my number 121,

<sup>63</sup> See *Journal of the Monetary and Economic Conference*, pp. 54, 188.

<sup>64</sup> Virgil Madgearu, Minister of Finance.

<sup>65</sup> William C. Bullitt, Executive Officer of the American delegation.

<sup>66</sup> Telegram No. 125, July 12, 5 p. m., from the Chairman of the American delegation; not printed.

July 11, 2 p. m., until I receive instructions including all material amendments you may desire.

I say this because the slightest change of position on any question by our delegation is magnified out of all reason and charge made that we are not stable. If you do not object therefore we will not introduce proposal until I get your detailed instructions.

HULL

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550.S1 Monetary Commission/20 : Telegram

*The Acting Secretary of State to the Chairman of the American Delegation (Hull)*

WASHINGTON, July 13, 1933—6 p. m.

138. Your No. 124, July 12, 4 p. m., No. 125, July 12, 5 p. m.<sup>67</sup> and Department's No. 133, July 11, 7 p. m. The following is a letter addressed to the Treasury Department by the Governor of the Federal Reserve Board:

"Following our conference relative to the letter to Secretary Acheson, of date July 11, 1933, outlining the position of this Board relative to Section 4 of the letter from the Governor of the Bank for International Settlements, dated May 7, 1933, I beg to advise that the Federal Reserve Board has again reviewed this matter and it sees no reason for any change in its position as outlined in that letter to Secretary Acheson, but the Federal Reserve Board desires it to be fully understood that the Federal Reserve banks of this country will be glad, at opportune time, to confer with other central banks on pertinent questions which are in line with national policies."

The letter to Acheson, dated July 11, 1933, referred to above was incorporated in full in the Department's No. 133.

PHILLIPS

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550.S1 Economic Commission/37 : Telegram

*The Acting Secretary of State to the Chairman of the American Delegation (Hull)*

WASHINGTON, July 13, 1933—7 p. m.

139. Your 121, July 11, 2 p. m. and 126, July 13, 10 a. m. Department's 134, July 12, noon. Department understands that your "agreement not to increase trade barriers" would safeguard the exercise of all mandatory provisions of our tariff and related laws and that this agreement could therefore be made immediately effective as a *modus vivendi* if approved by the President. It is presumed also that it might be acceptable to a considerable number of governments of some

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<sup>67</sup> Letter not printed.



commercial importance but that difficulty may be expected in obtaining the adherence of some great commercial countries. Eventually this Government will have to decide its requirements as to the number and description of other signatories on which American signature must be made conditional. This question is reserved.

In the matter of agreement for the reduction of duties, you point out the difficulty of formulating any feasible basis for a multilateral undertaking looking forward to a general reduction of duties. It would perhaps be best that your resolution propose instead that all Governments undertake to reduce duties by negotiating bilateral treaties and generalizing the reductions by operation of the unconditional most-favored-nation clause.

Your "agreement for the abolition of quantitative restrictions" might not even require our signature since we have no such restrictions but, as you point out, its acceptance on our proposal would logically require us to abstain from imposing quantitative restrictions under Section 3 (e) of the Industrial Recovery Act. In the latter regard this Government must reserve its position until it is determined how many and what countries will accept the obligations proposed under the agreement for the abolition of quantitative restrictions. The agreement not to increase trade barriers will contain in reservation (f) an undertaking not to impose quantitative restrictions except in certain defined situations.

The following discussion concerns the lettered reservations and exceptions to the agreement not to increase trade barriers:

(a) should safeguard all mandatory provisions in our tariff and related laws including convict labor and forced labor clauses (see protocol and Senate reservation, 1927 convention).

(b) It is believed delegation is in best position to suggest detailed draft. General principle is acceptable.

(c) Department suggests "taxes or duties imposed on imported products merely to offset internal taxes on domestic products".

(d) Department suggests "additional duties imposed upon goods sold abroad for less than at home or benefiting directly or indirectly from governmental or other bounties".

(e) Approved.

(f) Department believes that American proposal might substitute for the general "vital interest" clause of the 1927 convention<sup>68</sup> a phrasing descriptive of the social purposes of our Industrial Recovery Act and that if it prove necessary to accept a reservation regarding depreciated currencies this can be done by subjoining the latter in specific terms to this description, keeping the substance of the reser-

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<sup>68</sup> Article 5, International Convention and Protocol for the Abolition of Import and Export Prohibitions and Restrictions, signed at Geneva, November 8, 1927. *Foreign Relations*, 1928, vol. I, p. 336.

vation applicable to these two situations only. We suggest as defining the basis of the American reservation the following: "New or additional duties or restrictions necessitated by national measures of an emergency character designed to raise wages, shorten hours, and improve conditions of labor, which may result in increased costs and prices". Any new or additional duties or restrictions authorized under the above circumstances shall be imposed only for the purpose of preventing an unreasonable influx of imports. They should not be more than sufficient to meet the emergency and should continue in force only for the period of the emergency. They should not be designed to reduce foreign trade in the commodities affected below the level of a pre-determined period but only to prevent drastic increases of imports above the level of such period. They should not be imposed or applied in such manner as to discriminate against the trade of any country in the products concerned.

Some such phraseology as the above seems more appropriate for general resolutions than a definite provision such as yours prescribing a 2-months comparative period. In any actual convention it would be necessary to make entirely specific provisions along these lines. We suggest as more satisfactory than your provision regarding the 2-months period something like the following, the various percentages of course being subject to adjustment by agreement:

"No new or additional duty authorized under the above circumstances shall be imposed on any commodity unless, during a period of (say) 2 months the imports of the commodity shall have exceeded (say) 5 percent of the estimated domestic consumption, and unless they shall have exceeded the average imports during the corresponding months of the 3-year period, 1930, 1931 and 1932

(1) By at least (say) 10 percent in the case of any article of which the imports during the 2-months period have either exceeded (say) 20 percent of domestic consumption, or have constituted a materially larger proportion of domestic consumption than during normal years preceding 1930;

(2) By at least (say) 50 percent in the case of other commodities".

If the delegation finds it necessary to accept a special reservation relating to depreciated currencies it will be essential, in specifically phrasing the agreement, to include further definite limitations of the extent and conditions of application of any new duties or restrictions predicated thereon.

Department approves your final paragraph to clause (f) suggesting however elimination of the phrase "conditions of application of".

For your information. The foregoing suggestions are the result of a study by State, Treasury, Commerce and Tariff Commission experts.

PHILLIPS

550.S1 Economic Commission/35: Telegram

*The Chairman of the American Delegation (Hull) to the Acting Secretary of State*

LONDON, July 13, 1933—9 p. m.

[Received July 13—7:30 p. m.]

130. Department's 125, July 10, noon. The subcommittee on sugar and the International Sugar Council have been continuing discussions with all countries regarding the international sugar agreement. Up to the present time the representatives of about 30 countries including Great Britain and France have agreed in principle to the idea of not increasing production for the next several years subject in some cases to final decision by their governments.

The scheme that has developed as a preliminary base of discussion is embodied in a draft that the Cuban delegation plans to present to the Economic Committee. This draft is subject to revision in all respects being merely a tentative base for discussion. It set forth the obligations which various countries are asked to take in brief summary as follows:

(a) The present members of the Chadbourne scheme<sup>69</sup> are pledged to retain membership and to carry out a revised scheme of export quotas for 5 years.

(b) The United Kingdom would limit the amount of home-grown sugar assisted by subsidies to amounts which remain to be settled through the years 1937-38 and to limit the total quantity of sugar exported from the British Crown colonies to the following: First and second years of the convention 842,000 tons; third year 878,000; fourth year 914,000; fifth year 950,000. Australia up to August 1936 would limit exports to maximum annual production of 611,000 tons permissible under the Australian sugar agreement act of 1932. As regards the period therefrom to August 1938 the Australian Government agrees to consult with other interested parties. South Africa would accept maximum annual export any one year of 160,000 tons. Santo Domingo figure of export undetermined as yet. Russia undetermined. Haiti would accept maximum export of 10,000 tons per year.

(c) France, Italy, Japan and Spain who presumably produce in their respective national territories or in their respective colonies sufficient for internal consumption but do not normally export, would undertake to limit production to home consumption and not to export.

(d) Other parties not specifically named above would undertake

<sup>69</sup> The so-called Chadbourne Agreement, authored by Thomas L. Chadbourne (d. 1938), New York attorney, was signed at Brussels, May 9, 1931, by producers of chief European sugar exporting countries, Java, and Cuba. For text of agreement, see International Sugar Council, *Memorandum on the Aims and Provisions of the International Sugar Agreement of 9th May, 1931*, Annex I.

for the first 2 years not to increase production above the quantity produced in any of the 2 preceding crop years. With respect to the succeeding 3 years they would undertake not to increase production by more than 3 percent each year.

(e) The obligations of each country are still under discussion with the International Sugar Council and the signatories of the Chadbourne convention.

The idea suggested is that the American Government should undertake some obligation which is ordinarily visualized though this is, of course, not a decided point as the obligation not to increase production during the first 2 years and thereafter for 3 years only by small amounts. It would appear that the following specific questions arise for the American Government to decide:

1. Is it in favor of a world agreement for the limitation of production such as is outlined above?

2. Are the relative terms suggested above in general satisfactory?

3. Can the American Government undertake a governmental commitment of the type suggested?

4. Is it, in particular, in any position to undertake any governmental commitment regarding the production in the Philippines?

5. In discussion with the representative of Java this morning the question was raised outside of the text of the agreement whether the American Government could undertake to limit Philippine production to the share allotted in the American market and the Philippine home market.

It seems to the delegation that nothing in the plan that is being worked out is in conflict with the plan for the allocation of the American market that has been under consideration in Washington. Ferrara<sup>70</sup> is deeply interested in trying to carry these discussions through successfully. The delegation has promised a reply by Monday if possible.

HULL

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550.S1 Monetary Commission/21: Telegram

*The Chairman of the American Delegation (Hull) to the Acting Secretary of State*

LONDON, July 14, 1933—midnight.

[Received July 14—9:20 p. m.]

133. For the President from Pittman. In our 125, July 12, 5 p. m.,<sup>71</sup> we described division of work of committees. Action on resolution opposed by Pittman has been indefinitely deferred but remains on

<sup>70</sup> Orestes Ferrara, Cuban Secretary of State for Foreign Affairs.

<sup>71</sup> Not printed.

agenda for further consideration of committee of central banks. Subdivision 2 of the Monetary Commission today passed three resolutions <sup>72</sup> in open session, namely, recommending consideration by central banks of cooperation with agricultural banks possibly making agricultural credits eligible. Resolution is innocuous and is supported by central Europe.

Second resolution, that all countries capable of maintaining central banks should establish them.

Third resolution, that central banks should confer with regard to proper coordination in support of gold countries when such standards are established. All these resolutions were innocuous, were not objected to by American delegation, gave opportunity for unobjectionable speeches, and seemed to satisfy Near East groups.

There will probably be considered by the Monetary and Financial Commission before the plenary session only the following subjects: the gold and silver resolution and individual external debts. Main portion of resolution on last subject provides for creation of boards to represent creditors similar to our law adopted last session. A resolution on this subject will be adopted.

The chief work of the Commission deals with individual commodities in an effort to reduce and equalize production. As Conference will adjourn for some period after the plenary session on the 27th the most that could be expected prior to that time would be adoption of our monetary resolution relative to gold and silver and possibly agreement as to production and regulation of certain specific products and the passage of a resolution relative to external debts. Opposition of Great Britain to increasing price levels through publication will probably defer that subject until an adjourned session. Pittman stated in the meeting on the 10th that the question of monetary base seemed involved in the subject matter of the central bank resolution and therefore should be treated in the same manner as such resolution unless instructed to the contrary.

Pittman's statement to the Bureau has corrected misapprehension relative to central bank resolution.

All delegations seem peaceful and determined to end present session of Conference on 27th with mutual expressions of happiness and good will. Technical committees will probably be appointed to work during recess. Resolution reconvening Conference somewhere around October 1st will probably be adopted. Bureau may refer to committee for discussion question of monetary base. [Pittman.]

HULL

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<sup>72</sup> For texts, see *Journal of the Monetary and Economic Conference*, p. 188.

550.S1 Economic Commission/40: Telegram

*The Chairman of the American Delegation (Hull) to the Acting Secretary of State*

LONDON, July 16, 1933—3 p. m.

[Received July 16—2:50 p. m.]

140. In various conversations and cables the President has suggested that the idea of an international agreement for the regulation of the production and marketing of copper be worked out. The work of the subcommittee of the Conference on the coordination of production and marketing seems to give a suitable opportunity for launching a proposal with this aim.

Therefore, unless I am instructed to the contrary before Tuesday,<sup>73</sup> the American delegation may decide to introduce into this committee the following proposal:

“The Delegation of the United States of America calls attention to the desirability of considering plans for the coordination by international agreement of the production and marketing of copper which was included among the products mentioned in the proposal made by the French delegation on June 19 (Conference M.E./C.E.S). In order to provide the basis for the future discussion of plans for the coordination of production and marketing of copper further preliminary studies should be made. Accordingly it is proposed that the governments of the copper producing countries submit to the Secretary General of the Monetary and Economic Conference before September 15, 1933, their views and proposals concerning the organization of the production of copper and of the international trade in this product with a view to the summoning of a suitable meeting to effectuate agreement”.

This merely provides for future action.<sup>74</sup> Because of the advanced stage of the work of the Conference and the difficulty of deciding here just what commitments the American Government might be willing to assume in regard to an agreement it would appear inadvisable for the delegation to attempt to frame the terms of actual agreement at the present time. In view of the fact that the time allowed for the submission of actual proposals is short it would be advisable that the proper American governmental agencies should begin the necessary study at once and undertake possibly the exchange of views with the producers.

HULL

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<sup>73</sup> Telegram No. 153, July 17, 10 p. m., to the Chairman of the American delegation contained President Roosevelt's approval of the resolution; not printed.

<sup>74</sup> For post-Conference negotiations concerning an agreement on copper, see pp. 775 ff.

550.S1 Monetary Commission/22 : Telegram

*The Chairman of the American Delegation (Hull) to the Acting  
Secretary of State*

LONDON, July 16, 1933—4 p. m.  
[Received July 16—12:50 p. m.]

141. The following is the draft text of a resolution which will come before the monetary subcommittee on immediate measures Tuesday, July 18th:

“(1) The service of external debts is in different degrees an important element of the debit side of the balance of payments of many countries and can only be assured if the debtor country can produce the necessary resources. The facility with which such resources can be procured in the present and in the future may depend on the revival of economic activity and credit operations. It will also depend to a large extent on the policy adopted by the debtor country.

The problem of indebtedness therefore presented itself under a double aspect: its settlement may in certain cases be necessary for the reestablishment of equilibrium. It should not however be pursued to the detriment of credit.

(2) The conditions in the debtor countries vary considerably and it is undesirable to lay down general principles. But it is indispensable for the restoration of credit that contracts should be respected in the absence of modification agreed between the parties concerned. Debtor countries in their own interests should make every effort to meet the service of their debts if they possibly can do so and the Commission considers that every commendation should be given to the efforts which debtor countries have made to meet their obligations despite their difficulties.

(3) When arrangements are recognized to be necessary they ought to be made in such a way as to be able to restore confidence. They should therefore be limited to those cases where they are unavoidable, be made between debtors and creditors themselves and be based on the debtor's ability to pay. It is moreover in the interest of the creditors themselves to conclude arrangements of such a nature as will permit the adoption at the same time of a policy of economic and financial restoration by the debtors and will allow such policy to be fully effective.

(4) The Monetary and Financial Commission considers it desirable that in each of the countries concerned there should exist organizations in a position to represent the several classes of creditors in respect to their loans including in suitable cases, short as well as long term loans and that such organizations should maintain such contact with one another as may be necessary to facilitate their proceedings.

The Commission therefore recommends to the governments in these countries that they should encourage the creation of a contact between organizations of this kind where they do not already exist at such times and in such measure as action can in their view be usefully applied.”

There is likely to be discussion on the following points which may result in amendments:

(a) The British favor only temporary agreements and may insist on such wording while the debtor countries urge final settlements now on basis of existing conditions.

(b) Various debtor countries favor more pointed insistence upon creditor countries removing obstacles to the free movement of goods particularly by lowering tariffs. The British are sympathetic to this idea which is more applicable to the other lending countries than to themselves.

(c) The Greek delegation urges the necessity of concluding special commercial treaties between the great creditor states and the small debtor countries with the object of facilitating the imports of certain products from debtor countries at specially reduced tariffs. The Germans may also urge somewhat similar ideas.

(d) The French favor pointing out in the resolution that it is at the present time open to any debtor state which is unable to agree with its creditors to avail itself of the services of qualified international authorities such as the Financial Committee of the League with a view to an inquiry into its financial position.

Your observations upon the present text of the draft resolution and any suggestions as to the American position that should be assumed on the four lettered points are requested and if at all convenient should be received by Tuesday morning.

HULL

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550.S1 Economic Commission/41 : Telegram

*The Chairman of the American Delegation (Hull) to the Acting Secretary of State*

LONDON, July 16, 1933—11 p. m.

[Received July 16—7:15 p. m.]

142. Would you be disposed to authorize delegation to present resolution below? <sup>75</sup> Thursday will be last opportunity to offer resolutions; matter is being kept wholly confidential here; request that no intimation that it is under consideration be given out in Washington.

"1. Countries in which price levels are abnormally depressed should take measures to correct the situation thereby facilitating the reemployment of labor and the restoration of stable business conditions.

2. The levels to which prices should be raised in such countries and the measures to be adopted must be left to each country to determine in its own case.

3. In order that confidence may be maintained and governments may be in a position to check the rise of prices when the desired levels have been reached it is essential that governments should balance their current revenues and expenditures including in expenditures the service of any debentures incurred in financing public works."

HULL

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<sup>75</sup> Telegram No. 154, July 17, 11 p. m., to the Chairman of the American delegation read: "No objection is perceived to your introducing resolution." (550.S1 Economic Commission/50.)



550.S1 Monetary Commission/23 : Telegram

*The Acting Secretary of State to the Chairman of the American Delegation (Hull)*

WASHINGTON, July 17, 1933—8 p. m.

151. Your 141, July 16, 4 p. m. No comments on draft text of resolution.

Regarding four lettered points, we incline to the British point of view in favor of temporary agreements, since economic conditions are in state of flux everywhere and there is no proper basis on which capacity to pay can be satisfactorily determined for a long period. Temporary agreements would enable debtor countries to avoid impairment of credit standing and other evil consequences of default. Terms of final agreements will depend largely upon extent to which the international movement of goods may be restored. Delay in arriving at final agreements will cause no great inconvenience if temporary agreements are based upon existing conditions.

Question of tariff adjustments should be omitted from this resolution. Terms of temporary agreements should be left to consideration of parties concerned and be determined according to the particular circumstances in each case. Same objection applies to point raised by Greek delegation. See no objection to point (*d*). It should, of course, be stated clearly that the resolution and amendments have no application to intergovernmental debts.

PHILLIPS

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550.S1/1155 : Telegram

*The Acting Secretary of State to the Chairman of the American Delegation (Hull)*

WASHINGTON, July 17, 1933—9 p. m.

152. Your 133, July 14. Norman Davis has raised the point that, inasmuch as the Disarmament Conference<sup>76</sup> is scheduled to meet on October 16, it would be unfortunate to have the Economic Conference reconvene about October 1, since this would necessitate both international conferences being held simultaneously. While the President is not inclined to take any position in this matter, he desires me to call it to your attention.

PHILLIPS

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<sup>76</sup> For correspondence concerning the Conference for the Reduction and Limitation of Armaments, see pp. 1 ff.

550.S1 Economic Commission/44 : Telegram

*The Acting Secretary of State to the Chairman of the American Delegation (Hull)*

WASHINGTON, July 17, 1933—midnight.

155. Your 130, July 13, 9 p. m. The President sympathizes with the efforts to stabilize the sugar market by limiting production and considers that the Cuban draft offers a satisfactory basis for discussion.

As stated in my telegram No. 125 of July 10 he feels, however, that regional treatment for world reduction is advisable. In view of the simultaneous discussions now in progress, here and in London, he believes that before accepting any proposal drawn up in London the outcome of the Washington conference should be awaited. The discussions here should reach some definite conclusion within the next few days.

It is noted that the Cuban draft leaves indefinite the extent of the limitation by the United Kingdom of homegrown sugar assisted by subsidies. I understand that the British subsidy agreement expires this year, and that the producers, out of a fear that the new subsidy agreements will abolish bounties for any expansion in the future, have made large plantings this year. Please inform the Department when quotas are proposed for this home-grown sugar.

There is a proposal for securing a voluntary limitation of production by the Philippines to their quota allotment in the American market and to the amount necessary to the home market. The Philippine delegates apparently have come to see the wisdom of selling a smaller amount at a higher price in the American market than by glutting the world market, which would probably cause a collapse in world prices, and now seem to be casting about for ways and means of effecting the necessary cuts.

PHILLIPS

550.S1 Economic Commission/46 : Telegram

*The Chairman of the American Delegation (Hull) to the Acting Secretary of State*

LONDON, July 18, 1933—7 p. m.

[Received July 18—3: 15 p. m.]

148. Our 140, July 16, 3 p. m.; Department's 153, July 17, 9 [10?] p. m.<sup>77</sup> This resolution was adopted<sup>78</sup> by the subcommittee this afternoon with the following amendment:

<sup>77</sup> See footnote 73, p. 719.

<sup>78</sup> See *Journal of the Monetary and Economic Conference*, p. 197.

For the final words "effectuate agreement" there was substituted "see whether an agreement is desirable and practical".

This phraseology is in accord with that used in resolutions dealing with other commodities. The ground for the American proposal must be carefully broken and it is advisable that work be begun in Washington at once on the formulation of the proposal to be submitted as a basis of discussion. Useful suggestions may be found in the agreement that has been elaborated for tin.<sup>79</sup> It is probable that the Government will want to discuss the question with the American producers.

Cunliffe-Lister, the Colonial Secretary, suggested in informal conversation that the question of whether or not we might be willing to modify our present duty on copper would be likely to enter into the discussion.

HULL

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550.S1 Economic Commission/48: Telegram

*The Chairman of the American Delegation (Hull) to the Acting Secretary of State*

LONDON, July 19, 1933—1 a. m.

[Received July 18—8:24 p. m.]

149. Department's 153 [155?], July 17, 9 p. m. [*midnight?*]. Sugar discussions going forward promisingly in the subcommittee.

The delegation has explained to the subcommittee and to Ferrara that until the discussions now going on in Washington are ended the position of the American Government cannot be conclusively presented. They were informed further in accordance with your instruction that the American Government sympathizes with the general effort and considers the draft plan a satisfactory basis of discussion. Ferrara said that if the subcommittee did not complete its formulation of the plan before disbanding the whole project would be lost. He stated that it was not expected that the American Government could at this moment actually obligate itself to sign the agreement. He asked whether it would be possible for the American Government to make a formal statement along the following lines:

"The American Government is in sympathetic accord with the project now under consideration for an international agreement for the better coordination of the production and marketing of sugar. It regards the draft that is now being worked on as a promising basis for discussion.

The American Government is even now conducting discussions in Washington for a plan for the allocation of the American market

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<sup>79</sup> League of Nations, Monetary and Economic Conference, *Report of the Bureau to the Conference* (C.435.M.220.1933.II. [Conf.M.E.22(1)]).

which it believes to be in accord with the broader agreement. Until these negotiations in Washington are ended the American Government cannot conclusively state what commitments it can undertake but will endeavor to do so at the earliest possible moment”.

Under the terms of the tentative agreement which is being elaborated now the British home-grown sugar is to be limited to 500,000 tons for the first 2 years and thereafter the permitted increase will be at the same rate as that allowed for the United States. Kindly instruct as promptly as possible.

HULL

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550.S1 Economic Commission/53 : Telegram

*The Acting Secretary of State to the Chairman of the American Delegation (Hull)*

WASHINGTON, July 19, 1933—5 p. m.

160. Your 149, July 19, 1 a. m. The President authorizes you to make a formal statement along the lines suggested.

The British limitation of home-grown sugar is satisfactory, provided that after the first 2 years the permitted increase will be the same as that allowed for the United States.

PHILLIPS

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550.S1 Economic Commission/56 : Telegram

*The Chairman of the American Delegation (Hull) to the Acting Secretary of State*

LONDON, July 20, 1933—3 p. m.

[Received July 20—1:10 p. m.]

155. Delegation is still endeavoring to get its proposal on commercial policy in final form for the Conference.

I have the sense that those sections dealing with the most-favored-nation clause in some respects break new ground and they will be taken here to represent a real contribution by the American Government.

Before submitting them I wish to be sure that they have been brought fully to the President's attention; the drafts regarding them so far received appear to have come from the experts' committee which has been at work in Washington and I do not know certainly whether or not the matter has received the President's personal notice.

The passages in question are as follows:

“Such agreements should have incorporated in them the most-favored-nation principle in its unconditional and unrestricted form to be applied to all forms and methods of control of imports and not only to import duties—subject only to such limited or temporary ex-

ceptions as may gain general assent (perhaps registered in a multilateral accord).

Such bilateral agreement shall not introduce discriminatory features which while providing an immediate advantage to the contracting parties will react disadvantageously upon world trade as a whole.

The governments declare that the most-favored-nation principle enjoins upon every power making use of the quota system or other systems for limiting imports to apply these systems so as [to] derange as little as possible the natural relative competitive positions of the various countries supplying the imports of articles affected.

The participating governments urge the general acceptance of the principle that the rule of equality shall not require the generalization of the reduction of tariff rates or import restrictions made in conformity with plurilateral agreements giving promise of bringing about a general economic strengthening of the trade area which would prove of common benefit to the nations generally; provided such agreements;

- (a) include a trade area of substantial size;
- (b) call for reductions that are made by uniform percentages of all tariff rates or by some other formula of equally broad significance;
- (c) are open to the accession of all countries;
- (d) give the benefit of the reductions to all countries which in fact make the concessions stipulated and;
- (e) when the countries party to the plurilateral agreement do not during the term of plurilateral treaty materially increase trade barriers against imports from countries outside of such agreement”.

As time is extremely short I would appreciate an immediate reply.

HULL

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550.S1 Economic Commission/59 : Telegram

*The Acting Secretary of State to the Chairman of the American Delegation (Hull)*

WASHINGTON, July 20, 1933—6 p. m.

166. Your 155, July 20, 3 p. m. Department understands that your draft resolution will be offered, as you have stated, as suggestions for discussion and with remarks reserving the right to amend in detail. It is a natural outgrowth of American principles and of your discussions at London and while it may in some respects break new ground it is not regarded as containing sensational innovations.

Reviewing your text, the Department queries phrase “subject only to such limited or temporary exceptions as may gain general assent (perhaps registered in a multilateral accord)”. Would this imply

that we must submit our Cuban preference exception to future general assent?

President has seen your important telegrams on commercial policy and Department's replies.

PHILLIPS

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550.S1 Documents/54

*The Chairman of the American Delegation (Hull) to the Chairman of the Economic Commission (Colijn)*

LONDON, July 21, 1933.

DEAR M. COLIJN: Although the chief portion of its work is uncompleted, the Conference is about to enter upon a recess. During and following this recess it is to be hoped that the interested governments will bring forward, through diplomatic or other channels, substantial proposals aimed to carry out ultimately the fundamental purpose for which the Conference was called. I herewith forward a document which I hope will, along with others of a similar character that may come from other sources, receive the attention of those who have the duty of planning the continuation of the work of the Conference.

This document contains the outline of a possible agreement for a protracted truce against measures restrictive of international trade. I contemplate that this truce agreement might be carried into effect when and as the Conference truce<sup>80</sup>—which I understand remains in effect among the adhering states during the recess—may end. This further truce may carry through the longer period required for the carrying out of the general aim of reducing existing barriers. The terms suggested are more precise than those of the Conference truce. Other governments may quite possibly feel that their national necessities would require them to add various points even to the substantial list of reservations and exceptions proposed. A continuing truce should serve to restrict new barriers to such instances of evident and unusual necessity as may arise, even while general governmental policy was aimed in the other direction.

It will be seen that in this document the American Government indicates the precise test of necessity which it expects to observe before introducing any new restrictions that may seem imperative for the success of the domestic program of recovery upon which it is engaged. American policy will in general seek to further international commerce to the fullest possible extent compatible with the essential aims of this program.

The document advocates, furthermore, the immediate undertaking of reductions of the existing barriers by the encouragement of bilateral

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<sup>80</sup> *Ante*, p. 605.

and of practical multilateral agreements. It does not attempt to put into legal form of agreement the terms of possible action; the difficulties of this require further discussion among governments. But it does attempt to limit with some degree of precision the exceptions and reservations which may be necessary.

It also sets forth the present American attitude towards other matters involved in commercial treaty negotiations, such as the most-favoured-nation principle and the possible special exceptions from that principle that might be allowed by governments to facilitate agreements for the lowering of trade barriers.

I trust that these proposals will turn out to be a useful contribution to the long term plan of attack upon existing trade obstacles. Despite their limitations and imperfections, I am confident that their acceptance in substance would mark an important advance toward the restoration of international commerce.

The American Government reserves the liberty in the course of any future discussion that may take place of modifying its attitude on details. Other governments will no doubt find that their approach to this question, as dictated by their own national situations, is somewhat different and may have modifications and additions to present. However, it is my hope that the governments will be able to adjust their national interests and necessities and devise the means for achieving the general purpose upon which we have all agreed.

Sincerely yours,

CORDELL HULL

[Enclosure]

*American Suggestion for the Further Development, During the Recess and Later Stages of the Conference, of a Program on Commercial Policy*

The Governments represented at the World Economic Conference, being desirous of abandoning economic conflict and collaborating in seeking general economic improvement through the mutually profitable exchange of goods, undertake to reach agreement, first in the negative way of ceasing to erect new barriers, and then in the positive way of progressive reduction of existing barriers;

SECTION I

Are resolved, as a first step in carrying out this program, to endeavour to reach agreement, at the earliest moment favourable to such action, along the following lines:

The participating governments agree not to introduce any new obstacles, direct or indirect, to the movements of international commerce, whether such obstacles are embodied in new legislation or

brought into existence by the exercise of administrative or executive power under existing legislation. This truce against new barriers is to become effective as between the countries participating in it but will not, subject to treaty obligations, bind participating governments towards those governments which do not participate.

The preceding agreement shall be subject to the following reservations and exceptions:

(a) The exceptions generally admitted in existing treaties, for purposes of safety, sanitation, plant and animal protection, morals, et cetera (such as are enumerated in Article 4 of the Geneva Convention of 1927<sup>81</sup> and reproduced as annex to document Conf. M.E./C.E.24, and that for the purpose of exclusion of products of convict or forced labour).

(b) Duties or taxes imposed on imported products merely to offset internal excise taxes on competing domestic products.

(c) Arrangements, whether of duties, quotas, or other forms, applied in connection with multilateral agreements for the regulation of production and/or marketing of natural products, provided such agreements conform to principles which have received general approval.

(d) Additional duties imposed upon goods found to be "dumped", in the strict sense of having been sold for exportation for less than for consumption at home, or benefiting directly or indirectly from governmental or other bounties (such additional duties being limited to the difference in the prices or to the amount of the bounties as nearly as may be ascertainable).

(e) Additional duties imposed on products of particular countries which refuse to accord equality of treatment.

(f) New or additional duties or restrictions necessitated by governmental measures of an emergency character which—by raising wages, shortening hours and improving conditions of labour—have resulted in increased costs and prices.

Any new or additional duties or restrictions authorised under the above circumstances shall be imposed only for the purpose of preventing an excessive influx of imports of particular commodities.\* They

<sup>81</sup> *Foreign Relations*, 1928, vol. I, p. 336.

\* (1) As a practical basis for discussion, the following limits of action might be considered:

"New or additional duties or restrictions authorised under the above circumstances shall not be imposed on any commodity unless, during a period of (say) two months, the imports of the commodity shall have exceeded (say) five per cent of the estimated domestic consumption, and unless they shall have exceeded the average imports during the corresponding months of the three-year period 1930, 1931 and 1932:

"(1) By at least (say) ten per cent in the case of any article of which the imports during the two months period have either exceeded (say) twenty per cent of domestic consumption, or have constituted a materially larger proportion of domestic consumption than during normal years preceding 1930.

"(2) By at least (say) 25 per cent in the case of any article of which the imports during the two months period have exceeded (say) 10 per cent of domestic consumption but have been less than 20 per cent thereof.

"(3) By at least (say) 50 per cent in the case of any article of which the imports during the two months period have not exceeded (say) 10 per cent of domestic consumption." [Footnote in the original.]



should not be more than sufficient to meet the emergency and should continue in force only for the period of the emergency. They should not reduce foreign trade in the commodities affected below the level of a pre-determined period, and should be used only to prevent drastic increases of imports above the level of such period. They should not be imposed or applied in such manner as to discriminate against the trade in the products concerned of any country participating in the truce.

Before exercising the right conferred in this reservation, governments are to give preliminary notice to the principal foreign countries supplying their imports of the particular commodity, and to allow reasonable opportunity for representation of the viewpoints of such governments with regard to such duties or restrictions each government having the right, in the case of an unsatisfactory result of such consultations, to denounce the agreement with reference to the products of the country availing itself of this safeguarding provision.

This agreement would be open to adhesion by all governments, and would come into force when accepted by governments representing (say) 50 per cent of the world's international commerce. It is to be of indefinite duration, but one year after coming into force it may be subject to denunciation upon one month's notice.

## SECTION II

Are further resolved forthwith to initiate bilateral (or plurilateral) negotiations for the removal of prohibitions and restrictions and for the reduction of tariff rates; and they declare that their aim in these treaties is substantial reduction of basic trade barriers, and not merely the removal of temporary and abnormal restrictions and increments imposed for bargaining purposes.

In shaping its policy and in executing its obligations under any agreements, each government should direct its first and greatest efforts towards eliminating restrictions and reducing duties which most clearly lack economic justification, particularly:

(a) Duties or restrictions which now completely or almost completely exclude foreign competition, such as those which restrict importation of particular commodities to less than 5 per cent of the domestic consumption thereof,

(b) Duties or restrictions on articles the imports of which have been substantially curtailed since 1929 as compared with domestic consumption,

(c) Protective duties or restrictions which have been in effect a considerable period of time without bringing about a substantial domestic production of the protected commodities (say equal to 15 per cent of the total domestic consumption thereof).

Such agreements should have incorporated in them the most-favoured-nation principle in its unconditional and unrestricted form—to be applied to all forms and methods of control of imports, and not only to import duties—subject only to such limited or temporary exceptions as have been recognised in the past or may gain general assent.

Such agreements shall not introduce discriminatory features which, while providing an immediate advantage to the contracting parties, will react disadvantageously upon world trade as a whole.

The governments declare that the most-favoured-nation principle enjoins upon every power making use of the quota system or other systems for limiting imports, to apply these systems so as to derange as little as possible the natural relative competitive positions of the various countries supplying the imports of articles affected.

The participating governments urge the general acceptance of the principle that the rule of equality shall not require the generalisation to non-participants of the reduction of tariff rates or import restrictions made in conformity with plurilateral agreements that give reasonable promise of bringing about such general economic strengthening of the trade area involved as to prove of benefit to the nations generally; provided such agreements

- (a) Include a trade area of substantial size;
- (b) Call for reductions that are made by uniform percentages of all tariff rates or by some other formula of equally broad applicability;
- (c) Are open to the accession of all countries;
- (d) Give the benefit of the reductions to all countries which in fact make the concessions stipulated; and
- (e) When the countries party to the plurilateral agreement do not, during the term of the plurilateral treaty, materially increase trade barriers against imports from countries outside of such agreement.

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550.S1/1174

*The Acting Secretary of State to the Administrator of the National Recovery Administration (Johnson)*

WASHINGTON, July 21, 1933.

DEAR GENERAL JOHNSON: I am informed that in looking over suggestions for a tariff truce which may be offered for discussion by the American delegation to the Monetary and Economic Conference, you raise the question whether delay in action by this country under Section 3 (e) of the Industrial Recovery Act would be caused by the following clause affecting such action contained in these suggestions:

“Before exercising the right conferred in this reservation, Governments are to give preliminary notice to the principal foreign countries interested in the trade in the particular commodities involved and

allow representations of viewpoints of foreign Governments with regard to conditions of application of such measures, each Government having the right in case of unsatisfactory result to denounce the agreement toward the products of the country availing itself of this safeguarding provision."

I am advised by experts of the Tariff Commission who have been cooperating with this Department in this matter that this consultation with foreign Governments would not result in delay in action under Section 3 (e) in that such consultation would take no more time than would be required in any case to conduct the domestic procedure required by law. The foreign Governments could be notified of the possibility of an increased duty or of the application of terms and conditions on importation immediately when the investigation by the Tariff Commission is ordered by the President, and under normal conditions at least one month would elapse after that date before any final action could be taken.

Sincerely yours,

WILLIAM PHILLIPS

550.S1/1172 : Telegram

*The Chairman of the American Delegation (Hull) to the Acting Secretary of State*

LONDON, July 23, 1933—noon.

[Received July 23—9: 55 a. m.]

160. For the President. Most statesmen out of town over week end and reaction to American tariff and commercial proposal of Friday,<sup>82</sup> correspondingly difficult. We had excellent publicity here and on Continent, as well as keen interest in proposal among all delegations here. No other proposal providing any advanced step or on a constructive basis compares with ours, limited as it is. Too late and confusion too much for any special consideration of American plan before recess. It should afford good basis for program of recess and Conference session following. I shall address Conference<sup>83</sup> for about 10 minutes prior to adjournment Thursday and sail for home on 8-day boat Thursday night. I shall offer reasons for continuance of Conference with recess and followed by a session next fall and if necessary further continuance of recesses and sessions accompanied by hard work on each basic problem until their solution and settlement. I shall also say that on account of unusual complications and number of problems the Conference has only had time to analyze and appraise them and it can not be charged with failure until reasonable time further is had for purpose of developing programs, remedies and agreements

<sup>82</sup> *Ante*, p. 728.

<sup>83</sup> For text, see Department of State, *Press Releases*, July 29, 1933, pp. 63-68.

thereon and that these will require longer time than usual on account of unusual complications of domestic economic and political affairs.

Trust you have recovered from indisposition.

HULL

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550.S1/1186 : Telegram

*The Chairman of the American Delegation (Hull) to the Acting Secretary of State*

LONDON, July 26, 1933—5 p. m.

[Received July 26—1:45 p. m.]

167. Department's 174, July 25, 6 p. m.<sup>84</sup> In view of the inconclusiveness in some respects of the discussion between Davis and the other members of the Organizing Committee as to precise meaning of the reservation<sup>85</sup> made by Davis in regard to action taken by the American Government to carry out the purposes of the farm bill and in view of the extremely vague language employed in the terms of the truce itself (refer to part 1 b section 2 of the draft annotated agenda submitted by the Preparatory Commission of Experts) it is open to question whether the imposition of tariffs on competing fibers would or would not violate the tariff truce. It is virtually certain however that some other governments would take the view that it was in violation especially since in our cables to Davis based on distinct conversations with the Department of Agriculture at the time he was instructed only to call precise attention to taxes on the identical commodities (and manufacturers thereof) that were subjected to the processing tax. However, on the other hand the "new initiative" phrase in the terms of the tariff truce may possibly cover that action.

Whether or not this action is regarded as being in violation of the truce it is certain to receive widespread attention and probably be used as justification for new restrictive measures on the part of other countries. The practically universal judgment will be that we are adding substantially to our already extremely restrictive system of customs. It would seem to be that the indirect consequences of the action will be in part to further curtail American sales of wheat and cotton. Furthermore, it is expected that this action would rob our recent proposals in the field of commercial policy of their chief significance and stand in the way of any new initiative by us.

I do not believe that such considerations as Tugwell<sup>86</sup> sets forth in his letter will [furnish?] any serious weight even in the countries which might benefit from the increased price of raw cotton and wheat. The fact that for the first time we were imposing tariffs on commodities

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<sup>84</sup> Not printed.

<sup>85</sup> See telegram No. 122, May 12, 11 p. m., from the Chargé in Great Britain, p. 602.

<sup>86</sup> Rexford Guy Tugwell, Assistant Secretary of Agriculture.

such as jute and silk heretofore on the free list will be the only clearly recognized fact especially within the British Empire and Japan.

In view of these conversations I urgently recommend that the present view of Agriculture that such action is necessary should be closely reexamined and careful consideration given to the counter-vailing disadvantages. Would it not be feasible to defer the imposition of duties on indirectly competing fibers until it is seen whether their use increases detrimentally and imports grow abnormally? I would emphasize the foregoing.

It would be extremely important that if it be decided to levy compensatory duties on indirectly competing fibers that these duties be closely adjusted so as not to create any new disadvantage. It is furthermore suggested that in the event that this action is taken Agriculture prepare a carefully supported statement explaining the reason for their action justifying in detail each compensatory rate suggested and indicating that it is the absolute minimum consistent with effecting the purposes of the farm bill and emphasizing that it is not intended to modify the competitive situation in favor of domestic producers. This statement should be made public when the action is taken.

HULL

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550.S1/1191 : Telegram

*The Acting Secretary of State to the Chairman of the American Delegation (Hull)*

WASHINGTON, July 26, 1933—11 p. m.

175. For Hull [from the President]. Before you sail I want you to know once more of my affectionate regard for and confidence in you. You have admirably faced great difficulties and through your own courage and sincerity saved the principle of continued international discussion of perplexing world problems from a collapse which would have made further deliberations impossible.

When you get to New York next week I shall be at Hyde Park and I much hope that you and Mrs. Hull will come there for the night when you arrive. I will leave it to your discretion as to when I should see others. Perhaps a day or two later would be best. Roosevelt.

PHILLIPS

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550.S1/1192 : Telegram

*The Acting Secretary of State to the Chairman of the American Delegation (Hull)*

WASHINGTON, July 26, 1933—11 p. m.

176. For Hull from the President. Please convey the following to Prime Minister MacDonald as a message from me. You and he can

decide as to whether it should be made public or not. No publicity will be given from here.

"Before the recess of the Conference I want you to know of my sincere admiration and respect for your courage and your patience as its presiding officer. I feel that because of it the nations of the world can continue to discuss mutual problems with frankness and without rancor. Results are not always measured in terms of formal agreements. They can come equally from the free presentation of each nation's difficulties and each nation's methods to meet its individual needs. We in the United States understand the problems of other nations better today than before the Conference met and we trust that the other nations will in the same spirit of good will view our American policies which are aimed to overcome an unprecedented economic situation at home.

Such interchange, especially if it results in full discussion of all problems and not a few only makes progress more and not less possible in the future.

That is why I do not regard the Economic Conference as a failure. Largely because of your tact and perseverance the larger and more permanent problems will continue to be analyzed and discussed. You recognize with me that new adjustments are necessary to meet world and national conditions which have never existed before in history. You can count on our continued efforts towards world rehabilitation because we are convinced that a continuation of the work of the World Economic Conference will result in practical good in many fields of joint endeavor. Franklin D. Roosevelt."

Roosevelt  
PHILLIPS

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550.S/1193: Telegram

*The Chairman of the American Delegation (Hull) to the Acting  
Secretary of State*

LONDON, July 27, 1933—2 p. m.  
[Received July 27—10:20 a. m.]

169. For the President. Deeply grateful for your personal telegram. MacDonald delighted with your message to him which message I read to full Conference meeting this morning and it was received with general applause. It came at a most [opportune?] time and will accomplish much good. It was as forceful and sound as it was timely.

Mrs. Hull and I accept with thanks invitation to Hyde Park when we land. Our niece Mrs. Paul Hays is travelling with us.

HULL

550.S1/1213

*The Chairman of the American Delegation (Hull) to President Roosevelt*

AUGUST 5, 1933.

MY DEAR MR. PRESIDENT: I beg to submit herewith a report<sup>89</sup> of the American Delegation to the Monetary and Economic Conference at London as follows:

## SUMMARY OF WORK OF MONETARY AND ECONOMIC CONFERENCE

## PREPARATION FOR THE CONFERENCE

On the initiative of the Powers which participated in the Lausanne Conference, the League of Nations decided to convene a Monetary and Economic Conference to consider the measures necessary to solve the other economic and financial difficulties which are responsible for, and may prolong, the present world crisis.<sup>90</sup> Accordingly, the Council of the League of Nations set up a small Committee for the Organization of the Conference; and a Preparatory Commission of Experts, on which the United States was represented, was appointed to draw up a Draft Annotated Agenda.<sup>91</sup>

On the initiative of the United States a so-called tariff truce<sup>92</sup> (more accurately, a trade barriers truce) was instituted. When the Conference began its work, fourteen states had, subject to various reservations, acceded to the truce, thereby agreeing that they would not, before June 12 nor during the proceedings of the Conference, adopt any new measures which might increase the many difficulties now adversely affecting international trade, subject to the right to withdraw from this agreement after July 31, 1933, on one month's notice. Forty-seven states afterwards acceded to the truce, making a total of sixty-one states, representing nearly 90% of the trade of the world.

## THE WORK OF THE CONFERENCE

The Conference convened on June 12, 1933, with Ramsay MacDonald as its President. Representatives of sixty-four states attended. Serving in an advisory capacity were the International Labor Office, the International Institute of Agriculture, the Bank for International Settlements, and the Economic Committee, the Financial

<sup>89</sup> Prepared by Mr. Hull aboard the *President Harding* and submitted to President Roosevelt at Hyde Park, August 5, 1933.

<sup>90</sup> For correspondence relating to these origins of the Conference, see *Foreign Relations*, 1932, vol. I, pp. 808 ff.

<sup>91</sup> League of Nations, Monetary and Economic Conference, *Draft Annotated Agenda* (Official No.: C.48.12.1933.II [Conf. M.E.I.]).

<sup>92</sup> *Ante*, p. 605.

Committee, the Organization for Communications and Transit of the League of Nations.

After seven plenary meetings the Conference established two commissions and various sub-commissions to deal with the subjects on its Agenda. This organization of the Conference is shown below :

### MONETARY AND FINANCIAL COMMISSION

Mr. Cox <sup>93</sup> (United States) President

#### SUB-COMMISSIONS

- |   |   |
|---|---|
| <p>I. Immediate Measures of Financial Reconstruction</p> <p>Credit Policy ;<br/>Price Levels ;<br/>Limitation of Monetary Fluctuations ;<br/>Exchange Control ;<br/>Indebtedness ;<br/>Resumption of International Lending.</p> | <p>II. Permanent Measures for the re-establishment of an international monetary standard.</p> <p>Functions of Central Banks ;<br/>Coordination of their policies ;<br/>Monetary Reserves ;</p> <p>Silver.</p> |
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### ECONOMIC COMMISSION

Mr. Colijn (Netherlands) President

#### SUB-COMMISSIONS

- |  |   |  |
|--|---|--|
| <p>I. Commercial Policy.</p> <p>Return to normal conditions of trade ;</p> <p>Progressive abolition of trade restrictions and foreign exchange control ;</p> <p>Tariff and Treaty Policy ; including the regime of the most-favored-nation clause.</p> | <p>II. Coordination of Production and Marketing.</p> <p>Wheat and other food-stuffs (sugar, wine, coffee, etc.) ;</p> <p>Raw materials (coal, timber, etc.) ;</p> <p>Industrial and agricultural agreements, etc.</p> | <p>III. Measures other than customs duties and prohibitions.</p> <p>III-a. Direct and indirect Subsidies (Especially shipping subsidies.)</p> <p>III-b. Indirect protectionism ;</p> <p>Marks of origin ;</p> <p>Veterinary and phytopathological questions.</p> |
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There was a general discussion of public works in the Economic Commission.

<sup>93</sup> James M. Cox, Vice Chairman of the American delegation.



## THE WORK OF THE MONETARY AND FINANCIAL COMMISSION

*First Sub-Commission*

This Commission was appointed to deal with the existing emergency—depressed price levels, frozen loans abroad, foreign exchange abnormalities, etc. Senator Couzens was our representative upon it.

At the outset the British introduced a resolution<sup>94</sup> urging that monetary action should be employed to raise prices and suggesting in particular open market operations by central banks to this end. The discussion that ensued developed rather definite alignments between the gold standard countries and countries off gold. The former would not emphasize or quite agree as to the efficacy of monetary means alone to raise prices. They suggested that the first essential was confidence, and that to this end budgets should be balanced and reasonably conservative practices followed by central banks.

The British themselves were far from specific in indicating what other factors than an easy central bank policy might be brought to bear to raise prices. Before any conclusion was reached on the British resolution, the discussion was shifted to problems of indebtedness. The discussion was general and again no definite conclusions were reached.

Drafting committees, however, were appointed and proceeded with their undertaking. The differences, however, between the gold standard countries and others, including the United States, delayed and gradually halted the drafting proceedings. Impartial observers at the Conference, it is fair to say, agreed that the question of temporary stabilization<sup>95</sup> was unduly emphasized and exaggerated, and that a number of topics listed on the agenda might in any event be considered, while still others could have been considered to a provisional extent. As affairs developed, however, it later appeared that the only question within the jurisdiction of the committee with the consideration of which there was general agreement to proceed was that of indebtedness.

In the discussion<sup>96</sup> that took place on this question in the drafting committee there was a sharp line of division between the creditor countries and the debtor countries. Debtor countries were anxious to obtain a final settlement of their obligations on a reduced scale consistent with present economic conditions. Several of the debtor countries went farther and insisted that creditor countries should reduce their tariff walls in order to permit payment of indebtedness in goods and

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<sup>94</sup> *Journal of the Monetary and Economic Conference*, p. 70; for discussion, see *ibid.*, pp. 70-73, 78-81.

<sup>95</sup> See communication of July 5 from the American delegation to the Secretary General of the Conference, p. 692.

<sup>96</sup> *Journal*, pp. 80, 87, 92, 102-104, and 109.

services. The Greek Delegation even proposed special commercial treaties for this purpose in disregard of the most-favored-nation clause. As against this, the creditor countries took the position that debt settlement should not be final, but temporary, pending possible recovery of international trade and prices. They furthermore refused to make any special concessions to debtors in the way of tariff reductions although they were inclined to recognize some obligations to facilitate general recovery of international trade. All were in favor of stimulating the establishment of creditor organizations to deal with debtors who found themselves in difficulties; but whereas there was some tendency on the part of debtor countries, particularly Rumania, to ask that a system of semi-compulsory arbitration of debts should be set up, the creditor countries took the position that these organizations should operate in a wholly voluntary manner.

The discussion ended in the unanimous adoption of a resolution<sup>97</sup> based upon an original British text and embodying for the most part the position taken by the creditor countries.

#### *Second Sub-Commission*

The Second Sub-Commission was created to deal with permanent measures for the reestablishment of an international monetary standard. Our representative on this Commission was Senator Pittman. At the opening meeting on June 19, he submitted a resolution.<sup>98</sup> The resolution dealt with both gold and silver. The gold section urged the return as soon as practicable to an international gold standard, the elimination of gold from circulation, and the freeing of central bank reserves now impounded by law above the ratio of 25 per cent. The clauses calling for a return to the gold standard were immediately adopted by the Commission, with a British amendment adding that time and parity should be for each country to determine. The remaining clauses together with the whole question of an improved operating basis for the future gold standard were turned over to a drafting committee. Another drafting committee was appointed under the chairmanship of Senator Pittman to deal with silver.

#### *Second Sub-Commission—First Sub-Committee (Silver)*

Senator Pittman's committee produced both a resolution and a signed agreement. The resolution<sup>99</sup> proposed the stabilization of the silver market by stopping government sales of silver not balanced by government purchases. Governments were to refrain from reducing the silver content of their subsidiary coinage, and an agreement was to be sought between silver producing countries and countries

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<sup>97</sup> *Journal*, pp. 207 ff.

<sup>98</sup> *Journal*, p. 66; for discussion, see *ibid.*, pp. 66, 71, and 117.

<sup>99</sup> *Journal*, p. 209.

holding large stocks of silver with a view to balancing sales and purchases within the group. This agreement was actually signed on July 22.<sup>1</sup> The chief feature of the agreement is that sales of silver by India are not to be greater than certain specified amounts and are to be absorbed by special purchases of silver for coinage purposes by Australia, Canada, the United States, Mexico, and Peru. The limits placed upon sales of silver by India are such as would not have interfered in the slightest with the actual sales of that country in recent years. The special purchases of silver to offset Indian sales are to be made chiefly by the United States. The agreement is to run for four years from January 1, 1934.

*Second Sub-Commission—Second Sub-Committee (Gold Standard)*

Senator Pittman made Mr. Warburg his representative on this committee. The first business of the committee was those clauses of the gold section of the Pittman resolution that had not already been adopted. The first of these was designed to confine gold to central bank reserves, eliminating it from circulation. All the delegates readily agreed to eliminating gold *coin* from circulation; for the United States was practically the only country where it circulated. When it came to eliminating gold bullion, however, the French objected. Their present laws require them to redeem their currency in gold bullion; and they were afraid that if their public learned that they were contemplating a standard under which neither gold coin nor gold bullion could be obtained for bank notes, there would be a run to acquire gold while the present laws still held.

The clause of the Pittman resolution calling for the reduction of the legal reserve requirements of central banks to 25 per cent was revised<sup>2</sup> to bring it more into conformity with actually functioning banking systems, but the central idea was retained.

Having gone at least part way toward confining gold to central bank reserves and freeing these reserves for use internationally, the Committee then adopted a resolution designed to widen the network of central banks administering the gold standard and to provide for close and continuous cooperation among them. It then turned to an important resolution introduced by Mr. Fraser of the Bank for International Settlements designed to stabilize the operation of the gold standard. The resolution lays down the principle that the primary function of a central bank is to maintain in equilibrium the international balance of payments of its country, thereby avoiding persistent one way international movements of gold. So far as is consistent with

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<sup>1</sup> For text of the agreement and correspondence relative to ratification by the United States, see pp. 763 ff.

<sup>2</sup> *Journal*, p. 117.

the performance of this primary function, however, it is stated that central banks should cooperate in putting into effect a policy designed to moderate the upward and downward swings of general business activity. This resolution was put through without change in the course of one meeting of the committee, with the exception of the United States. Mr. Warburg made a reservation. He stated that he could not accept the resolution definitely until he had submitted it to the Treasury, the Federal Reserve Board, and the Federal Reserve Bank of New York, and had obtained their views upon it. It was at this point that the work of the Committee was interrupted by the reaction of the gold standard countries to President Roosevelt's message of July 3.<sup>3</sup>

Just as work was resumed on July 13, a reply<sup>4</sup> was received to Mr. Warburg's cable of June 30.<sup>4a</sup> The reply criticized the substance of the pending resolution, and it suggested that such a statement of principle subscribed to by our Government at this time might lead to a misunderstanding of our intention relative to the gold standard. Mr. Warburg was not in London at the time, but Senator Pittman attended the meeting of the Committee and stated that in view of the cable just received from Washington, the American Delegation could not consider further the resolution previously accepted under reserve by Mr. Warburg. His action seemingly caused surprise to the other countries represented on the Committee and they brought about an immediate adjournment of the meeting. Some affected to claim that the American Delegation having been foremost among those insisting that the discussions should continue, should not thus obstruct.

This attitude was considerably allayed when, on the basis of a second cable from Washington, a formula was developed for communicating to the parent Sub-Commission the resolution which the American Delegation was no longer in a position to discuss. The Delegation agreed that it would be proper for the *Rapporteur* of the Committee to quote in full the text of the resolution, stating that agreement had been reached "by all governments represented on the Sub-Committee on Technical Monetary Problems, except that of the United States, which considered discussion of the question at this time premature, it being understood that the Federal Reserve Banks would be glad to confer at an opportune time with other Central Banks on questions of this character to the extent that they are compatible with national policies." The resolution<sup>5</sup> was communicated with this explanation to the Sub-Commission at its final meeting on July 20. It was not made the subject of discussion or action at this time.

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<sup>3</sup> See telegram No. 19, July 2, 6 p. m., p. 673.

<sup>4</sup> Telegram No. 138, July 13, 6 p. m., to the Chairman of the American delegation, p. 713.

<sup>4a</sup> Not printed.

<sup>5</sup> *Journal*, p. 210.

The drafting committee further stated that it had not been able during the present session to complete its work on the gold exchange standard, methods of economizing gold, and the distribution of monetary reserves. This was merely a way of glossing over the fact that these were questions which the gold standard countries felt they could not safely discuss in view of the present disturbed condition of their public opinion at home. It is probable, too, that the American Delegation would have had to state in regard to a number of the proposals that would have been made under these headings that they were subjects for central banks to discuss rather than for government representatives. Other countries did not find it necessary to make this distinction, either because the heads of their central banks were their representatives on the committee or because most of the questions raised had already been fully discussed by their central bank governors at the monthly meetings of the Bank for International Settlements. Even had Governor Black<sup>6</sup> or Governor Harrison<sup>7</sup> been present in the Committee, however, we should have had to proceed with extreme caution until the outlines of our future monetary policy should become clearer. It was as much in the interest of the United States as of the gold standard countries that the work of the Committee at this stage should cease.

#### THE WORK OF THE ECONOMIC COMMISSION

On the economic side the Conference agreed to no treaties.

The Sub-Committees, whose reports were all adopted by the Conference, passed certain unanimous resolutions and agreed unanimously on certain principles. As this session of the Conference was cut short, the resolutions took the form of seeking to provide for some continuance of the work. The Sub-Committees considering the co-ordination of production and marketing\* requested certain bodies or governments to take further steps as follows (pages 21, 24-29) :†

<i>Product</i>	<i>Request Addressed to</i>	<i>Action Desired</i>
Coffee	Exporting countries.	To submit proposals to the Secretary General of the Conference with a view to forming an international organization (coffee) or convening a subsequent meeting.
Cocoa	Producing countries.	
Copper	“ “	

<sup>6</sup> Eugene Robert Black, Governor, U. S. Federal Reserve Board.

<sup>7</sup> George Leslie Harrison, Governor, Federal Reserve Bank of New York.

\* Except that on timber, which adjourned until October "As useful negotiations are in progress". [Footnote in the original.]

† These and later page references are to the final Report of the Bureau to the Conference. [Footnote in the original.]

Sugar	Bureau of the Conference.	Keep in touch, take steps for continuance of negotiations, and perhaps summon a conference.
Wine	International Wine Office (Economic Committee of the League, International Institute of Agriculture).	To follow the points of the plan drawn up.
Coal	Competent organs of the League.  Council of the League.	To follow and consider safeguarding of all interests.  To call Conference if six months have brought no results.
Tin	Producing countries not members of International Tin Commission.	To negotiate and join the organizations restricting output.

The Sub-Committee (Conference) adopted a declaration of conditions to which should conform any agreements for coordination of production and marketing, such conditions being designed to make such agreements effective and also fair to consumers (page 19 of Report).

Under the head of indirect protectionism there was recommended a Conference to deal particularly with customs formalities and a diplomatic conference to continue the work on veterinary measures on the basis of the draft conventions drawn by the Economic Committee of the League. The Bureau of the Conference was requested to provide for the continuance of the work relating to marks of origin (page 32).

On quotas, exchange controls, and other trade restrictions, on tariffs and the most-favored-nation clause, and on bounties and subsidies, the Conference was just passing the stage at which each delegation stated its position and just entering the stage of detailed examination, negotiation, and compromise. It is, therefore, difficult to estimate the chances of any success. In general, each country advocated the abolition or reduction of all barriers to its commerce (including shipping and other subsidies granted by other countries), *except* of kinds which it is itself practicing to such a degree that it is estopped from urging the case; and, in general, each country either defended its own practices as just or as necessary, or indicated its willingness to abandon such practices *provided* other countries did this, that, and the other either before or simultaneously. Undoubtedly, there was a wide desire to diminish barriers to commerce, but, on the other hand, the statements indicated many points on which apparently no concessions were likely to be made and there is danger that the refusal of concessions in various countries will prevent any significant progress from being made.

Great Britain was the most insistent on the reduction of quotas, "excessive" tariffs, and shipping subsidies, but showed no willingness to make concessions of her own and, after the presentation of the last American proposal, indicated an intention of increasing rather than diminishing her tariff. But uncompromising statements doubtless were to some extent made to establish good bargaining positions.

The only views which the Report designates as unanimous were (1) that "excessive" tariffs should be lowered, and (2) that, in principle, quotas (quantitative limitations on the importation of merchandise) and exchange controls should be gradually abolished. But this agreement of views was little more than verbal, the essential differences and difficulties being roughly as follows:

The agreement "in principle" to abolish trade restrictions (as distinguished from tariffs) was so limited by interlocking reservations that progress must be very difficult. In addition to stabilization of currencies as a pre-requisite, the proposed abolition of quotas was hedged with reservations relating to agriculture (France, Great Britain), manufactured articles as long as agricultural products are restricted (eight Eastern European states), and all products as long as tariffs are not reduced (Switzerland, Belgium, Czechoslovakia, France). Great Britain led the attack on quotas, reserving her own, and was generally supported by countries not using such restrictions; but several countries defended quotas as less bad than tariffs because they are transitory, and for other reasons.

Similarly, the unanimous opinion that "excessive" tariffs should be reduced indicates no easy advance toward the elimination even of the latest additions to tariff structures. The British led in the attack on excessive tariffs, but took the position that their own tariff structure is still in the making and should be raised while excessive tariffs are being lowered (Chamberlain's closing speech).<sup>8</sup> The British and some countries argued against any uniform percentage cut in all tariffs, alleging, without analysis of the point, that such a cut would require greater "sacrifices" from "low tariff" countries. The British proposed resolutions condemning the fallacy of the "favorable balance of trade", and various countries pointed to the necessity of creditor countries relaxing restrictions so as to receive payment in goods.

In the Sub-Committee on bounties and subsidies there was in general the same effort on the part of countries not granting bounties to have other countries abolish them while the other countries stood pat or defended the practice in whole or in part. The British were successful in having the Sub-Committee take up shipping subsidies first, but even in regard to this the Sub-Committee was only getting down to detailed consideration when the Conference closed.

<sup>8</sup> For summary, see *Journal*, p. 232.

While many of us thought that having sought the Conference and indicated beforehand a disposition to join in a substantial way in carrying out the professed objects and purposes of the Conference, that the British would within a few days after its meeting offer a more or less comprehensive and basic proposal. It was disappointing to observe, as the Conference proceeded, that neither the British nor any other delegation made any substantial proposal to the Conference that would contemplate a program of any particular breadth or depth. It is true, in this connection, that the Cubans and certain other delegations from small countries offered different sorts of limited proposals,<sup>9</sup> but they had such defects in one way or another that they did not attract any general or favorable comment.

It was during the last days that the American Delegation presented to the Conference a proposal<sup>10</sup> for an agreement among the nations to reduce trade barriers gradually over a period of time, to make the unconditional form of the favored-nation doctrine, with a reasonable exception in favor of broad international efforts for reduction of trade barriers, the universal basis of commercial policy, and to extend the life of the tariff truce to a reasonable period beyond the final adjournment of the Conference. This proposal offers a basis upon which a world program might be developed during the course of the recess and the meeting of the Conference to follow.

It is a matter of satisfaction that Mr. Colijn, Chairman of the Economic Commission, delivered two or three addresses in support of the feasibility of this American proposal as a basis for discussion and consideration by the sub-commission on commercial policy. Mr. Bonnet,<sup>11</sup> Mr. Chamberlain, and other heads of delegations from important countries likewise made special reference to this American proposal and indicated that it might afford a suitable basis for the development of a comprehensive policy and plan of the Conference for final and favorable action as the same related to the reduction of trade barriers, the removal of unfair methods and trade practices, and the liberalization of commercial policies generally.

The American Delegation sought three main objectives at the Conference. The first was to keep thoroughly alive and to preserve the integrity of the fundamentals of practical economic international cooperation, the same to be carried out within the range and spirit of the subject matter of the Agenda; secondly, to use all efforts at every stage to keep the Conference going and to effect steady and uniform progress until the chief purposes of its mission had been accomplished;

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<sup>9</sup> For Cuban proposal, see *Proposal in Regard to an Inter-governmental Agreement for Stabilizing World Production of Sugar so as to Maintain the Equilibrium Between World Supplies and Demand* (Conf. M. E./C. E./14); see also telegram No. 75, June 28, 7 p. m., from the Chairman of the American delegation, p. 659.

<sup>10</sup> *Ante*, p. 728.

<sup>11</sup> Georges Bonnet, French Minister of Finance.



and third, to present a proposal sufficiently broad and with sufficient substance as would fully reaffirm and keep alive the policy of reducing trade barriers to a level of moderation and implementing that policy to the extent of proposing that the nations agree substantially to reduce their respective trade barriers over a period of time. It is believed that in accordance with the numerous favorable expressions of leaders in the Conference, this proposal will in September be made the basis of consideration of what would ultimately comprise a comprehensive program on the economic side.

Thus the American Delegation presented to the Conference all of the draft resolutions<sup>12</sup> embodied in its instructions except that referring to the removal of exchange restrictions.

The future work of the Conference is organized in detail. The Conference has created two permanent continuing agencies, first a Bureau consisting of the sixteen most important and most widely representative nations, and secondly, an Executive Committee consisting of the offices of the Conference and the President, Vice President and *rapporteurs* of the main Committees. These bodies, one or both, will meet in September with the fullest possible powers to take any action necessary within the scope of the Conference to advance the work of the Conference, whether by calling local or regional or special meetings, by organizing studies, or by reconvening the full session.

Notwithstanding the conservative nature of the foregoing comment on the meeting and proceedings of the Conference thus far, it is my definite opinion that the dominant forces at the Conference representing the principal countries still realize just as keenly as during our conversations with them at Washington during April and May<sup>13</sup> that there must be world economic rehabilitation; that this clearly requires the restoration to a normal extent of international finance and commerce; that all the processes of exchange and distribution are so completely shackled and obstructed by absurdly extreme trade barriers and other economic impediments as to render imperative the reduction or removal by concerted action of the nations of the excessive or unreasonable or indefensible tariff rates, quotas, exchange restrictions, and other conditions that hopelessly break down the processes of exchange and distribution.

Naturally the world economic structure presents infinite complexities dealing with which will tax the patience, the wisdom, and the ingenuity of the statesmen, especially in the important countries of the world. This condition presents all the stronger reason why they should gird themselves for the further prosecution of this difficult but absolutely necessary undertaking. There is general agreement that all the nations should resort to every possible domestic policy or even

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<sup>12</sup> See "Memorandum on Policy for American Delegation," p. 622.

<sup>13</sup> See pp. 489 ff.

temporary expedient to check the ravages of panic and to restore conditions as far in the direction of normal as may be possible. The general view likewise prevails that in addition to and beyond any and all domestic programs, of both an emergency or temporary and permanent nature, there must gradually be restored as a part of the permanent policy, especially of the surplus producing and creditor nations, a basic economic policy of international cooperation, the reasons for which are set forth in the Agenda in a most definite and concrete manner.

It is probable that the entire combined policies of both economic and military disarmament are at present hanging in the balance in the face of the universal assault by the forces of extreme and exclusive nationalism. The reason and the necessity, therefore, are all the stronger for perseverance and persistence by the leading nations of the world to overcome these purely nationalistic efforts to the extent of saving and preserving the most practical and basic phases of both the domestic and international contentions. The economic welfare of 85% of the population of the world hinges on the success of this contest. Its prosecution, therefore, is wise, practical, and most urgent.

I herewith attach the full "Report of the Bureau to the Conference"<sup>14</sup> on the last day of its session which undertakes succinctly to give a substantial account and summing up of the work, the program, the proceedings, and the progress of the Conference to the date of its recess. A still more elaborate and detailed account of the proceedings of the Conference, especially as it relates to the attitude and action of the American Delegation and the questions considered in the commissions and sub-commissions of which American representatives were members I herewith attach in the individual reports<sup>15</sup> which they kindly prepared at my request. The wheat negotiations<sup>16</sup> were conducted through the Department of Agriculture with the result that I have not been kept advised as to the details of their accomplishment.

Respectfully submitted,

CORDELL HULL

550.S1/1195½

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

[LOSSIEMOUTH,] August 5, 1933.

MY DEAR PRESIDENT ROOSEVELT: I was very happy indeed to have your message<sup>16b</sup> just before the International Conference adjourned and, quite apart from its personal gratification, it did a great deal to

<sup>14</sup> League of Nations, Monetary and Economic Conference, *Report of the Bureau to the Conference* (C. 435, M.220.1933.II. [Conf. M.E.22(1)]).

<sup>15</sup> Not printed.

<sup>16</sup> See pp. 787 ff.

<sup>16a</sup> Photostatic copy obtained from the Franklin D. Roosevelt Library, Hyde Park, N. Y.

<sup>16b</sup> See telegram No. 176, July 26, 11 p. m., p. 734.

secure a finish that was not at all unhopeful. Although the end gave our enemies great cause for sneering and blaspheming, the spirit of helpfulness, which was so manifest after the first day of pessimism was over, and which drove the Conference at a pace I have never known an international conference to show, lasted right to the end; and as soon as I have had a few more days for recuperation here I am going to take the work up again from where it was left off.

You will have had full reports from Mr. Cordell Hull and Governor Cox, so I need not try to add anything to what you know. If we could come to an agreement on the new conditions of things before much is done to continue the work of the Conference, it would be a great gain, as I am as opposed as ever to a mere European bloc. In the course of this month perhaps the outlook of the United States will be a bit clearer, and it will be more possible to come to certain understandings which will prevent a rigid attitude of the gold bloc stopping big international agreements. If we cannot open out a way for the latter, we shall have to face a world economic war, which will do more damage to human idealism and international peace than the late conflict fought out on battlefields.

I am up here once more in my own home and amongst my own people. I hope that Mrs. Roosevelt and you keep fit to face the great struggle in which you are engaged, and that, so far as it has gone, it increases the good heart in which you entered it. Ishbel<sup>16c</sup> does not come up until the end of the month, or she would join me in sending very best wishes.

Yours most sincerely,

J. RAMSAY MACDONALD

[P. S.] You will see that Hitlerism in Germany is causing us some concern.

#### VI. CONFERENCE AFTERMATH, SEPTEMBER 14—DECEMBER 16

550.S1/1257 : Telegram

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

LONDON, September 19, 1933—noon.

[Received September 19—9:35 a. m.]

270. From Atherton. As the remaining representative of the American delegation at the World Economic Conference, the Prime Minister<sup>17</sup> sent for me last evening "unofficially and informally". Although the Prime Minister said he only meant to discuss economic questions, he went on to express his personal disappointment that, after the hearty cooperation which existed between England and the

<sup>16c</sup> Miss Ishbel MacDonald, daughter of the Prime Minister.

<sup>17</sup> J. Ramsay MacDonald.

United States at the time of the negotiations of the London Naval Treaty in 1929 [1930],<sup>18</sup> when the latest American naval program<sup>19</sup> had been determined no friendly foreword has been vouchsafed to him before its announcement.

The Prime Minister continued, that with the breakdown of the Economic Conference there was no coordinated leadership today certainly among European nations, to lead the world towards economic reconstruction. The corollary was the development of competitive blocs in Europe (Fascist, Danubian, Gold, et cetera) which tended towards international economic breakdown. The Prime Minister referred to the Economic Conference and the hopes in which it was conceived. From the point of view of achievement the Conference had been a failure and the personal blow he had received in the lack of cooperation from the United States made him at one time almost despair.

I interrupted the Prime Minister to say that if he felt that had been a general sentiment at the end of the Conference last July, and it certainly in my interpretation was not the one in this country at the present moment, when it was freely stated that last summer the United States had saved England from premature stabilization; furthermore, since that time economic factors independent of political leadership were more and more tending to drive the two countries into closer cooperation for their mutual welfare.

The Prime Minister continued that he did not believe there could be active cooperation between all the nations of the world but there must be close accord in leadership among the principal nations. He mentioned in particular France and Italy with England and the United States. Without international trade the Prime Minister explained many countries in Europe were facing internal economic starvation; but the difficulties of international trade he felt were almost insurmountable unless there was some stable and relatively certain medium of exchange. I asked the Prime Minister at this point if he had in mind action looking towards stabilization of currencies. He said yes, that was partly in his mind not only for Europe alone but of necessity to include the United States as well. He defined a stabilization not at any fixed figure but as fluctuating within certain fixed limits. He wondered as to the American situation today.

I pointed out to him that the immediate foreground of American policy was concerned with measures of recovery in the United States and every proposal certainly for the time being must be examined in relation to that program.

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<sup>18</sup> See *Foreign Relations*, 1930, vol. 1, pp. 1 ff; for text of treaty, see *ibid.*, p. 107.

<sup>19</sup> For correspondence relating to the American naval construction program of 1933, see pp. 380 ff.

The Prime Minister said he realized this situation and added, however, that it must not appear that the work and future of the Economic Conference had ceased; rather than postpone action until after Parliament met on November 11th, when questions as to the future of the Conference would undoubtedly be asked, he had decided to take some positive step at once before it might seem that the initiative had been forced upon him.

The Prime Minister then said that as President of the World Economic Conference he had conferred with the English economists Salter, Stamp and Layton yesterday morning, followed by consultations in the afternoon with Lovejoy [*Loveday*]<sup>20</sup> and Stoppani<sup>21</sup> (See Gilbert's telegram from Geneva, 187, September 14, 9 p. m.<sup>22</sup>).

On Monday next Colijn<sup>23</sup> will arrive in London to confer with the Prime Minister on the work of his committee in particular. The Prime Minister indicated that Colijn was very discouraged; that Holland had already denounced the tariff truce, and the Prime Minister personally felt that fresh tariff measures were imminent.

The Prime Minister then informed me in strict confidence that he had decided to make a survey of the work of the Conference. Notice has been given survey would be prepared by the Secretariat of the League and present the situation from the time when "the curtain was rung down on the Economic Conference in July". This survey would analyze economic developments that had taken place in the world since that time and invite particular attention to the fact that the importance of certain situations had diminished in the interim, while other questions had assumed great importance and emphasis. (I understand from the Prime Minister that in this particular connection he had in mind questions of competing currencies in international trade). While the work of this survey would be undertaken by the League Secretariat, the Prime Minister explained that in a considerable measure it would be studied at 10 Downing Street under his supervision. Should the United States Government desire to make any suggestions he would be very glad to consider them as President of the Conference and not as Prime Minister. The survey is to be completed and presented to him, as President, some time early in December and he then intends calling a meeting of the Bureau of the Economic Conference. The Prime Minister had in mind that the Bureau might deliberate on this survey for a period of 10 days or a fortnight and complete its labors previous to January 1, 1934.

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<sup>20</sup> Alexander Loveday, Chief, Financial Section, League of Nations.

<sup>21</sup> Pietro Stoppani, Chief, League of Nations Economic Section.

<sup>22</sup> Not printed.

<sup>23</sup> Hendryk Colijn, President, Netherlands Council of Ministers; Chairman of the Economic Commission.

In conclusion the Prime Minister stated that should occasion arise he would be very glad to continue this purely informal conversation with me. He requested that, if I telegraphed the President that I also convey to you a very warm expression of his regards and deep esteem. [Atherton.]

BINGHAM

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550.S1/1258 : Telegram

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

WASHINGTON, September 22, 1933—7 p. m.

259. Your 270, September 19. Please inform the Prime Minister that I heartily agree with his intention to devote himself, as President of the Economic Conference, to an effort to take positive steps to carry forward the work of the Conference and that he may be assured of my whole-hearted cooperation. I share his belief that present troubled circumstances make more imperative than ever "close accord in leadership among the principal nations". An ingenuity of mind and opportunity should be exercised to prevent the further spread of semi-hostile economic nationalism.

Tell the Prime Minister that I should be glad to be informed fully of the outcome of his discussions with Salter, Stamp, and Layton, with representatives of the League Secretariat, and with Colijn.

The preparation of a survey to be submitted in December for a meeting of the Bureau is an excellent idea. Benefiting by the greater mutual knowledge of each other's difficulties that was secured at London, it is my hope that survey may indicate what the greater nations may undertake as a way towards a new beginning of economic cooperation. Please tell the Prime Minister that I shall be glad to try to make helpful suggestions and wish to suggest that full consideration be given to the possibility of putting into generally acceptable form the proposal regarding commercial policy which the American delegation presented shortly before the adjournment of the Conference.

Perhaps the Prime Minister may wish to authorize Leith-Ross<sup>24</sup> and his colleagues to convey what approaches and ideas he believes worth our mutual consideration.

Inform Atherton that it is very satisfactory that he should continue his informal conversations with the Prime Minister on this subject.

HULL

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<sup>24</sup> Sir Frederick Leith-Ross, Chief Economic Adviser to the British Government.

550.S1/1259 : Telegram

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

LONDON, September 25, 1933—2 p. m.  
 [Received September 25—10:45 a. m.]

276. The Prime Minister saw Atherton this morning and expressed his pleasure in the cordial response of your 259, September 22, 7 p. m., received just before his interview with Colijn. The Prime Minister stated his discussions with Stamp and other English economists were as yet purely exploratory as was this first survey of the situation with Colijn, who will visit London again shortly.

He added that Leith-Ross will sit in at some of his conversations with Colijn tomorrow and will leave for the United States this week with a comprehensive understanding of all that is in the Prime Minister's mind. He will explain MacDonald's viewpoints and will have the Prime Minister's full authority to enter into an exchange of views<sup>25</sup> on all subjects with the President and yourself. The Prime Minister said he realized that the American situation might not permit any immediate commitments but he did want to repeat briefly again that there could be no general extension of international trade nor indeed in his opinion could the administration even determine its own future tariff policy until a more calculable stability should exist in leading foreign exchanges.

The Prime Minister stated that the League Secretariat at his request was studying and attempting to put into form the proposal regarding commercial policy which the American delegation had presented shortly before the adjournment of the Conference.

BINGHAM

550.S1 Economic Commission/102

*The Consul at Geneva (Gilbert) to the Secretary of State*

No. 700 Political

GENEVA, October 19, 1933.  
 [Received October 28.]

SIR: In accordance with the instructions transmitted in the Department's telegram No. 96 of October 5, 11 a. m.,<sup>26</sup> final sentence, I have the honor to state that I am now able to inform the Department regarding the outcome of certain informal exchanges of views respecting the continuation of the work of the Monetary and Economic Conference, which exchanges took place in Geneva during the course of the recent Assembly. The substance of these conversations has been communicated to me by responsible League officials on various occasions,

<sup>25</sup> See pp. 842-846.<sup>26</sup> *Post*, p. 779.

and I have accordingly prepared the summarized statement which is set forth below.

By way of explanation, it will be observed that Mr. Colijn, President of the Economic Commission, was authorized by the Executive Committee of the Conference to take the necessary measures for the rapid execution of certain proposals emanating from the Economic Commission (see page 47 of the Report of the Conference). He accordingly convoked in several sessions, on September 29 and September 30, 1933, certain members of the Economic Committee of the League together with several members of delegations to the Assembly who had participated in the London Conference, for the purpose of gaining personal information as to the present situation and as to the possibility of arranging for the continuation of work in the various spheres referred to in the Conference's resolutions.

Mr. Colijn stated in these meetings that the President of the Conference had taken up this question with him and that he had promised to make a report. Consequently, while reserving the right to make any proposals to Mr. MacDonald, which he deemed desirable, Mr. Colijn wished to take counsel with the Committee members and delegates referred to above before presenting any recommendations to the President of the Conference. Furthermore, Mr. Colijn also recalled the recent decision of the Council of the League (Consulate's despatch No. 689 Political of October 9, 1933<sup>27</sup>) under which a close collaboration was envisaged between him, as representative of the Executive Committee of the Conference, and the Economic Committee of the League.

Unless otherwise indicated, the following participated in the exchange of views:

MM. Germain-Martin	France
Ritter	Germany
Ciancarelli	Italy
Hill	United Kingdom
Roman	Poland
Stucki	Switzerland (Chairman of the Economic Committee)
Ito	Japan (Member of Economic Committee)
de Nickl	Hungary " " " "
Neculcea	Rumania " " " "
Schueller	Austria " " " "

### I. GENERAL QUESTIONS OF COMMERCIAL POLICY

In opening the discussions, Mr. Colijn recalled that in the Council meeting which had approved Mr. Hymans' report<sup>28</sup> on the Monetary

<sup>27</sup> Not printed.

<sup>28</sup> League of Nations, Monetary and Economic Conference, *Report to the Council By His Excellency, M. Paul Hymans, Vice-President of the Monetary and Economic Conference* (C.534.1933.II); see also report by the *Rapporteur* to the Council on economic questions (C.532.1933.II).



and Economic Conference, the President of the Council, Mr. Mowinckel,<sup>29</sup> speaking as representative of Norway, had expressed the desire that a thorough study should be made of the proposals submitted by the American Delegation on matters of commercial policy at the end of the Conference and particularly of the part devoted to the régime of the most-favored-nation clause and the exceptions which might be made in favor of certain collective economic agreements.

The outcome of a detailed discussion on these two proposals showed that the majority of those present were of the opinion that the economic and particularly the monetary situation had not sufficiently developed to make it possible to resume with any useful purpose the discussion on questions of commercial policy such as those contained in the American proposal (application and development of the principle of the tariff truce, reduction of customs duties, most-favored-nation clause, and exceptions in favor of certain collective economic treaties).

Nevertheless, with respect to the most-favored-nation clause, those present agreed with Mr. Colijn as to the desirability of carrying on as far as possible, while confining themselves to the objective observation of facts the studies relating to the application of the clause, in order that when the Conference resumed its work, it should have as accurate as possible a knowledge of the situation. Despite the difficulties of such an enquiry and although some doubt might be entertained as to the value of the results, it was agreed that the Economic Committee should endeavor to collect as much information as possible on the manner in which the most-favored-nation clause was applied in practice under the influence of the crisis.

## II. INDIRECT PROTECTIONISM

The following subjects were considered under this general heading.

### *1. Equitable treatment clause*

The conversations left the impression that the majority of those present had doubts as to the practical utility of inserting in commercial treaties a formula similar to that recommended by Sub-Commission IIIb of the London Conference figuring on page 30 of the Report.

### *2. Indirect Protectionism in relation to Customs Formalities and other questions of Customs Technique*

In view of all the work done by the Economic Committee in the sphere of customs formalities and technique with the help of quali-

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<sup>29</sup> Johan Ludwig Mowinckel, Norwegian Prime Minister, head of the Norwegian delegation to the Monetary and Economic Conference and to the League of Nations.

fied experts and of the national administrations, the Secretariat proposes to submit a program of work to the Economic Committee at its next session. It was agreed to await the Economic Committee's opinion on the best method of putting this program into force.

### *3. Marks of Origin*

At the London Conference a certain unity of views had been manifested as regards some questions of secondary importance, and it was for this reason that the continuation of the work had been provided for.

During the conversation doubts were expressed as to the advisability of resuming this work immediately. Certain members were, however, of the opinion that progress, even on accessory points, should not be neglected, since it might have practical consequences for trade. In these circumstances it was agreed to leave it to the Economic Committee to examine the situation once more, and if necessary to inform Mr. Colijn whether it thought that a meeting would be desirable, and at what date.

### *4. Veterinary Questions*

As regards the conventions prepared by the Economic Committee, the Council has just decided that a Conference will be organized in the course of next year on the basis of the three existing drafts. The Council has nevertheless asked the Economic Committee first of all to give it an opinion on the best method of organizing the work of the Conference with a view to positive results.

### *5. Shipping Subsidies*

Mr. Colijn informed the meeting that Mr. Mowinkel had also, at the time of the adoption of the Council reports on the Monetary and Economic Conference, urged that the work of the London Subcommittee on subsidies to merchant shipping be resumed. The outcome of the discussion on this subject was to the effect that a resumption of the discussions did not appear opportune at the present time, as certain countries of great importance from the point of view of shipping themselves practiced a system of subsidies. The consensus of opinion was that the examination of this problem could only be usefully resumed under two conditions: (a) that it should be taken up in conjunction with that of all other direct and indirect subsidies of whatever nature; (b) that a certain degree of monetary stability was prerequisite.

## III. COORDINATION OF PRODUCTION AND SALE

### *1. Wine*

The general opinion was that in view of the nature of the program drawn up respecting wine by the Monetary and Economic Conference,

it should be left to the producing countries to endeavor to conclude agreements among themselves.

In this connection it was suggested to M. Germain-Martin that the French Government, which had brought the question of wine before the London Conference, might approach the governments of the principal producing countries.

The most qualified body to study those agreements is, as the London Conference's report clearly indicates, the International Wine Office, acting in cooperation on the one hand with the Economic Committee of the League of Nations on the other hand with the International Institute of Agriculture.

### 2. *Coal*

After an exchange of views, Mr. Colijn said that he would suggest to Mr. MacDonald that he should ask the Mines Department to approach British producers with a view to their taking the initiative of calling a meeting of the chief European producers (Great Britain, Germany, Belgium, France, Poland). These negotiations might later be extended to the producers of other countries (such as the Netherlands, Czechoslovakia, etc.).

Possibilities of reaching an understanding having thus been created, the governments concerned would find the ground well-prepared for the possible conclusion of agreements between them.

Mr. Hill (Great Britain) informed the meeting that the Mines Department of his Government had already intervened to ask the Central Coal Board to examine this question. This body's opinion was, however, not yet known.

### 3. *Dairy Products*

Those present were as follows:

Mr. Colijn	Netherlands (Chairman)
Dr. Walter	Germany
Dr. Koehler	Germany
Mr. Wohlin	Sweden
Mr. Stebelski	Poland
Mr. Roman	Poland
Mr. Borberg	Denmark
Mr. Laur	Switzerland
Mr. Stucki	Switzerland
Mr. Longobardi	International Institute of Agriculture

The Chairman pointed out that the London Conference had requested the governments to supply the Secretariat with all the material at their disposal on the question of dairy products, and to state their views on the establishment of an International Milk Council. Only a small number of countries had so far replied to the Secretariat.

The discussions then developed that the problem of dairy products was exceedingly complicated and had not been the subject of a thorough study up to the present. It was therefore decided that Dr. Laur (Switzerland) would make an investigation, through personal contact with national organizations for dairy products, to explore the possibility of an eventual regulation of competition among the big exporting countries by apportionment between themselves of the quotas established by the importing countries. Furthermore it was decided to request the International Institute of Agriculture at Rome, which is preparing a statistical study of the industry with particular reference to international trade in dairy products, to make such information available to the Economic Committee of the League. Finally, it was agreed that this question should be placed upon the agenda of the latter, which, at its next session, would consider the results of the work undertaken and notify Mr. Colijn accordingly.

#### 4. *Timber*

The representation at the meeting on timber was as follows:

Mr. Colijn	Netherlands (Chairman)
Mr. Walter	Germany
Dr. Koehler	Germany
Mr. Wohlin	Sweden
Mr. Wykman	Sweden
Dr. Perne	Yugoslavia
Mr. Manion	Canada
Mr. Kuenz-Jizersky	Czechoslovakia
Mr. Stebelski	Poland
Mr. Neculcea	Rumania
Mr. Schueller	Austria
Mr. Longobardi	International Institute of Agriculture

Following an exchange of views on this question, the general opinion was to the effect that no useful purpose would be served by resuming any international action on this question before the Northern countries (Norway, Sweden, Finland, and Russia) could come to some agreement among themselves.

It was resolved that the Economic Committee would review the question at its next session in November and let the Chairman, Mr. Colijn, have particulars enabling him to fix the date when the Subcommittee on Timber would be asked to resume its work.

#### 5. *Copper*

As the question of copper<sup>30</sup> has already formed the subject of an exchange of telegrams between the Department and this office, the results of the conversations on this commodity are not repeated here.

<sup>30</sup> For correspondence relating to a prospective conference on copper, see pp. 775 ff.

## IV. PUBLIC WORKS

Very serious doubts were raised as to the possibility of obtaining practical results by convening in the near future the Sub-Committee provided for in the Conference's resolutions on this subject.

In view of these meetings being private wherein informal expressions of opinions were made, the foregoing information was imparted to me on a confidential basis.

Respectfully yours,

PRENTISS B. GILBERT

550.S1/1296

*The Acting Secretary of State to the Secretary of State*<sup>31</sup>

WASHINGTON, November 18, 1933.

MY DEAR MR. SECRETARY: It will not surprise you to know that since your departure the movement and agitation in several sections of the Government for tariff changes or various other forms of restrictions of imports have continued, and it is possible that within the near future the Government will be faced with the task of decision on various specific instances.

The developing situation is described in the attached memorandum, which also makes it clear that the chief commercial powers of Europe have freed themselves from obligation under the tariff truce.

I hasten this material to you by air mail. Would you advise me<sup>32</sup> as to what position to take in the event that some situation presents itself involving action on our part in violation of the truce.

Sincerely yours,

WILLIAM PHILLIPS

[Enclosure]

## DECLINE OF THE TARIFF TRUCE

[WASHINGTON,] November 16, 1933.

Of the 60 original signatories to the tariff truce, Venezuela, Irish Free State, The Netherlands, Sweden, Switzerland and, as announced November 7, Great Britain, have formally withdrawn.

France and Italy have practically withdrawn. The text of the Italian action announced in the newspapers November 13 is not available, but its substance is as follows:

"Following denunciation by certain powers of the tariff truce, Italy reserves entire liberty of action in adopting whatever measures may be considered necessary.

<sup>31</sup> The Secretary of State was en route to the Seventh International Conference of American States at Montevideo, Uruguay.

<sup>32</sup> No reply found in Department files.

- “(1) To safeguard vital interests of the country and to modify customs duties affecting certain important branches of domestic industry;  
“(2) To make technical changes in tariffs;  
“(3) To determine her attitude whenever she may be free from certain obligations by total or partial replacement of present commercial agreements by new ones.”

The French action was communicated on October 12 to the Secretary General of the Monetary and Economic Conference “that the French Government, while still acceding to the truce, is obliged, for constitutional reasons, to reserve Parliament’s right of initiative in tariff matters. It is also obliged, like various other Governments, to reserve its right to make any arrangements which the protection of the vital interests of the country may render necessary.”

Germany’s original accession to the tariff truce was hedged by a reservation that in view of its peculiar situation Germany might take any action it deemed necessary in the tariff field. Thus the great commercial powers of Western Europe have freed their hands.

The United States has not reserved from the tariff truce the right to exercise the import regulation powers granted the President under the Industrial Recovery Act.<sup>33</sup> It would be difficult to argue that a tariff increase or import restriction imposed under those powers would not violate the tariff truce.

The Imports Division of the National Recovery Administration announced a day or two ago that requests for tariff action had been received in regard to cotton rugs, cotton Oriental rugs, wood-encased lead pencils, matches, wool felt hat bodies, watches and watch movements. Action has also been requested on quick-silver and antimony metal.

Another possible source of acts which may be hard to reconcile with the tariff truce is the imposition of compensatory taxes on articles regarded as competitive with articles subjected to processing taxes under the Agricultural Adjustment Act.<sup>34</sup> The Agricultural Adjustment Administration on November 2 held hearings to discuss whether compensatory taxes should not be imposed on malt, barley and rye, as products competitive with corn, and on cattle and calves, sheep and lambs, vegetable oils including cottonseed oil, palm oil and cocoanut oil, fish and seafoods, and poultry and eggs, as articles competitive with hogs. On November 9 hearings were held on compensatory taxes on rayon or other synthetic yarns, silk, flax, wool and mohair, as competitive with cotton. It is probably in this field of compensatory taxation that reports have originated of possible increased taxes on imported canned beef.

<sup>33</sup> 48 Stat. 22.

<sup>34</sup> 48 Stat. 31.

In our adhesion to the tariff truce, this Government expressly will reserve the right to impose compensatory duties on commodities subjected to processing taxation, when the duties are applied to the same identical commodities. The further question of whether the reservation might be construed to cover taxes on commodities only indirectly competitive is lost in the obscurity of the discussion that took place. We might be able to make a defense of our action especially as regards agricultural products, but the action would be likely nevertheless to leave the impression abroad that the restricting force of the tariff truce on this Government had little value.

There are also possibilities that code authorities may influence import restrictions under their general powers. For example, domestic oil producers continue to urge a definite restriction on imports of oil in view of the definite restrictions on domestic production.

If the United States is likely to violate the truce, it might be better to withdraw with dignity from it on some appropriate occasion. The recent French, British and Italian actions might afford such occasion.

It has been suggested that while withdrawing from the general truce the United States might propose a Pan American truce<sup>35</sup> restricted to assurances regarding products of which the signatory countries were principal sources. A pledge of this kind might be regarded as a promise by the United States not to increase duties on or restrict imports of petroleum, canned beef, wool and other Latin American products which may come under regulation under existing Executive powers. There would be some risk in this. Also it is to be noted that compensatory exchange agreements becoming prevalent in Latin America restrict American exports to those countries and would probably not be prevented by the tariff truce while the negotiating possibilities of the United States might be restricted by the truce.

550.S1/1318

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

No. 387

LONDON, December 16, 1933.

[Received December 26.]

SIR: I have the honor to refer to the Embassy's telegram No. 276, September 25, 2 p. m., and previous, and to state that the Prime Minister sent for me on December 14th, as the remaining representative of the American Delegation to the World Economic Conference. He explained that after his consultation with Stamp and other English economists they had attempted to prepare a memorandum for limited

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<sup>35</sup> For correspondence relating to Mr. Hull's economic proposal introduced at Montevideo, see vol. iv, pp. 157-205 *passim*.

circulation in line with the suggestion contained in the second paragraph of your telegram No. 259, September 22, 7 p. m. It had been contended, however, by the British authorities consulted that any such memorandum, even given a limited circulation by Mr. MacDonald as President of the World Economic Conference, would be interpreted as a memorandum coming from the British Government, through its Prime Minister, even though this document might contain *inter alia* suggestions dealing with the policy of the British Government itself. Accordingly, the plan for distributing this memorandum had been abandoned. Furthermore, the Prime Minister added, the survey of the work of the Economic Conference (reported in the next to the last paragraph of the Embassy's telegram No. 270, September 19, 12 noon) had proven valueless since the preparatory work of the League Secretariat when presented to the Economic Council of the League of Nations in November had resulted in a final report<sup>36</sup> by that body of such a general nature as to be practically of no value. Nevertheless, the Prime Minister continued, the intense nationalism of the world today was daily augmenting economic evils, and he felt it his duty, not only to enable him to reply to criticisms, but to meet the situation as President, to make every endeavor to maintain the continuity of the Conference.

The Prime Minister then added that he was addressing a personal note, as President, to the various "rapporteurs" of the Economic Conference, submitting certain data, and also calling upon the various Governments addressed for suggestions or surveys in connection with the future work of the Conference. Since the Chairman of the American Delegation was absent from the United States and Governor Cox, Chairman of the Monetary Committee, was not in Washington, the Prime Minister stated that, in accordance with the suggestion made to him by Secretary of State Hull, in this matter of the work of the Conference he would address his note intended for the American "rapporteur" to me.<sup>37</sup> Mr. MacDonald stated that he expected this note would be prepared next week. Immediately upon its receipt I shall have it copied and forward it to the Department, together with a

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<sup>36</sup> League of Nations, Economic Committee, *Report to the Council on the Work of the Fortieth Session held at Geneva from November 14th to November 17th, 1933* (Official No. : C.643.M.306.1933.IIB.).

<sup>37</sup> On December 18, 1933, the Prime Minister read to Mr. Atherton "the draft of a note he was intending to send to the various 'rapporteurs' of the World Economic Conference, seeking suggestions as to future effective work by this body." (Enclosure with despatch No. 388, December 18, 1933, from the Chargé in Great Britain, p. 345.) On January 30, 1934, Mr. Atherton reported to the Department that the Embassy files revealed no trace of receipt or transmission of such a note to the Department (550.S1/1332). A reply of February 7, 1934, to his request for a search of the Department files stated: "Copy not available." (550.S1/1333.)



duplicate copy addressed to Governor Cox as Chairman of the Monetary Committee, to comply with the evident intention of the Prime Minister, for delivery in the discretion of the Department of State.

In the course of the conversation the Prime Minister made an interesting aside that early in the autumn, in return for a distinct understanding that the 15 per cent. discriminatory tax against British products would be discontinued, the French Government had been permitted to raise money in the London market. However, when these funds had been obtained the French Government had failed to live up to its agreement. It was with this situation in mind, and to have a free hand to meet it, Mr. MacDonald stated, that the British Government had given its notice of withdrawal from the Tariff Truce.<sup>38</sup> The Prime Minister stated that the thirty days' notice was almost up and that with the termination of this period the situation looked somewhat better and a very real possibility existed that the French Government would withdraw the 15 per cent. surtax without retaliatory measures being imposed by Great Britain.

Respectfully yours,

RAY ATHERTON

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<sup>38</sup> Effective December 7, 1933.

MEMORANDUM OF AGREEMENT ON SILVER BETWEEN  
THE UNITED STATES AND CERTAIN OTHER POWERS,  
SIGNED AT LONDON, JULY 22, 24, AND 26, 1933

Executive Agreement Series No. 63

*Memorandum of Agreement Between the United States of America, Australia, Canada, China, India, Mexico, Peru and Spain, With Supplementary Undertakings, Signed at London, July 22, 24, and 26, 1933*<sup>1</sup>

MEMORANDUM OF HEADS OF AGREEMENT entered into by the Delegates of India, China and Spain as holders of large stocks or users of silver, and of Australia, Canada, the United States, Mexico and Peru as principal producers of silver, at the Monetary and Economic Conference held in London, July, 1933.

Whereas, at a meeting of the Sub-Commission II (Permanent Measures) of the Monetary and Financial Commission of the Monetary and Economic Conference held on Thursday, July 20th, 1933, the following Resolution was unanimously adopted.<sup>2</sup>

“Be it resolved to recommend to all the Governments parties to this Conference:

“(a) That an agreement be sought between the chief silver producing countries and those countries which are the largest holders or users of silver with a view to mitigating fluctuations in the price of silver; and that the other nations not parties to this agreement should

<sup>1</sup> Ratification by Proclamation of the President, December 21, 1933.

Ratifications deposited with the Department of State: Australia, February 16, 1934; Canada, March 28, 1934; China, March 27, 1934; India, March 21, 1934; Mexico, March 26, 1934; Peru, April 24, 1934; Spain, April 24, 1934; United States, December 21, 1933.

Notice of affirmative action by Australia and Peru accepted as an instrument of ratification in accordance with section 8.

China and Spain deposited formal instruments of ratification on May 14 and May 8, 1934, respectively. In the ratification by China of the silver agreement, dated March 21, 1934, reference is made to the resolution adopted July 20, 1933, by the Sub-Commission II (Permanent Measures) of the Monetary and Financial Commission of the Monetary and Economic Conference at London, and a reservation is made as follows:

“In ratifying this Agreement, the National Government of China declares that as silver is the basic monetary standard of China, the National Government will consider itself at liberty to take whatever action it may deem appropriate, if, in its opinion, changes in the relative values of gold and silver adversely affect the economic condition of the Chinese people, contrary to the spirit of stabilizing the price of silver as embodied in this Agreement.”

<sup>2</sup> League of Nations, *Journal of the Monetary and Economic Conference*, pp. 208-209.

refrain from measures which could appreciably affect the silver market;

“(b) That the Governments parties to this Conference shall refrain from new legislative measures which would involve further debasement of their silver coinage below a fineness of 800/1000;

“(c) That they shall substitute silver coins for low value paper currency insofar as the budgetary and local conditions of each country will permit;

“(d) That all of the provisions of this Resolution are subject to the following exceptions and limitations:

“The requirements of such provisions shall lapse on April 1st, 1934, if the agreement recommended in paragraph (a) does not come into force by that date, and in no case shall extend beyond January 1st, 1938;

“Governments may take any action relative to their silver coinage that they may deem necessary to prevent the flight or destruction of their silver coinage by reason of a rise in the bullion price of the silver content of their coin above the nominal or parity value of such silver coin,” and,

Whereas, the Governments of India and Spain may desire to sell certain portions of their silver holdings, and it will be to their advantage that the countries which are large producers of silver should absorb silver as herein provided, to offset such sales, and,

Whereas, it is to the advantage of the large producing countries named in Article 2 that the sales of silver from monetary stocks be limited as herein provided, and

Whereas, it is to the advantage of China that sales from monetary stocks of silver be offset by purchases as herein provided, with a view to its effective stabilisation;

Now, therefore, it is agreed between the parties hereto:

1. (a) That the Government of India shall not dispose by sale of more than one hundred and forty million fine ounces of silver during a period of four years, commencing with January 1st, 1934. The disposals during each calendar year of the said four year period shall be based on an average of thirty five million fine ounces per year, it being understood, however, that, if in any year, the Government of India shall not dispose of thirty five million fine ounces, the difference between the amount actually disposed of and thirty five million fine ounces may be added as additional disposals in subsequent years. Provided further that the maximum amount disposed of in any year shall be limited to fifty million fine ounces.

(b) Notwithstanding anything previously stated in this Article, it is understood that if the Government of India should after the date of this agreement sell silver to any Government for the purpose of transfer to the United States Government in payment of war debts such silver shall be excluded from the scope of this agreement;

(c) Provided, however, that when the total of the disposals referred to in paragraph (a) above plus the sales referred to in paragraph (b) above by the Government of India under this agreement

shall amount to one hundred and seventy five million fine ounces, the obligation of the parties hereto shall cease.

2. That the Governments of Australia, Canada, the United States, Mexico and Peru, during the existence of this agreement, shall not sell any silver, and shall also in the aggregate purchase, or otherwise arrange for withdrawing from the market, thirty five million fine ounces of silver from the mine production of such countries in each calendar year for a period of four years commencing with the calendar year 1934. The said Governments undertake to settle by agreement the share in the said thirty five million fine ounces which each of them shall purchase or cause to be withdrawn.

3. That the silver purchased or withdrawn in accordance with Article 2 above shall be used for currency purposes (either for coinage or for currency reserves), or be otherwise retained from sale during said period of four years.

4. That the Government of China shall not sell silver resulting from demonetised coins for a period of four calendar years commencing January 1st, 1934.

5. That the Government of Spain shall not dispose by sale of more than twenty million fine ounces of silver during a period of four years commencing January 1st, 1934. The disposals during each calendar year of the said four year period shall be based on an average of five million fine ounces per year; it being understood, however, that if in any year the Government of Spain shall not dispose of five million fine ounces, the difference between the amount actually disposed of and five million fine ounces may be added as additional disposals in subsequent years; provided further that the maximum amount disposed of in any year shall be limited to seven million fine ounces.

6. That the Governments concerned will exchange all such information as may be necessary with regard to the measures to fulfil the provisions of this memorandum of agreement.

7. That it is understood, that subject to the provisions of Article 8, the undertakings of each party to the present memorandum of agreement are conditional upon the fulfilment of the undertakings of every other party thereto.

8. That this memorandum of agreement is subject to ratification by the Governments concerned. The instruments of ratification shall be deposited not later than the 1st April, 1934,<sup>3</sup> with the Government of the United States. It shall come into force as soon as the ratifications of all the Governments concerned are received provided that all the ratifications are received before the 1st April, 1934. A notice by any Government that the affirmative action necessary to carry out the purposes of this agreement has been taken will be accepted as an instrument of ratification. Nevertheless, if one or more of the Governments enumerated in Article 2 fail to ratify by the 1st April, 1934, the agreement shall come into force at that date if the other Governments mentioned in Article 2 which have ratified notify the other Governments which ratify that they are prepared to purchase, or cause to be withdrawn, in the aggregate the amount of silver mentioned in Article 2. The Government of the United States is requested to take such steps as may be necessary for the purpose of the conclusion of this agreement.

<sup>3</sup> Extended to May 1, 1934, by agreement of all of the signatories.

IN WITNESS WHEREOF the undersigned have signed the present memorandum of agreement.

DONE at London this 22nd day of July, 1933, in a single copy which shall be deposited in the archives of the Government of the United States.

S. M. BRUCE

*Delegate of Australia.*

EDGAR N. RHODES

*Delegate of Canada.*

W. W. YEN

*Delegate of China.*

KEY PITTMAN

*Delegate of United States  
of America.*

GEORGE SCHUSTER

*Delegate of India.*

EDUARDO SUÁREZ

*Delegate of Mexico.*

F. TUDELA

*Delegate of Peru.*

L. NICOLAU D'OLWER

*Delegate of Spain.*

#### SUPPLEMENTARY UNDERTAKINGS

##### UNITED STATES OF AMERICA

In connection with the attached memorandum of heads of agreement<sup>4</sup> entered into by the Delegates of India, China and Spain as holders of large stocks or users of silver, and of Australia, Canada, the United States, Mexico and Peru, as principal purchasers of silver, it is understood that the Government of the United States shall purchase or otherwise arrange for withdrawing from the market, as in the attached memorandum of agreement provided, twenty-four million, four hundred and twenty-one thousand, four hundred and ten, fine ounces of silver in each calendar year beginning with the calendar year 1934.

This understanding is conditioned upon similar undertakings being entered into by the Governments of Australia, Canada, Mexico and Peru whereby those Governments agree to purchase or otherwise arrange for withdrawing from the market of amounts of fine ounces of silver which, with the obligation hereby entered into, will make in the aggregate thirty-five million fine ounces of silver annually.

<sup>4</sup> *Supra.*

It is understood that this agreement and the similar agreements to be entered into by the Delegates of the Governments of Australia, Canada, Mexico, and Peru, are subject to the following general provisions:

1. That every provision of this agreement shall terminate on January 1, 1938.

2. That the absorption of silver referred to in this agreement means current mine production.

3. That when the Government of India shall have sold, transferred or otherwise disposed of Government stocks of silver to the net amount of one hundred and seventy-five million fine ounces, as provided in paragraph (c) of Article 1 of the attached memorandum of heads of agreement, the obligations of governments to purchase under this contract shall cease.

4. That this memorandum is subject to ratification by the proper governmental authorities of the United States whose delegate has executed this agreement, and the undersigned delegate undertakes to use his good offices to secure such action at the earliest possible date.

5. That this understanding shall come into force as soon as the ratifications of all the governments concerned are received, provided that all the ratifications are received before the 1st of April, 1934.<sup>5</sup> A notice by any government, party to this understanding, that the affirmative action necessary to carry out the purposes of this understanding has been taken will be accepted as an instrument of ratification. Nevertheless, if one or more of the governments parties to this understanding have failed to ratify by the first of April, 1934, the understanding shall go into force and effect at that date if the other governments parties to this understanding have ratified the understanding and have given notice that they are prepared to purchase or cause to be withdrawn in the aggregate these thirty-five million fine ounces of silver. The Government of the United States is requested to take such steps as may be necessary for the purpose of the conclusion of this agreement.

IN WITNESS WHEREOF, the undersigned have signed this memorandum of agreement.

DONE at London this 26th day of July, 1933, in a single copy which shall be deposited in the archives of the Government of the United States.

KEY PITTMAN

*Delegate of the United States*

AUSTRALIA

In connection with the attached memorandum of heads of agreement entered into by the Delegates of India, China and Spain as holders of large stocks or users of silver, and of Australia, Canada, the United States, Mexico and Peru, as principal purchasers of

<sup>5</sup> See footnote 3, p. 765.

silver, it is understood that the Government of Australia shall purchase or otherwise arrange for withdrawing from the market, as in the attached memorandum of agreement provided, six hundred and fifty-two thousand, three hundred and fifty-five fine ounces of silver in each calendar year beginning with the calendar year 1934.

This understanding is conditioned upon similar undertakings being entered into by the Governments of Canada, the United States, Mexico and Peru whereby those Governments agree to purchase or otherwise arrange for withdrawing from the market of amounts of fine ounces of silver which, with the obligation hereby entered into, will make in the aggregate thirty-five million fine ounces of silver annually.

It is understood that this agreement and the similar agreements to be entered into by the Delegates of the Governments of Canada, the United States, Mexico and Peru, are subject to the following general provisions:

1. That every provision of this agreement shall terminate on January 1, 1938.

2. That the absorption of silver referred to in this agreement means current mine production.

3. That when the Government of India shall have sold, transferred or otherwise disposed of Government stocks of silver to the net amount of one hundred and seventy-five million fine ounces, as provided in paragraph (c) of Article 1 of the attached memorandum of heads of agreement, the obligations of governments to purchase under this contract shall cease.

4. That this memorandum is subject to ratification by the proper governmental authorities of Australia whose delegate has executed this agreement, and the undersigned delegate undertakes to use his good offices to secure such action at the earliest possible date.

5. That this understanding shall come into force as soon as the ratifications of all the governments concerned are received, provided that all the ratifications are received before the 1st of April, 1934.<sup>6</sup> A notice by any government, party to this understanding, that the affirmative action necessary to carry out the purposes of this understanding has been taken will be accepted as an instrument of ratification. Nevertheless, if one or more of the governments parties to this understanding have failed to ratify by the first of April, 1934, the understanding shall go into force and effect at that date if the other governments parties to this understanding have ratified the understanding and have given notice that they are prepared to purchase or cause to be withdrawn in the aggregate these thirty-five million fine ounces of silver. The Government of the United States is requested to take such steps as may be necessary for the purpose of the conclusion of this agreement.

IN WITNESS WHEREOF, the undersigned have signed this memorandum of agreement.

<sup>6</sup> See footnote 3, p. 765.

DONE at London this 26th day of July, 1933, in a single copy which shall be deposited in the archives of the Government of the United States.

S. M. BRUCE  
*Delegate of Australia*

## CANADA

In connection with the attached memorandum of heads of agreement entered into by the Delegates of India, China and Spain as holders of large stocks or users of silver, and of Australia, Canada, the United States, Mexico and Peru, as principal purchasers of silver, it is understood that the Government of Canada shall purchase or otherwise arrange for withdrawing from the market, as in the attached memorandum of agreement provided, one million, six hundred and seventy-one thousand, eight hundred and two fine ounces of silver in each calendar year beginning with the calendar year 1934.

This understanding is conditioned upon similar undertakings being entered into by the Governments of Australia, United States, Mexico, and Peru, whereby those Governments agree to purchase or otherwise arrange for withdrawing from the market of amounts of fine ounces of silver which, with the obligation hereby entered into, will make in the aggregate thirty-five million fine ounces of silver annually.

It is understood that this agreement and the similar agreements to be entered into by the Delegates of the Governments of Australia, the United States, Mexico, and Peru are subject to the following general provisions:

1. That every provision of this agreement shall terminate on January 1, 1938.

2. That the absorption of silver referred to in this agreement means current mine production.

3. That when the Government of India shall have sold, transferred or otherwise disposed of Government stocks of silver to the net amount of one hundred and seventy-five million fine ounces, as provided in paragraph (c) of Article 1 of the attached memorandum of heads of agreement, the obligations of governments to purchase under this contract shall cease.

4. That this memorandum is subject to ratification by the proper governmental authorities of Canada whose delegate has executed this agreement, and the undersigned delegate undertakes to use his good offices to secure such action at the earliest possible date.

5. That this understanding shall come into force as soon as the ratifications of all the governments concerned are received, provided that all the ratifications are received before the 1st of April, 1934.<sup>7</sup> A notice by any government, party to this understanding, that the affirmative action necessary to carry out the purposes of this understanding has been taken will be accepted as an instrument of ratifica-

<sup>7</sup> See footnote 3, p. 765.



tion. Nevertheless, if one or more of the governments parties to this understanding have failed to ratify by the first of April, 1934, the understanding shall go into force and effect at that date if the other governments parties to this understanding have ratified the understanding and have given notice that they are prepared to purchase or cause to be withdrawn in the aggregate these thirty-five million fine ounces of silver. The Government of the United States is requested to take such steps as may be necessary for the purpose of the conclusion of this agreement.

IN WITNESS WHEREOF, the undersigned have signed this memorandum of agreement.

DONE at London this twenty fourth day of July, 1933, in a single copy which shall be deposited in the archives of the Government of the United States.

EDGAR N. RHODES  
*Delegate of Canada*

#### MEXICO

In connection with the attached memorandum of heads of agreement entered into by the Delegates of India, China and Spain as holders of large stocks or users of silver, and of Australia, Canada, the United States, Mexico and Peru, as principal purchasers of silver, it is understood that the Government of Mexico shall purchase or otherwise arrange for withdrawing from the market, as in the attached memorandum of agreement provided, seven million, one hundred and fifty-nine thousand, one hundred and eight fine ounces of silver in each calendar year beginning with the calendar year 1934.

This understanding is conditioned upon similar undertakings being entered into by the Governments of Australia, Canada, United States and Peru whereby those Governments agree to purchase or otherwise arrange for withdrawing from the market of amounts of fine ounces of silver which, with the obligation hereby entered into, will make in the aggregate thirty-five million fine ounces of silver annually.

It is understood that this agreement and the similar agreements to be entered into by the Delegates of the Governments of Australia, Canada, the United States, and Peru, are subject to the following general provisions:

1. That every provision of this agreement shall terminate on January 1, 1938.
2. That the absorption of silver referred to in this agreement means current mine production.
3. That when the Government of India shall have sold, transferred or otherwise disposed of Government stocks of silver to the net amount of one hundred and seventy-five million fine ounces, as provided in paragraph (c) of Article 1 of the attached memorandum

of heads of agreement, the obligations of governments to purchase under this contract shall cease.

4. That this memorandum is subject to ratification by the proper governmental authorities of Mexico whose delegate has executed this agreement, and the undersigned delegate undertakes to use his good offices to secure such action at the earliest possible date.

5. That this understanding shall come into force as soon as the ratifications of all the governments concerned are received, provided that all the ratifications are received before the 1st of April, 1934.<sup>8</sup> A notice by any government, party to this understanding, that the affirmative action necessary to carry out the purposes of this understanding has been taken will be accepted as an instrument of ratification. Nevertheless, if one or more of the governments parties to this understanding have failed to ratify by the first of April, 1934, the understanding shall go into force and effect at that date if the other governments parties to this understanding have ratified the understanding and have given notice that they are prepared to purchase or cause to be withdrawn in the aggregate these thirty-five million fine ounces of silver. The Government of the United States is requested to take such steps as may be necessary for the purpose of the conclusion of this agreement.

IN WITNESS WHEREOF, the undersigned have signed this memorandum of agreement.

DONE at London this 24 day of July, 1933, in a single copy which shall be deposited in the archives of the Government of the United States.

EDUARDO SUÁREZ  
*Delegate of Mexico.*

PERU

In connection with the attached memorandum of heads of agreement entered into by the Delegates of India, China and Spain as holders of large stocks or users of silver, and of Australia, Canada, the United States, Mexico and Peru, as principal purchasers of silver, it is understood that the Government of Peru shall purchase or otherwise arrange for withdrawing from the market, as in the attached memorandum of agreement provided, one million, ninety-five thousand, three hundred and twenty-five fine ounces of silver in each calendar year beginning with the calendar year 1934.

2. This understanding is conditioned upon similar undertakings being entered into by the Governments of Australia, Canada, United States and Mexico whereby those Governments agree to purchase or otherwise arrange for withdrawing from the market of amounts of fine ounces of silver which, with the obligation hereby entered into, will make in the aggregate thirty-five million fine ounces of silver annually.

It is understood that this agreement and the similar agreements to be entered into by the Delegates of the Governments of Australia,

<sup>8</sup> See footnote 3, p. 765.

Canada, the United States, and Mexico, are subject to the following general provisions:

1. That every provision of this agreement shall terminate on January 1, 1938.

2. That the absorption of silver referred to in this agreement means current mine production.

3. That when the Government of India shall have sold, transferred or otherwise disposed of Government stocks of silver to the net amount of one hundred and seventy-five million fine ounces, as provided in paragraph (c) of Article 1 of the attached memorandum of heads of agreement, the obligations of governments to purchase under this contract shall cease.

4. That this memorandum is subject to ratification by the proper governmental authorities of Peru whose delegate has executed this agreement, and the undersigned delegate undertakes to use his good offices to secure such action at the earliest possible date.

5. That this understanding shall come into force as soon as the ratifications of all the governments concerned are received, provided that all the ratifications are received before the 1st of April, 1934.<sup>9</sup> A notice by any government, party to this understanding, that the affirmative action necessary to carry out the purposes of this understanding has been taken will be accepted as an instrument of ratification. Nevertheless, if one or more of the governments parties to this understanding have failed to ratify by the first of April, 1934, the understanding shall go into force and effect at that date if the other governments parties to this understanding have ratified the understanding and have given notice that they are prepared to purchase or cause to be withdrawn in the aggregate these thirty-five million fine ounces of silver. The Government of the United States is requested to take such steps as may be necessary for the purpose of the conclusion of this agreement.

IN WITNESS WHEREOF, the undersigned have signed this memorandum of agreement.

DONE at London this 24 day of July, 1933, in a single copy which shall be deposited in the archives of the Government of the United States.

F. TUDELA  
*Delegate of Peru.*

550.S1 Monetary Commission/56

*The Chief of the Treaty Division (Barnes) to the Acting Secretary of State*

[WASHINGTON,] January 16, 1934.

DEAR MR. PHILLIPS: Mr. Moore<sup>10</sup> and I (not the Solicitor<sup>11</sup> of the Department) had a conference with Senator Pittman at the latter's

<sup>9</sup> See footnote 3, p. 765.

<sup>10</sup> Robert Walton Moore, Assistant Secretary of State.

<sup>11</sup> Green Haywood Hackworth, Legal Adviser.

office on December 14, 1933, at which we discussed informally the treaty program with reference both to treaties already sent to the Senate and not yet acted upon and the treaties which the Department probably would recommend to the President for transmission during the present session of Congress.

We readily agreed with Senator Pittman that it was not necessary to deal with the silver agreement as a treaty, when he informed us that it was not the intention of the negotiators who signed it on behalf of the different countries that it should be regarded as a treaty, but that it might be put into operation by legislative or administrative action in each country as was intended by the negotiators. Inasmuch as none of the other governments intend to regard the agreement as a treaty, it would only create confusion for the United States to deal with it as a treaty.

It was not our intention to raise the question in your letter of December 29, last,<sup>12</sup> to the President whether the President had authority to take the action necessary to fulfill the terms of the agreement by proclamation but only the question that as there is no declaration in the proclamation<sup>13</sup> that it is a ratification of the London agreement nor is there any instruction from the President to the Secretary of State to that effect, there is not a formal record that the proclamation is intended as such a ratification.

While the officers of the Department, including Mr. Moore, who have considered the agreement and the proclamation are satisfied that the proclamation directs the Secretary of the Treasury to take action which will result in the fulfillment of the silver agreement on the part of the United States, they feel that authority to regard the proclamation as operating as a ratification of the agreement should come directly from the President to the Department of State. In the press statement regarding the proclamation released by the White House on December 21, 6 p. m., it is said that the President stated, "Under the clear authority granted to me by the last session of the Congress, I have today, by proclamation, proceeded to ratify the London agreement with regard to silver. . . ." <sup>14</sup> It was thought that the President might make a similar statement in a letter to the Acting Secretary of State or might merely endorse "OK" with his initials on your letter of December 29, 1933, to him and return it to the Department. If he would now make such an endorsement near the beginning of the second paragraph of page 2 of Senator Pittman's letter to him <sup>15</sup> and return this letter to the Department, the Department would feel that it had

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<sup>12</sup> Not printed.

<sup>13</sup> Proclamation of December 21, 1933; 48 Stat. 1723.

<sup>14</sup> For complete text of the White House press release, see Department of State, *Press Releases*, December 30, 1933, p. 365.

<sup>15</sup> January 9, 1934; not printed.

authority to regard the proclamation as a ratification of the silver agreement and would have no difficulty in preparing the notices which it is the duty of this Government as the depositary of the agreements to give to the other parties.

It is suggested that you might make the suggestion of an endorsement on Senator Pittman's letter informally to the President at the next opportunity and that it is not necessary to add to the file of correspondence.

CHARLES M. BARNES

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550.S1 Monetary Commission/58

*The Acting Secretary of State to the Chief of the Treaty Division  
(Barnes)*

[WASHINGTON,] January 17, 1934.

MR. BARNES: I took this matter up with the President yesterday and asked him to initial his O. K., if he approved, opposite the second paragraph of Senator Pittman's letter. Inadvertently he initialed at the top of the letter,<sup>16</sup> but you may take his O. K. as indicating that the proclamation constitutes ratification.

WILLIAM PHILLIPS

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550.S1 Monetary Commission/53: Circular telegram

*The Secretary of State to the Minister in China (Johnson)*<sup>17</sup>

WASHINGTON, January 24, 1934—3 p. m.

In conformity with Section 8, Silver Agreement, signed London July 22, 1933, notify Government of China:

(1) Said Agreement and allotment agreement, signed for United States, London, July 26, 1933, ratified by the President by proclamation December 21, 1933.

(2) Government United States notified by Australian High Commissioner, London, under date December 19, 1933, through Amembassy there, agreement ratified by Australian Parliament and first Quarterly deposit silver will be made about March 31, 1934.

HULL

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<sup>16</sup> The notation was as follows: "This is O. K. FDR Jan 16" (550.S1 Monetary Commission/57).

<sup>17</sup> The same, *mutatis mutandis*, January 24, to the Ambassadors in Mexico, Peru, and Spain; to the Minister in Canada; and substantially the same telegram, January 24, to the Ambassador in Great Britain for notification to the High Commissioners of Australia and India.

## ATTITUDE OF THE UNITED STATES TOWARD NEGOTIATION OF AN INTERNATIONAL AGREEMENT ON COPPER PRODUCTION

550.S1 Economic Commission/80 : Telegram

*The Secretary of State to the Consul at Geneva (Gilbert)*

WASHINGTON, September 14, 1933—4 p. m.

87. Please consult Stoppani<sup>1</sup> and ask him whether he believes it possible to proceed in regard to an international copper agreement along the same course that was followed in preparing for the international wheat agreement.<sup>2</sup> Would it be feasible for the Secretariat acting with the authorization of the permanent organization of the Economic Conference to arrange for conversations through a meeting of experts of the important copper producing countries, and on the basis of their joint conclusions to decide the question of possible future action?

You will recall that the American Delegation at London submitted and the Conference adopted a resolution<sup>3</sup> which proposed that the Governments of the copper producing countries submit to the Secretary General of the Economic Conference before September 15 their ideas on this subject "with a view to the summoning of a suitable meeting to examine whether it is possible and expedient to conclude an agreement".

If necessary to brief the proposal by expounding the general world copper situation, the danger of overproduction and intense competition in the world market, the American Government will transmit such a brief at once, but the facts are rather obvious. If the Secretariat acting for the Conference can take this initiative the American Government would be willing to proceed as it did in regard to wheat and directly inform the governments of the other producing countries of its interest in the matter and express the wish that they participate in the conversations.

You might take this occasion to tell Stoppani that you are instructed by your Government to express to him and the rest of the Secretariat its appreciation of the assistance they rendered to the formulation of the wheat agreement.

HULL

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<sup>1</sup> Pietro Stoppani, Chief, League of Nations Economic Section.

<sup>2</sup> For correspondence relating to negotiation of this agreement, see pp. 787 ff.

<sup>3</sup> League of Nations, Monetary and Economic Conference, *Report of the Bureau to the Conference* (Official No.: Conf. M.E.22), pp. 27-28.

550.S1 Economic Commission/85 : Telegram

*The Consul at Geneva (Gilbert) to the Secretary of State*

GENEVA, September 28, 1933—5 p. m.

[Received 5:32 p. m.]

202. Department's 87, September 14, 4 p. m.

1. Stoppani informs me that in his preliminary exploration of the question, as forecast in my 190, September 15, 4 [9] p. m.,<sup>4</sup> paragraph 3, he finds that the British, while they had originally felt that adjustments in the international copper situation might better be left to private producers, are now, in view of the interest of the United States, inclined to be willing to participate in intergovernmental conversations.

2. Stoppani further informs me that Colijn, by virtue of his position as described in my 187, September 14, 9 a. m. [*p. m. ?*],<sup>5</sup> paragraph 2, had called together for 9 a. m., next Saturday a small group in order to examine the possibility of proceeding with the question of copper in any form. Those who will be present are Van Langenhove of the Belgian Foreign Office for the Belgian Congo, Hill of the British Board of Trade for Northern Rhodesia, the Chilean Minister at Brussels, Riddle for Canada, and a representative each for Bolivia and Peru.

3. Stoppani stressing the entirely informal character of this inquiry asked if the United States desired to have anyone present.

4. My personal comment is that for the single purpose of displaying our interest, our presence is scarcely necessary as our position in general has already confidentially been made known by Stoppani in exploring the situation. The only purposes which I can see could be served are:

(a) A confirmatory indication of our presence as listeners which would also afford an opportunity of learning the trend to the conversations. (I could, however, obtain this later);

(b) An opportunity for the Department to convey a general assertion of our interest or some more detailed or specific statement.

Please instruct.

GILBERT

550.S1 Economic Commission/86 : Telegram

*The Secretary of State to the Consul at Geneva (Gilbert)*

WASHINGTON, September 29, 1933—6 p. m.

95. Your 190, September 15, 9 p. m.<sup>4</sup> and 202, September 28, 5 p. m. The Department regrets the extremely short notice given by Stoppani

<sup>4</sup> Not printed.

<sup>5</sup> Not printed; Colijn was authorized by the Bureau of the Conference to handle questions relating to coordination, production, and marketing.

of the intended meeting to consider the question of a possible international copper agreement. It nevertheless welcomes the fact that the subject is to be considered and believes it advisable that there be an American present.

You are instructed to attend the meeting tomorrow morning and authorized to make clear that the American Government is prepared to support the general idea of an international agreement for the regulation of the production and world trade of copper.

Beyond this general statement make it clear that you have no instructions to present the American point of view. Special care should be taken to evade at this stage any question that may come up concerning the American domestic market. Furthermore as regards all questions as to what the form and terms of the agreement might be, please make clear your lack of instructions and consult the Department.

This Government would welcome a decision on the part of the group to undertake a thorough study of the subject, and is willing to communicate its attitude to the other interested governments.

If the committee should reach this decision the Department would immediately prepare the brief referred to in the earlier cables.

HULL

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550.S1 Economic Commission/87 : Telegram

*The Consul at Geneva (Gilbert) to the Secretary of State*

GENEVA, September 30, 1933—11 a. m.  
[Received September 30—8:30 a. m.]

207. Department's 95, September 29, 6 p. m. Attended meeting this morning and indicated the American position as instructed.

Those present were as listed in my 202, September 28, 5 p. m., paragraph 2, except Hill and with the addition of a representative of Japan.

None of those present except myself had instructions of any kind from their Government except to attend the meeting and thus could only express their personal views.

The meeting proceeded to discuss, given the hypothesis of the interest of the Governments present, what would be the best course to follow.

On this basis it was felt that certain decision in principle might well be reached before any consideration of detailed procedure and in the discussion which followed three courses were envisaged;

(a) meeting of important producers looking to an agreement among themselves which might later be confirmed by their respective Governments;



- (b) meeting of representatives of interested Governments;  
 (c) a combined meeting of Government representatives and producers.

Colijn appeared to favor the first procedure citing in point the tin<sup>7</sup> and tea agreements.<sup>8</sup> The Belgium representative personally also favored a meeting of producers.

Those present were thereupon requested to obtain the views of their Governments on the foregoing as soon as possible and communicate them to Stoppani who will in turn confer with Colijn as to the feasibility of the latter proceeding under the powers granted him (Consulate's 190, September 15, 4 [9] p. m.,<sup>9</sup> paragraph 1). My personal opinion, however, is that this matter will continue in the hands of the Secretariat possibly with further informal meetings until the situation is further crystallized.

GILBERT

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550.S1 Economic Commission/91: Telegram

*The Consul at Geneva (Gilbert) to the Secretary of State*

GENEVA, October 4, 1933—3 p. m.

[Received October 4—11:55 a. m.]

213. 1. Colijn has asked me if he can be furnished at an early date with the answer to the inquiry conveyed in my September 30, 11 a. m., as he wishes to formulate his recommendations as soon as possible.

Point (a) in my 207 is now seen as affording two alternatives; (1) the producers to act entirely on their own initiative; (2) the producers to be convoked by official action.

2. In the same general manner as applied to copper Colijn has been conducting inquiries respecting timber, dairy products, coal and shipping subsidies. If the Department desires information by telegraph on any of these points please instruct.

GILBERT

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<sup>7</sup> For agreements signed at London, October 27, 1933, see *Report of the Bureau to the Conference*, pp. 28-29; and Great Britain, Cmd. 4825 (1935): *Papers relating to the International Tin Control Scheme*, pp. 5-11. The signatory Governments were Bolivia, the Malay States, the Netherlands East Indies, Nigeria; and Siam as a participating Government.

<sup>8</sup> Signed at London, February 9, 1933, by the Indian Tea Association (London); the South Indian Association in London; the Ceylon Association in London; the Vereeniging voor de Thee-Cultuur in Nederlandsch Indië of Amsterdam; and Nederlandsch Indiasche Vereeniging voor de Thee-Cultuur of Batavia; for text, see the International Tea Committee, *Report of the International Tea Committee*, [I] 1st July, 1933, to 31st March, 1934 (London, 1934), pp. 33-42.

<sup>9</sup> Not printed.

550.S1 Economic Commission/93 : Telegram

*The Secretary of State to the Consul at Geneva (Gilbert)*

WASHINGTON, October 5, 1933—11 a. m.

96. Your 207 September 30, and 215 [213?] October 4. Please inform Colijn this Government believes discussion of possible international copper agreement could best be carried on by a meeting of individuals selected by the interested Governments.

You may explain that one element in this decision is the fact that the selection of representatives by the American copper industry itself would not be an easy task and might require considerable time. This Government would probably have to call the producers together first and as the interests of various American producers are somewhat divergent, considerable time might be required.

As for your second point in 213, keep Department informed by mail unless American interest seems to require telegraphic communication.

HULL

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550.S1 Economic Commission/94 : Telegram

*The Consul at Geneva (Gilbert) to the Secretary of State*

GENEVA, October 6, 1933—noon.

[Received 12:45 p. m.]

218. 1. Colijn has returned to The Hague. Replies being collated by Stoppani who will report to Colijn.

2. Conveyed to Stoppani information given in the Department's telegram 96, October 5, 11 a. m., who informed me that Great Britain now considers that the initiative should be left entirely to the producers and that Canada and Belgium were taking the same position. Representatives of other countries are awaiting instructions.

GILBERT

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550.S1 Economic Commission/95 : Telegram

*The Secretary of State to the Consul at Geneva (Gilbert)*

WASHINGTON, October 9, 1933—10 a. m.

103. Your 218, October 6, noon. Apropos the attitude that Stoppani says will be taken by Great Britain and other Governments is the plan of these Governments to nominate producers' representatives or to leave such nomination to the League or merely to declare that they are not in favor of producers joining, when the matter clarifies inform Department.

HULL

550.S1 Economic Commission/96 : Telegram

*The Secretary of State to the Consul at Geneva (Gilbert)*

WASHINGTON, October 12, 1933—8 p. m.

105. Our 103, October 9. When the next informal discussion regarding the possibility of an international copper agreement is held it may be helpful if you in as noncommittal a manner as possible call attention to the importance of reclaimed copper as an element in the future copper situation that will face producers throughout the world. According to experts that have been consulted here, almost all past production of copper is available for further use whenever the price warrants reclamation, and this will prove a limiting factor in the world's demand for virgin copper for the future. This combined with the very large size of the potential production is an additional reason for considering an international agreement.

HULL

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550.S1 Economic Commission/97 : Telegram

*The Consul at Geneva (Gilbert) to the Secretary of State*

GENEVA, October 13, 1933—2 p. m.

[Received October 13—9:15 a. m.]

252. Department's telegram No. 103, October 9, 10 a. m.; and 105, October 12, 8 p. m.

1. Although Stoppani makes informal progressive reports to Colijn in the matter of copper the consideration of the question will remain in Geneva for the present and no definite recommendations will be formulated until the matter has further crystalized.

2. Although in Consulate's No. 218, October 6, noon, I forwarded the "replies" of certain Governments my considered estimate of the situation as seen here is that all of the Governments involved are either somewhat opposed or indifferent to any form of copper conversations. Thus their attitude and their replies are not clear cut; they either propose leaving the matter to the producers or make no indication of their policy.

However, were a decision to hold some kind of a conference adopted in principle, the question of the character of the representation is not envisaged as an obstacle as it would not have the same significance for the other states as it has for the United States, inasmuch as in many cases their national copper industry is confined to one great producer and there would be but little practical difference between a government official "representing" the industry or a great producer representing himself.

3. The present status of the information at hand in the Economic Section is still substantially as reported in my 218 with the addition of Australia which is opposed to any conference which would have for its end restriction of production.

4. The crux of the situation seems here to lie between the United States and Great Britain. Could the British be persuaded as a compromise from their position to agree to an arrangement which would at the same time sufficiently meet the desires of the United States and could a specific proposal supported by these two Governments be brought forward, it is felt that other Governments including the Belgian and in particular the Latin American states would fall into line.

GILBERT

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550.S1 Economic Commission/104 : Telegram (part air)

*The Consul at Geneva (Gilbert) to the Acting Secretary of State*

GENEVA, November 15, 1933—11 a. m.

[Received November 17—6:30 a. m.]

296. I have had confidentially made available to me a letter which the Secretariat has prepared for Colijn's signature addressed to MacDonald<sup>11</sup> on the subject of copper which I am inclined to believe will be transmitted as written. The chief features in the letter are as follows:

1. The attitude of the interested states is substantially the same as indicated in my 252, October 13, 2 p. m., paragraph 3, with the following additional information:

(a) Chile and Peru appear to believe that the initiative should be left to the producers.

(b) Japan "does not seem to be in favor of governmental intervention".

(c) Germany as a copper consuming country would under certain conditions agree to a meeting of experts.

2. The United States is regarded as the only country favoring conversations of the type originally envisaged and the situation is in effect as I estimated it in paragraph 4 of my telegram under reference from which the conclusion is reached that under these circumstances no meeting on copper should be convened and that "If the American Government continued to lay particular stress on governmental action in the matter it should, I think, prepare the ground itself by direct conversations with those Governments which have in the first place to be converted to the American point of view."

GILBERT

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<sup>11</sup> Chairman of the Monetary and Economic Conference.

550.S1 Economic Commission/110

*The Administrator of the National Recovery Administration  
(Johnson) to the Acting Secretary of State*

WASHINGTON, December 14, 1933.

The Administrator of the National Recovery Administration presents his compliments to the Honorable the Acting Secretary of State, and with reference to correspondence regarding the possibility of an international agreement concerning the production and sale of copper, and to the confidential dispatch #734 Political, dated November 15, 1933, from the American Consul at Geneva, Switzerland,<sup>12</sup> together with its enclosure, a letter from the Chairman of the Economic Commission of the Monetary and Economic Conference, dated November 8, 1933, reporting on the matter to the Chairman of the Conference,<sup>13</sup>—your reference EA 550.S1 Economic Commission/105—makes the following report;

The views expressed in the report from the Chairman of the Economic Commission of the Monetary and Economic Conference on the subject of an international agreement with respect to copper, have been carefully noted.

The preparation of a Code for the Copper Industry in the United States has been receiving close study by the National Recovery Administration for some months, and the question of international production and sale is a factor which must be taken into account.

Close study has been accorded this situation by Deputy Administrator H. O. King who advises that his investigation shows that most of the copper producers of the world are in close touch with each other, and that problems of international control and production are so complicated as to make probable the necessity of securing agreement from the independent companies themselves, before any control either of production or sale can be exercised. This appears to be in accord with the opinion expressed by the countries, other than the United States, referred to in the report transmitted by Mr. Gilbert.

Your courtesy in transmitting the report included with Mr. Gilbert's report is appreciated.

HUGH S. JOHNSON

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<sup>12</sup> Not printed.

<sup>13</sup> For summary of letter from the Chairman of the Economic Commission to the Chairman of the Conference, see *supra*.

WITHDRAWAL OF THE UNITED STATES FROM THE INTERNATIONAL CONVENTION FOR THE ABOLITION OF IMPORT AND EXPORT PROHIBITIONS AND RESTRICTIONS<sup>1</sup>

560.M2/354

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

No. 214 (C. 67)

WASHINGTON, June 14, 1933.

SIR: I have the honour, under instructions from His Majesty's Principal Secretary of State for Foreign Affairs, to inform you that His Majesty's Government in the United Kingdom have had under consideration the question of their continued adherence to the Convention for the Abolition of Import and Export Prohibitions and Restrictions which was signed at Geneva on the 8th November, 1927, with special regard to the impending consideration of the whole question of import restrictions quotas and similar measures by the Monetary and Economic Conference.<sup>2</sup>

2. His Majesty's Government have deemed it advisable to avail themselves of their right under Article 6 of the Protocol signed at Paris on the 21st [20th] December, 1929,<sup>3</sup> to be relieved of the obligations accepted by them in accordance with the Convention as from the 30th June, in order that they may be free to enter into any agreements bearing upon the question of prohibitions, quotas and similar restrictions which may ensue from the Monetary and Economic Conference. A formal declaration of withdrawal, as provided for in Article 6 of the above-mentioned Protocol, has accordingly been forwarded to the Secretary General of the League of Nations.<sup>4</sup>

I have [etc.]

R. C. LINDSAY

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<sup>1</sup> For texts of convention and protocol of November 8, 1927, and supplementary agreement and protocol of July 11, 1928, see *Foreign Relations*, 1928, vol. I, p. 336. For correspondence concerning the First International Conference for the Abolition of Import and Export Prohibitions and Restrictions, see *ibid.*, 1927, vol. I, pp. 246 ff.; for the Second Conference, see *ibid.*, 1928, vol. I, pp. 366 ff.

<sup>2</sup> For correspondence relating to the Monetary and Economic Conference held in London, June 12–July 27, see pp. 452 ff.

<sup>3</sup> For text, see *Foreign Relations*, 1929, vol. I, p. 424.

<sup>4</sup> Sir James Eric Drummond.

560.M2/354 : Telegram

*The Acting Secretary of State to the Chairman of the American Delegation to the Monetary and Economic Conference (Hull)*

WASHINGTON, June 19, 1933—6 p. m.

44. In a note dated June 14 British Ambassador states that His Majesty's Government have deemed it advisable to avail themselves as from June 30 of their right to be relieved of the obligations accepted by them in accordance with the Import and Export Prohibitions and Restrictions Convention "in order that they may be free to enter into any agreements bearing upon the question of prohibitions, quotas and similar restrictions which may result from the Monetary and Economic Conference", adding that a formal declaration of withdrawal has been forwarded to the Secretary General of the League of Nations.

This action by the British Government and certain provisions of the new Recovery Act <sup>5</sup> which authorize the President to license imports and impose embargoes make it imperative that we give immediate consideration to the question of what the United States should do in respect of this Convention. Please telegraph immediately your views and recommendations, bearing in mind that the only countries besides ourselves which remain bound by the Convention are Japan, Norway, Denmark and Netherlands.

PHILLIPS

560.M2/355 : Telegram

*The Chairman of the American Delegation to the Monetary and Economic Conference (Hull) to the Acting Secretary of State*LONDON, June 23, 1933—9 p. m.  
[Received June 23—5: 50 p. m.]

64. Department's 44, June 19, 6 p. m. My judgment is that various considerations among which are the possible developments of our domestic policy and the decision of the British Government make withdrawal by the American Government from the Import and Export Prohibitions and Restrictions Convention advisable. This convention has been the subject of some discussion in the Conference which tends to indicate that it is generally regarded as being poorly adapted to the present situation and there is very little possibility that other nations may adhere to it.

I desire therefore that the Department notify the Secretary General of the League of Nations of the American withdrawal in conformity with the requirements of the convention and usual practice.

I am reluctant to take this action at the present time. It is important that it not be construed as evidence of any new decision by the Amer-

<sup>5</sup> 48 Stat. 195.

ican Government to shape its policy on domestic rather than on international lines. The note to the Secretary General besides therefore covering the formal notification should contain an explanation in substance as follows:

The Government of the United States takes this action with regret. It has been disappointed that so few governments have seen their way clear to become parties to this agreement. Furthermore, it would appear that in the judgment of many governments the convention has become somewhat unadapted to present conditions. The recent withdrawal of other governments has emphasized this conclusion.

The Government of the United States still favors a policy of abolition either outright or gradual by international action of the type of restriction in international commerce which is dealt with in the convention. It is prepared to participate in more effective action directed towards that end.

Lay this telegram before the President for final decision and direction.

HULL

560.M2/354: Telegram

*The Acting Secretary of State to the Chairman of the American Delegation (Hull)*

WASHINGTON, JUNE 27, 1933—11 a. m.

73. The President, who entirely approved your recommendation that notice of withdrawal be given suggests that "this information be made public by the Secretary in London. He can explain it is done after conversations with other signatories, that treaty is poorly adapted to present situation; that other signatories are withdrawing, and that we feel such course will expedite and encourage a more practical convention resulting from Economic Conference".

If you approve, I suggest that you repeat the following instruction to the Legation at Bern as the Department's telegram No. 30, June 27, 11 a. m.

"Please present the following note to the Secretary General of the League as soon as possible and in no circumstances later than June 30th:

'In accordance with Paragraph 6 of the Protocol of December 20, 1929, to the International Convention for the Abolition of Import and Export Prohibitions and Restrictions, the Acting Secretary of State of the United States of America hereby gives notice of the American Government's withdrawal from this convention effective June 30, 1933. It is with great reluctance that the American Government has been forced to take this action. It had been hoped that the principle embodied in this convention would be widely accepted by the nations of the world. The reverse of this has, however, been true, and the withdrawal from the convention of other nations leads to the conclusion that the existing convention may not be fully adapted to present economic and commercial conditions. In taking this present course it is the American Government's hope that there may result from the labors of the Monetary and Economic Conference now sitting at London a convention of this nature which will be widely adopted and adhered to by the nations of the world.'



If you desire alterations made in the phraseology of this note, please telegraph suggested changes to me immediately.

We shall give no publicity whatever to this in Washington until after your statement.

PHILLIPS

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560.M2/357 : Telegram

*The Chairman of the American Delegation (Hull) to the Acting Secretary of State*

LONDON, June 28, 1933—6 p. m.  
[Received June 28—2: 45 p. m.]

74. Your 73, June 27, 11 a. m. Have transmitted instruction to Berne in phraseology suggested adding phrase "which had adhered" before "leads to the conclusion".

I shall at proper moment probably make some short statement on the subject.

HULL

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560.M2/359 : Telegram

*The Minister in Switzerland (Wilson) to the Acting Secretary of State*

BERNE, July 3, 1933—noon.  
[Received July 4—6: 34 a. m.]

22. Department's telegram No. 30, June 28, 7 p. m.<sup>6</sup> League in acknowledgment asks whether withdrawal applies also to supplementary agreement to convention and protocol signed July 11, 1928. Please instruct.

WILSON

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560.M2/359 : Telegram

*The Acting Secretary of State to the Minister in Switzerland (Wilson)*

WASHINGTON, July 7, 1933—5 p. m.

34. Your 22, July 3, noon. Advise League that American Government's withdrawal applies also to supplementary agreement to convention and protocol signed July 11, 1928.

PHILLIPS

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<sup>6</sup> See telegram No. 73, June 27, 11 a. m., to the Chairman of the American delegation, p. 785.

AGREEMENT AMONG WHEAT EXPORTING AND IMPORTING COUNTRIES, SIGNED AT LONDON, AUGUST 25, 1933

561.311F1/14

*Memorandum by the Economic Adviser (Feis)*

[WASHINGTON,] March 31, 1933.

MEMORANDUM OF MEETING ON MARCH 29

There were present: the British Ambassador; Mr. Bewley, the Financial Adviser of the British Embassy; Mr. Chalkley, the Commercial Adviser of the British Embassy; the Secretary of State; Mr. Moley,<sup>1</sup> and myself.

After some further general remarks in regard to silver, it was suggested that we consider the idea of an international agreement dealing with wheat. A general interchange of information bearing on the subject took place. It was brought out that wheat might be made the subject of an international restriction agreement more easily than most commodities, by virtue of the fact that only a small part of the total production passed over national frontiers. Attention was called to the fact that even if the United States through its legislative activities restricted American production through a self-sufficient basis, the problem of over-supply and over-computation in the world market would be made. It was pointed out that the increase in production in recent years was almost entirely in Europe and it had been fostered through various forms of extreme tariff production, quotas, and the like. The British representative gave some details regarding the present British wheat subsidy, declaring that it was a very minor factor in the situation because the potential increase in acreage was small.

The problem primarily concerned the four largest wheat exporting countries, Canada, Australia, Argentina, and the United States. It was recognized that the Balkan States were also considerable producers and exporters, and that attention would probably have to be paid to them in any agreement. Russia had intermittently been a very important source of export wheat and might again become so;

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<sup>1</sup> Raymond Moley, Assistant Secretary of State, March 6-September 7, 1933.

at the London Conference<sup>2</sup> Russia had asked for her pre-war place as her allotment.

The British Ambassador said that he believed that his Government would take a relatively compliant attitude towards any plan of international control, even though Great Britain was a large importer of wheat. The British Government could not, of course bind the Dominions.

The Secretary expressed the view, to which everybody gave consent, that the basic way out of the situation could be looked for primarily through an increase in consumption, and by a reduction of tariff barriers which would permit countries now growing wheat under very disadvantageous circumstances to lessen their tariffs on wheat and import wheat because they were able to pay for it by virtue of tariff reductions made by other countries. He emphasized the many important parts of the globe in which wheat consumption was negligible and where an increase of trade and improvement of the standard of living might open up broad new markets for wheat.

This led to a general discussion regarding nationalism and tariffs and the problems they created.

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561.311F1/13 : Telegram (part air)

*The Consul at Geneva (Gilbert) to the Secretary of State*

GENEVA, April 12, 1933—4 p. m.  
[Received April 14—6:10 a. m.]

100. Loveday<sup>3</sup> spoke to Davis in London concerning the question of wheat and Davis has indicated to me that this matter is being handled by the Department. Economic Section now inquires whether it is planned that wheat will be taken up along the general lines suggested in Department's 39, March 28, 2 p. m., and commented on in Consulate's 91, March 30, 4 p. m.,<sup>4</sup> or whether it will be considered in connection with contemplated conversations in Washington.<sup>5</sup> With reference to the possible shift of consideration of wheat to Washington it has been noted here from the press that Australia is not mentioned among the states invited. Economic Section would appreciate any clarification on these points which may be given it.

GILBERT

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<sup>2</sup> Conference of Wheat Exporting Countries, held at London, May 18-23, 1931; for correspondence concerning participation of the United States in the Conference, see *Foreign Relations, 1931*, vol. I, pp. 632 ff.

<sup>3</sup> Alexander Loveday, Chief, Financial Section, League of Nations.

<sup>4</sup> Neither printed.

<sup>5</sup> For correspondence relating to Washington conversations preliminary to the Monetary and Economic Conference, see pp. 489-574.

561.311F1/15 : Telegram

*The Secretary of State to the Consul at Geneva (Gilbert)*

WASHINGTON, April 20, 1933—11 a. m.

40. Your 100, April 12, 4 p. m. Inform Stoppani<sup>6</sup> and Loveday that this Government is as interested as ever in as promptly as possible arranging conversations between wheat exporting countries. In accordance with the suggestion put forward by Stoppani in your 91 of March 30,<sup>7</sup> this Government is agreeable to the idea of arranging at once for a meeting of experts of the four or more exporting countries in Geneva or elsewhere, as a continuation of work already initiated by the Economic Committee.

This Government has discussed the matter with the Canadian Government and believes that the Canadian Government is ready to participate in such a meeting. Its information from Argentina and from Australia while not final is to the same effect.

If the League issued invitations for such conversations, the American Government would be glad to invite the representatives from Canada, Australia and Argentina to stop in the United States on their way to Geneva if that were convenient.

Ask Stoppani whether it is not his judgment that it would be advisable to have one or more representatives of the Danubian States present at the conference arranged by the League.

HULL

561.311F1/17 : Telegram

*The Consul at Geneva (Gilbert) to the Secretary of State*

GENEVA, April 25, 1933—7 p. m.

[Received April 25—4 p. m.]

105. Department's telegram No. 40, April 20, 11 a. m. Have just concluded conversations with Stoppani in which the following was developed:

1. The Bureau of the Economic Committee in accordance with its powers can, in order that the Economic Committee may in view of the approaching Monetary and Economic Conference "resume its study of wheat", invite experts to study this question and present a report.

2. These experts will be from the United States, Canada, Australia and Argentina. Although it will not be so announced and these experts will serve in their personal capacity the selection of these states for this particular meeting is for special reasons which are detailed below.

<sup>6</sup> Pietro Stoppani, Chief, Economic Section, League of Nations.

<sup>7</sup> Not printed.

3. From the terms of the Department's telegram referred to it is seen that the United States favors this meeting and note has been taken of the result of the sounding out by Washington of the other three states which is in line with Geneva impressions concerning their respective attitudes. They must still, however, be more formally approached by the League authorities and no invitation will be issued until it is understood that all three will accept.

4. These preliminary conversations will be limited to the four states mentioned (a) inasmuch as the European exporting states have already made considerable progress in this respect in previous meetings and (b) because the Danubian states declared in the meeting held by the Institute of Agriculture at Rome on April 7 and 8 for the purpose of instructing the Institute's delegate to the Monetary and Economic Conference that it was distinctly felt that the "next move" in the matter of wheat was up to the overseas exporting states.

5. The problem of the European importing states not decreasing their imports is fully recognized. It is, therefore, contemplated that if the preliminary conversations among the four overseas states achieve the results that are hoped for there will follow as soon as possible thereafter a conference or conversations between all important importing and exporting states for the purpose of formulating proposals to be presented to the Monetary and Economic Conference. The scope of this second meeting and the states invited thereto will be largely determined by the conclusions of the meeting of the experts with the assistance of the Economic Section of the League.

6. In view of informal information just received from Paris that London envisages the convening of the Monetary and Economic Conference on June 12 it is felt that the meeting of the four experts should take place at an early date, such date if possible to be before the convening of the Economic Committee on May 15, in order that the Committee of Four may report to the Economic Committee and also to afford time for the second meeting mentioned above.

7. The date of the meeting of the four experts is tentatively set for May 10. The other three states will immediately be approached on the basis of that date and I beg to be instructed if that date is agreeable to the United States.

8. As the American expert will be invited in his personal capacity it would also be convenient could I inform the Secretariat whom it is desired to have invited.

9. The League can not pay the expenses of the experts primarily because it is lacking in funds for that purpose and also because it envisages this meeting as preparatory to the Monetary and Economic Conference.

10. Note has been taken of the suggestion that the experts be invited to visit Washington en route to the conversations. It is be-

lieved that the Australian and Argentina experts will be officials already in Europe and this together with the shortness of the time would seem to render such a visit impracticable. In any event this matter must await developments.

GILBERT

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561.311F1/18 : Telegram

*The Secretary of State to the Consul at Geneva (Gilbert)*

WASHINGTON, April 26, 1933—6 p. m.

42. Your 105, April 25. Stoppani's suggestions seem well gauged and we accept the outlined plan and the proposed date.

Unless informed to the contrary the Department will assume that the League is approaching the other three countries at once. Upon receipt of word that these three countries will participate, the American Government will suggest an individual who can then be invited in his personal capacity.

HULL

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561.311F1/21 : Telegram

*The Consul at Geneva (Gilbert) to the Secretary of State*

GENEVA, May 1, 1933—6 p. m.

[Received May 1—1:10 p. m.]

106. Department's 42, April 26, 6 p. m.

1. Australia has officially notified League that McDougall, economic adviser to Commonwealth Government in London, is authorized to accept the invitation to participate in wheat conversations on May 10.

2. Unofficial indications are that Argentine will take similar action naming Brebbia, Commercial Attaché of Argentine Legation in Rome.

3. No indications yet from Canada.

4. Department's 40, April 20, 11 a. m., second paragraph. In view of shortness of the time anything Washington can do informally to expedite acceptances from the Argentine and Canada would be regarded as helpful.

GILBERT

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561.311F1/22 : Telegram

*The Secretary of State to the Consul at Geneva (Gilbert)*

WASHINGTON, May 2, 1933—noon.

44. Your 106, May 1. The Department has designated Mr. Henry Morgenthau, senior, to serve as its expert on the Wheat Conference on

May 10. If the League will convey its invitation<sup>8</sup> to the Department the Department will transmit it. Mr. Morgenthau is sailing tonight for Geneva.

The Department will do its best to expedite the matter by talking with the Canadian Minister and if possible also with the Argentine Delegation which has just arrived in Washington.

Mr. Morgenthau is accompanied by Mr. George C. Haas of the Farm Board as an advisor.

HULL

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561.311F1/45 : Telegram

*The Secretary of State to the Consul at Geneva (Gilbert)*

WASHINGTON, May 12, 1933—6 p. m.

52. For Morgenthau. In the discussions with wheat representatives it might be useful if two technical phases of the situation are kept in mind.

1. That any international agreement between exporting states that called for flat percentage reduction of acreage would mean more than proportionate withdrawal of the United States from the world wheat market. The preferable line is that agreement must leave unmodified relative positions of countries in the world market. Furthermore consideration should be given to the fact that our official activities in this field have meant a more than normal withdrawal of American wheat from world markets during the past few years.

2. In talking with the Dominions and perhaps British representatives bear in mind that Great Britain's interest is not merely that of a consumer of wheat but also that of a very large investor in the wheat raising Dominions.

The Farm Bill was approved today.<sup>9</sup> Its provisions give full powers for acreage reduction or for control of export.

These are just some indications of policy that the Department of Agriculture wants to bring to the forefront of your attention. Further indications may be sent from time to time. You of course will make it completely clear that you are authorized only to explore the possibilities and can commit the Government in no way.

HULL

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<sup>8</sup> Substance of invitation contained in telegram No. 107, May 3, from the Consul at Geneva (561.311F1/23).

<sup>9</sup> Agricultural Adjustment Act, 48 Stat. 31.

561.311F1/46 : Telegram

*The Consul at Geneva (Gilbert) to the Secretary of State*

GENEVA, May 13, 1933—11 a. m.

[Received May 13—8:10 a. m.]

119. From Morgenthau. 1. Argentine representative<sup>10</sup> did not arrive until yesterday. Have had three sessions since. The inclination of all delegates is to recommend reduction of acreage, leaving methods of doing so to each country. I have informed them that the United States will act under farm relief bill provisions. Argentine delegate has definite instructions not to consent to any export quota arrangement. General desire is to limit any agreement to 2 years. I have informed fellow delegates who have in turn informed me that none of us have authority to bind our Governments.

2. Department's No. 52, May 12, 6 p. m. (1). Our exports being about one-fifth of our production and those of the three other countries being approximately three-fifths, it would be impossible to obtain an agreement that any reduction of acreage be so arranged as to leave relative positions of countries in the world market unmodified. [Morgenthau.]

GILBERT

561.311F1/47 : Telegram

*The Secretary of State to the Consul at Geneva (Gilbert)*

WASHINGTON, May 13, 1933—5 p. m.

54. For Morgenthau. Our No. 52, May 12, and your 109 [119], May 13. The Department of Agriculture is of the opinion that any reduction agreed upon should apply initially to the acreage planted for the 1934 crop and that the agreement should if possible cover the two seasons following.

In connection with what you say regarding the Argentine position, it is realized that other countries would find an identical reduction of acreage more favorable than a percentage reduction of exports. However they must also realize that this means a far more than proportionate withdrawal of the United States from the world market. Other countries should be prepared to go a certain distance to meet this view. It is possible that some compromise formula can be worked out and you are instructed to do your utmost to secure concession in that direction. Export reduction agreement would be more precise and more controllable in fact.

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<sup>10</sup> Carlos Brebbia.



If you cannot secure any recognition of the American position do not utter an ultimatum. The development of our domestic plans will enter into our final decision. But it is very important that some concession be won in order to secure American consent to any agreement.

HULL

561.311F1/49 : Telegram

*The Consul at Geneva (Gilbert) to the Secretary of State*

GENEVA, May 15, 1933—8 p. m.  
[Received May 15—5:20 p. m.]

No. 121. From Morgenthau. Department's 54 May 14 [13], 5 p. m.

1. Our deliberations reached a stage today where we discovered that McDougall (Australian delegate) has received word from Bruce<sup>11</sup> in London that the latter would not communicate any recommendations to his home Government until he has had a personal talk with McDougall in London. McDougall suggested that we adjourn on Wednesday to reconvene in London on May 29. Canadian delegate approved this as he prefers to have Ferguson's<sup>12</sup> cooperation.

2. I desire to have your approval to send Haas to Washington to make detailed report of the very complicated conditions and counter currents prevailing here and have him return to London by June 5.

3. So far we have found that the only remedy for price improvement upon which agreement could be had is a reduction of acreage to be applied over a 2-year period. I urged that all countries have the same percentage reduction. It was agreed to sound out the Governments on a 25 percent reduction divided over 2 years. I suggested as a possible concession that we might consent to reduce more the first than the second year.

4. Argentine delegate stated that their representative while conferring with Roosevelt<sup>13</sup> was informed that the United States expected only a 15 percent reduction. Is that true?

5. After Haas has given you full information I deem it desirable that I discuss over the telephone with the person in authority how to proceed at the London meeting with Bruce, Ferguson and Argentine representative.

6. Inform Wallace<sup>14</sup> and Morgenthau.<sup>15</sup> [Morgenthau.]

GILBERT

<sup>11</sup> Australian Minister in Great Britain.

<sup>12</sup> High Commissioner for Canada in Great Britain.

<sup>13</sup> For preliminary conversations in Washington between President Roosevelt and the Argentine Ambassador to France, see p. 503.

<sup>14</sup> Henry A. Wallace, Secretary of Agriculture.

<sup>15</sup> Henry Morgenthau, Jr., Under Secretary of the Treasury.

561.311F1/80

*The Head of the American Delegation (Morgenthau) to the Secretary of State*

GENEVA, May 17, 1933.

MY DEAR MR. HULL: I am sending you by Dr. George C. Haas a full statement of what occurred during the conferences of the wheat exploring committee.<sup>16</sup> I thought I would supplement it by a personal letter to you to explain some of the conditions here.

The three delegates were personally extremely congenial and ready to cooperate to the fullest to arrive at some definite conclusions. Unfortunately none of them had any more powers than I had to agree to anything. The Canadian gave us the impression that his Government feels that they are in about the same position that we are in and are extremely desirous of reducing their production so as to raise their prices. But unfortunately the central Government cannot come to any definite conclusion until it has consulted their various states where the wheat is raised. Canada desires, if possible, to have some agreement as to export quotas.

The Australian representative had several telephone conversations with Mr. Bruce in London and then informed us that Mr. Bruce did not wish to commit himself on any tentative propositions until he has had three or four hours' talk with Mr. MacDougall in London.

The Argentine delegate, as I cabled you, reiterated again and again that although his country was very willing to agree to some reduction in acreage they would in no circumstances agree to any limitation of export quotas. He explained that the debts and obligations which his country had to meet in Europe necessitates the selling of a certain amount of wheat there so as to secure sufficient exchange to make their payments.

It seems to me that it is up to the Secretary of Agriculture and his associates who are to carry out the provisions of the Farm Bill and also to you who are conducting the general economic program of the Government to let me know how desirous you are of having these three countries agree to reduction of acreage. Of course, I understand that the psychological effect of an agreement between the four countries represented here may be desired by you even though you may share my fears that these countries may not be able to carry out the agreement.

I am very glad that Dr. Haas will be with you by May 25th and can then not only tell you all the details but submit to a cross-ex-

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<sup>16</sup> Statement not found in Department files. For summary of the conferences, see *Report on the Work of the Wheat Experts Who Met from May 10th to 17th, 1933*, in Appendix of League of Nations Economic Committee Report (Official No. C.317.M.158.1933.II B).

amination which will give you all an exact understanding of conditions here. If it is essential that some agreement as to reduction and so forth be reached before June 12th, I really believe it can be done in London. It might be wise for you to designate someone whom I can call up in Washington from London on or after May 30th after I have had several conversations with the other delegates and their superiors.

With kindest personal regards,  
Yours sincerely,

H. MORGENTHAU

561.311F1/65 : Telegram

*The Secretary of State to the Consul at Geneva (Gilbert)*

WASHINGTON, May 27, 1933—3 p. m.

70. For Morgenthau. The Secretary of Agriculture instructs you as follows:

The report is in general satisfactory.

You may proceed to negotiate on Monday an agreement between the four exporting countries providing for reduction of acreage to begin with the crop planted in the fall of 1933 and the spring of 1934 below the base of acreage actually planted in 1932 or below the average acreage for a short term of previous years. The selection of the base period gives you a bargaining latitude.

An acreage reduction arrangement calling for 12½ per cent reduction from the base year for each of 2 years would be suitable to this Government. If you find, however, this is definitely unacceptable, cable me.

The continuation of the agreement during the second year should be made contingent upon securing satisfactory agreements from the importing countries for relaxation of restriction of wheat imports.

The recommendations of the report as to arrangements with the importing countries, the continuing committee, Danubian agreements, and possible subsequent Russian participation are approved.

The Counselor of the Canadian Legation<sup>17</sup> in Washington Friday discussed this subject with myself and Haas. The Canadian Government is uncertain as to whether it can undertake any policy of acreage reduction. I understand from other sources that the present Canadian administration is under pressure from the prairie provinces<sup>18</sup> to enter into a reduction arrangement, however, and could not afford to take the blame for making agreement impossible if the three other countries favor acreage reduction.

The President has told me that an agreement along the preceding lines would be a good start for the Economic Conference.

You will of course not finally commit this Government to any agreement without referring back for further instructions and furnishing texts.

HULL

<sup>17</sup> Hume Wrong.

<sup>18</sup> Manitoba, Saskatchewan, and Alberta.

561.311F1/74 : Telegram

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

WASHINGTON, May 30, 1933—noon.

134. For Morgenthau from Wallace. Supplementing my cable No. 70. This will give you confidentially fuller expression my views. Acreage reduction program here held up temporarily pending outcome conference four exporting countries. If satisfactory international reduction is agreed at your conference we might voluntarily order a larger reduction here than the agreement bound us to secure. The international agreement would be most acceptable to our farmers if it specified the same percentage reductions for all countries even if the base selected favored other countries. While we want as much reduction as you can secure, reduction of not less than 10 per cent would be worth while if necessary to secure agreement all four countries. [Wallace.]

HULL

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561.311F1/82 : Telegram

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

LONDON, June 2, 1933—7 p. m.

[Received June 2—3:05 p m.]

166. For Secretary of Agriculture from Morgenthau. Full meeting today. Australian, Argentine representatives indicate willingness to agree to uniform percentage of acreage reduction, probably 12½ percent to 15 percent, provided United States agrees to remove menace of surplus liquidation by limiting annual exports during the existence of agreement to 100 to 125 million bushels.

They are interested to know how you would proceed to control exports if this proposal acceptable. Canadians assent to this suggestion and inform us Bennett<sup>19</sup> on arrival June 9 will take up the matter with me. There is a possibility of our consummating tentative understanding on 12th. We then intend to jointly confer with representatives of European states. Shall report fully to Hull on his arrival. [Morgenthau.]

BINGHAM

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<sup>19</sup> Richard B. Bennett, Canadian Prime Minister.

561.311F1/93 : Telegram

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

WASHINGTON, June 3, 1933—6 p. m.

147. For Morgenthau from Wallace. We approve the general course of action outlined in your 166, June 2, 7 p. m. Will telegraph details on methods of controlling exports next week.

Canadian Minister in conversation today asked that you withhold further vigorous action until Bennett arrives June 9. [Wallace.]

PHILLIPS

561.311F1/96 : Telegram

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

WASHINGTON, June 6, 1933—7 p. m.

151. For Morgenthau from Wallace. Your 166, June 2. We can probably exercise sufficient control of exports for the purposes of international agreement under the existing authority of Section 8, subsection 2, of the farm act. [Wallace.]

PHILLIPS

561.311F1/107 : Telegram

*The Chairman of the American Delegation to the Monetary and  
Economic Conference (Hull) to the Acting Secretary of State*

LONDON, June 16, 1933—11 p. m.

[Received June 16—6:45 p. m.]

39. For Secretary Wallace from Morgenthau. Wheat meetings delayed until Bennett could participate. Held first full meeting today including Bennett, Bruce, Le Breton<sup>20</sup> with Morgenthau presiding. Bennett did not definitely commit his Government but evidently will follow desires of three Prairie Provinces which strongly recommended to him that Canada participate in wheat agreement including acreage reduction. Bennett statement on wheat in address before general Conference was in agreement Morgenthau's report Geneva meeting. Bruce heretofore said he could not make definite statement his position until Canadian views were known. His attitude seemed favorable. Today when Canadian views were given, Bruce expressed some concern as to method for production reduction which he might recommend to his Government. Bruce's talk had some appearance of at-

<sup>20</sup> Tomàs A. Le Breton, Argentine Ambassador in France.

tempt to improve his bargaining position. Le Breton said he would give full discussion Argentine position Monday. Morgenthau presented elaboration Geneva report including acreage reduction 15 percent first year and 10 percent second year. These figures were tentatively accepted in preliminary discussion by experts of all countries except Canada who did not participate. [Morgenthau.]

HULL

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561.311F1/108 : Telegram

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

WASHINGTON, June 16, 1933—7 p. m.

161. For Morgenthau from Wallace: Our wheat program announced today provides for payment of benefits to wheat producers on 1933, 1934, and 1935 crops, on a domestic allotment basis, of full differences between farm price and parity price, now approximately 30 cents per bushel, on their domestic consumption quota. Cooperating farmers sign up to reduce acreage planted for harvest in 1934 and 1935, up to 20% below their average acreage for past 3 years. Amount of reduction which will be required will not be determined until your negotiations are completed. If no agreement is reached, no reduction may be required.

With reference to press reports that Australian representatives are reluctant to agree to wheat acreage reduction, you might call attention to the fact that if efforts toward international cooperation fail, this government has the power to sustain returns to our wheat farmers through the processing tax and payment of benefits to farmers on domestic allotments, regardless of how low world market prices might go, and at the same time we could force our surplus on world markets. This would be particularly true in Oriental and perhaps Russian markets, where cheap wheat from this country would be welcomed, rather than meet further restrictions. In this connection you might call attention to the following sections of the farm relief bill: Sec. 8, subsection (1), last two sentences; subsection (2); section 12, subsection (b), first sentence. These provisions give the Secretary of Agriculture sufficient authority to take effective steps to prevent excessive exports, by arranging to store surpluses on farms, by purchase and storage, or by agreements with exporters. They also give the Secretary authority, however, to use funds to expand markets. This might be done by provision of long-term credits to foreign customers, by special arrangements to sell at the world price regardless of domestic prices, or even to sell at discounts below the world price, if necessary to move supplies.

We have the legal authority and the economic resources to engage in competitive export dumping to an extent which would drive world market prices of wheat in Australia and Argentina, down to zero. We hope such action will not be necessary. Unless other exporters will cooperate with us in correcting the present situation, we may be forced to take such steps to protect our own interests in world markets, and to bring other countries to the realization of the eventual need for world cooperation.

For your information, State Department informs, June 14, the Argentinian Senate voted, 16-2, their hostility to any agreement restricting the expansion of cultivated acreage. [Wallace.]

PHILLIPS

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561.311F1/115 : Telegram

*The Chairman of the American Delegation to the Monetary and Economic Conference (Hull) to the Acting Secretary of State*

LONDON, June 22, 1933—1 a. m.

[Received June 21—10: 54 p. m.]

54. For Wallace from Morgenthau. At meeting today including Bennett, Bruce, Le Breton, Morgenthau and experts Morgenthau attempted to bring negotiations to a head. Each delegate was asked to state his position on each principle involved in the proposed international agreement it being understood that the experts would work out the detailed figures. Bennett agreed to the principle of acreage reduction in all four countries of an amount sufficient to clear surplus stocks in North America and to the principle of controlled marketing of surplus stocks. Bruce would make no definite commitment. His tactics to date have been to evade committing his country and to place the responsibility for failure of agreement on one of the other countries. One of the reasons given by him for his inability to agree was that the Canadian position was not clear. Mr. Bennett removed this obstacle by his very clear statement of the Canadian position. Bruce then pointed out that he must have a practical plan to recommend to his Government. He suggested export maxima for Australia and the other three countries with the understanding that Australia might not necessarily reduce production but as a substitute measure would agree to dispose of the excess wheat on the domestic market. He suggested that the excess supply might be denatured by dyeing which would limit its use to animal foodstuff. Would such an arrangement for Australia be satisfactory, he asked, if it becomes impossible to secure an agreement to reduce production? Le Breton stalled and said he thought that before he could commit his Government he would first have to know if Russia and the importing European countries would cooperate.

Morgenthau insisted that the four overseas exporting countries must get together first and meet the importing and other exporting countries with a united front and agreed to and did after the meeting adjourned discuss cooperation informally with Litvinoff who indicated that Russia would agree to restriction of exports.

Morgenthau again called attention to the United States policy if no agreement was reached and what this would mean in terms of wheat prices to the three other countries. He also pointed out that the Farm Act provided a solution for the problem of the American wheat farmer irrespective of any international agreement. Bennett made a very strong statement obviously directed to Bruce and Le Breton saying that they must recognize that the new farm legislation in the United States has injected a fundamental change into the world wheat situation particularly if no international agreement reached. He discussed the prospect for wheat prices for Australian, Argentine and Canadian wheat if United States embarked on a program of competitive marketing of their excess wheat supply. He called attention to the disorganized wheat markets when Russia was dumping wheat at extremely low prices. Bruce then agreed to cable his Government tonight saying that he would emphasize the unfavorable prospect for wheat prices if no agreement were reached. Le Breton asked for 2 days time before stating a definite position. He evidently wants further authority from his Government.

Prime Minister MacDonald asked the four countries concerned to meet with him this afternoon in order to get a picture of the situation and to urge progress. At that meeting both Le Breton and Bruce said definitely that they had cabled their Governments recommending action but that it might well be several days before they received word. [Morgenthau.]

HULL

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561.311F1/119 : Telegram

*The Chairman of the American Delegation to the Monetary and Economic Conference (Hull) to the Acting Secretary of State*

LONDON, June 27, 1933—10 p. m.  
[Received June 27—5:01 p. m.]

71. For Wallace from Morgenthau. At morning session Bruce declared that his Government would not come to understanding until European countries have agreed to cooperate and further said that in event Europe would cooperate he would then submit plan for approval of each state and the farmers. Morgenthau then stated that under those circumstances he would not start negotiation with European countries and also questions whether this Committee had power to go



beyond negotiation among the four exporting countries. Murphy<sup>21</sup> then made strong appeal that four countries must agree as their failure would have disastrous influence on general Conference and on the wheat situation in the future. It was then agreed that the four delegates would confer with Prime Minister MacDonald. At meeting with MacDonald Bruce reiterated that his Government had not given him the power to enter into any arrangement except one subject to the assured cooperation of European countries. At Bennett's suggestion MacDonald agreed in his capacity as chairman of the Conference to cable the Prime Minister of Australia of the present status of negotiations and the great importance of agreement on wheat. Le Breton also stressed Argentina's desire to have European cooperation. We shall await answer to MacDonald cable, in the meantime European countries will be unofficially canvassed as to their inclinations. Have you any new instructions as a result of increased wheat prices and reported crop damage? [Morgenthau.]

HULL

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561.311F1/125 : Telegram

*The Acting Secretary of State to the Chairman of the American Delegation to the Monetary and Economic Conference (Hull)*

WASHINGTON, June 28, 1933—7 p. m.

80. For Morgenthau from Tugwell.<sup>22</sup> Your 71 June 27 10 p. m. There is no way of telling yet how much the 1933 wheat crop has been reduced. The probabilities are that recent reports exaggerate the damage to the growing crop in Europe. Increased yields in Danube basin and Russia will probably offset a material part of lowered yields elsewhere in Europe. Canada had started season with fairly good ground moisture and her crop may come near to last years, in spite of recent dry weather. Even if the United States crop should fall below our domestic requirements and Canada should produce a small crop, carryover reserves are tremendous in both countries. Higher wheat prices would check feeding to livestock here and decrease wheat consumption in the Orient, and offset much of the reduction in crop.

You should therefore continue your efforts to secure agreement on acreage reduction. A proviso might be added that the reduction agreed on was a maximum, and the exact per cent of reduction would be subject to reconsideration prior to planting time if it developed later that there had been a world-wide calamity in wheat production. Continue your unofficial canvass of European countries and report their

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<sup>21</sup> Frederick E. Murphy, adviser to Mr. Morgenthau.

<sup>22</sup> Rexford G. Tugwell, Assistant Secretary of Agriculture.

attitude to Washington. Emphasize the need of concerted action, and remind them that the present improved world prices may be only temporary if fundamental readjustments in the production and supply situation are not carried through. The great need is to establish the principle of adjustment and to provide for continued planning in concert so that there may not in future be such situations as that existing now.

For information of the delegation: We announced yesterday our processing tax on wheat. Processors pay 30 cents per bushel beginning July 9. Tax refunded on flour exports at 98 cents per barrel whole wheat and graham flour and \$1.38 per barrel other flour. Stocks of flour in hands of dealers pay floor stock tax of same amount per barrel. Imported flour is required to pay a compensating tax of same amount prior to release from customs control. Imposing the tax at equivalent rates on domestic processing, domestic flour, and imported products does not change the relative advantage as between domestic and foreign producers, and so is consistent with the tariff truce.<sup>23</sup> [Tugwell.]

PHILLIPS

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561.311F1/122 : Telegram

*The Chairman of the American Delegation to the Monetary and Economic Conference (Hull) to the Acting Secretary of State*

LONDON, June 29, 1933—1 p. m.  
[Received June 29—8:05 a. m.]

78. For Wallace from Morgenthau. At Australian request meeting held this morning. Bruce communicated cable received from his Government authorizing him to agree in principle to reduction in production and fixing of export maxima: conditioned on satisfactory subsequent arrangement with European importing countries. Bruce indicated clearly that Australia would not hold up agreement by an unreasonable demand for European cooperation but insisted that arrangement with Europe must be along realistic lines. Bruce stated that Prime Ministers of Australian States are to meet within 24 hours and Bruce desires to communicate to them whether the three other countries would agree to certain adjustments which would increase their export quota. Our meeting adjourned until 5 o'clock this afternoon. Should like to know promptly what is lowest export limitation that would be acceptable for United States for first year beginning July 1st, 1933, and for second year beginning July 1st, 1934. [Morgenthau.]

HULL

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<sup>23</sup> *Ante*, p. 605.

561.311F1/123 : Telegram

*The Acting Secretary of State to the Chairman of the American Delegation to the Monetary and Economic Conference (Hull)*

WASHINGTON, June 29, 1933—noon.

81. For Morgenthau from Tugwell. Your 78, June 29, 1 p. m. I feel we should insist that the agreement to reduce acreage should be unconditional for first year subject to relaxation only if the wheat crop proves exceedingly short, as per my last cable. The agreement as to reduction for the second year would then be conditional on satisfactory arrangements with European importing countries. If we make reduction this fall conditional on agreement by European importers, the subsequent negotiations might be so protracted as to prevent any effective action. Does this agree with your view of the situation in the light of your informal contacts with importers?

What does Bruce mean by realistic agreements? We had thought of two possibilities. First, that importers would agree that as world wheat prices rose, they would reduce their wheat tariffs by an equivalent amount, thus letting world prices rise without advancing their internal prices to producers. Second, more definite measures would involve the relaxation of quotas on wheat imports or milling percentages in countries such as France and Germany so as to permit immediate increases in wheat imports this year. What measures have importing countries suggested?

On exports, we agree to limit exports to 75 million bushels this season and 150 million bushels next season, or else to 100 this season and 125 next season. Use these figures as final concession in your bargaining. [Tugwell.]

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561.311F1/124 : Telegram

*The Chairman of the American Delegation to the Monetary and Economic Conference (Hull) to the Acting Secretary of State*

LONDON, June 30, 1933—7 p. m.

[Received 10:43 p. m.]

82. For Wallace from Morgenthau. The experts of Canada, Australia and the United States prepared the following statement as basis for discussion at today's meeting:

"The world wheat situation has altered to so considerable an extent since the discussions between the four overseas exporting countries commenced that it is necessary to restate the position. The basis of any plan agreed to between the overseas exporting countries is to bring about an adjustment of production so as to allow of the liquidation

of existing surplus stocks within period of 2 years. The following data represent the best available indication of the present position:

(a) World import demand in 1933-34 is assumed to be 750 million bushels, but this figure may vary by 50 million bushels up or down.

(b) Exports from new crops in 1933-34 are estimated at: Canada crop from 375 to 400, say 400, domestic requirements 117 exportable surplus new wheat 283.

Argentina—no crop estimate available. Estimate based on average acreage from 1931 to 1933 (20 taken should be 19) and average yield from 1930 to 1932. Crop 240, domestic requirements 90, exportable surplus 150.

Australia—basis for estimate same as for Argentina. Crop 192, domestic requirements 50, exportable surplus [142].

The position in regard to new export wheat may therefore be stated as follows; Canada 283, Argentina 150, Australia 142, other exporters 75, making a sub-total of 650. The residual exports after allowing for the marketing of new wheat are consequently 100, which may, however, vary upwards or downwards by 50 according to the variation of the requirements of the importing countries and production in the other exporting countries. The United States 1933-34 crop is estimated at from 520 to 575, say 540 and the United States domestic requirements at 610, leaving a deficiency of 70. The above estimates allow of the following method of dealing with the 1933-34 situation;

(a) Exports quotas are allotted to deal with new wheat.

(b) The United States surplus stocks are established at 240, and Canada at 140. The United States 1933-34 deficiency of 70 will reduce its surplus to 170. To bring about equality between the surplus of the United States and Canada an initial figure of 30,000,000 should be allotted to the United States.

(c) This leaves a remainder of 70, subject to considerable fluctuations up and down. This should be divided equally between the United States and Canada for the disposition of surplus stocks. This would give the United States a maximum of 65, Canada 318. The method of dealing with reductions in the world import requirements will be discussed in the next paragraph. It is felt that any increase in the possibilities of reduction of surplus due to failure of 1934 crops to reach the estimate of 541 for the United States and 400 for Canada, should be utilized by each country and that no attempt should be made to allocate such figures between the two countries. Any increase in the total export demand should be shared equally between the United States and Canada.

(d) If the world import demand were below 750, it is suggested that each of the four countries should share the necessary reduction of exports on a basis proportionate to their exports.

In the event of Australia or the Argentine not being able to fulfill their export surpluses in 1933-34, the difference between actual exports and export quotas shall be available upon the advice of the Advisory Committee, firstly to enable the whole of the new wheat of the 1933-34 crop to be marketed by an increase in the allocation to any country with a larger exportable surplus than provided for in the quota, and secondly insofar as such difference is not needed to care for new wheat to be equally divided between the United States and Canada for the disposal of surplus stocks. If either Australia or the Argen-

tine thus surrenders a part of its export quota the quantity so surrendered shall be added to the export quota for the country for 1934-35. Beginning the second year of the scheme the surplus stock position will on the basis of the latter estimates total 210 equally divided [between] the United States and Canada. Since an essential part of any scheme must be effective cooperation of the European importing countries it is felt that even if higher prices cause some reduction of demand in the Far East yet total world import demand should be taken as 800 instead of 750.

Each of the four countries agree to bring into effect a reduction of production of wheat to the extent of 15 percent. The position of each country in 1934-35 is estimated to be as follows;

Australia—15,000,000 acres or average for 1931-33 at 12.8 or average yield for the seasons 1930-32 per acre equals 192 less 15 per cent 163.4 less domestic consumption 50 leaves an export quota 113.

Argentina—20,000,000 acres at 12 per acre estimated same basis as Australia equals 240 less 15 per cent equals 204 less domestic consumption of 90 equals export quota 114.

Canada—26.3 million acres estimate same basis as Argentina at 17.24 per acre 10-year average yield equals 453 less 15 per cent equals 380 less domestic consumption 117 equals export quota 263.

Other exporting countries 75. The total of the above allocations amount to; Australia 113, Argentina 114, Canada 26, other exporters 75, sub-total 566. The United States is estimated in 1934-35 to have the following position; 629 [million?] acres basis same as Canada at 13.110 year average equals 824 less 15 per cent equals 700 less domestic requirements 610 equals export quota of new wheat 90. The addition of the latter figure to the previous sub-total gives a new total export of new 1934-35 crop of 655,000,000 bushels. With the world import demand at 800,000,000 bushels this leaves a remainder of 143,000,000 bushels to be divided equally between the United States and Canada for disposal and surplus stocks. The deduction of 143 from the 210 surplus total at the beginning of 1934-35 leaves total of 65 or 33 in each country.

If world import demand were below 800 it is suggested that each of the four countries should share the necessary reduction of exports on a basis proportionate to their exports."

This statement was fully covered in this morning's meeting but no definite agreement was reached on figures or on the principle underlying allocation American Canadian export maxima. Bennett objected to 15 per cent acreage reduction on the ground that Bromley representing Prairie Provinces has strongly advised limiting reduction to 10 per cent in view of the difficulties in securing farmer acceptance of a higher figure as result of present increased prices. Morgenthau definitely objected to a 1-year reduction of less than 15 per cent on the ground that a smaller figure would not represent a serious effort to dispose of the surplus. When Australia, Argentina and the United States expressed their agreement with that figure Bennett finally agreed to cable to secure Canadian acceptance of 15 per cent. Bruce is cabling to Australia today the arrangement indicated in

statement for the purpose of securing approval of state Premiers who are meeting July 1. In view of the fact that no agreement has been reached with respect to export quotas for the United States and Canada Bruce in his cable totaled the two under the term North American.

Presented your desire as per cable number 81 that there be unconditional agreement for first year of acreage reduction but other three delegates insisted on necessity of having some understanding with importing European countries and Russia before putting the plan into operation. You will note the plan as now set up involves 2 years of export quotas but 1 year of production reduction. Is it not advisable to secure some such immediate agreement and then refer to proposed standing committee the power to extend arrangement for another year if conditions at that time warrant?

Your cable number 81 last paragraph not clear. Advise promptly years to which figures refer. Would also appreciate your checking figures used above statement especially the consumption estimate for United States and new Canadian and American crops. [Morgenthau.]

HULL

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561.311F1/128 : Telegram

*The Acting Secretary of State to the Chairman of the American Delegation to the Monetary and Economic Conference (Hull)*

WASHINGTON, July 1, 1933—4 p. m.

93. For Morgenthau from Wallace: The general outline of the plan proposed in your telegram 82 is satisfactory except that we must insist on unconditional agreement as to reduction in crop acreages planted in the fall of '33 and spring of '34. If we should leave the agreement as to this first year's reduction conditional on securing adherence of the principal European importing countries and of Russia it seems to me that there would be no practical possibility of securing such adherence in time to put the reduction of acreage into effect this fall. Please advise whether you and Hull agree with this view of the general situation.

The general method outlined in arriving at your detailed figures seems satisfactory though we question a number of the specific figures as to comparability between acreages sown and acreages harvested, etc. Also the quotas to be followed under certain contingencies do not seem to be clearly indicated. Detailed suggestions and comments as to these points will be sent after further study.

The net result of your plan, namely, that our export quotas be 65,000,000 bushels for the 1933-34 season and 161,000,000 bushels for

the 1934-35 season, is satisfactory. These figures do not differ significantly from my suggestion that our exports be limited to 75,000,000 bushels for the 1933-34 season and 150,000,000 bushels for the 1934-35 season which was sent you in my telegram number 81. [Wallace.]

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561.311F1/130 : Telegram

*The Chairman of the American Delegation to the Monetary and Economic Conference (Hull) to the Acting Secretary of State*

LONDON, July 5, 1933—9 p. m.

[Received July 5—5:37 p. m.]

103. For Wallace from Morgenthau. The meeting this morning reached a halt as to any real agreement.

The least unsatisfactory statement which all would agree upon is as follows:

“The four overseas wheat exporting countries, Argentina, Australia, Canada, United States, today reached agreement in principle on a policy of temporary adjustment of production and trade to world demand with view to improving the price of wheat and liquidating the surplus stocks now overhanging the market. They recognize, however, that the solution of the wheat problem depends upon the cooperation of the European countries.”

I agreed to the final sentence with a view to making it impossible for the other three countries to assert that the United States had stood in the way of agreement by refusing to allow agreement to depend on European assent. The sentence was inserted at my suggestion in place of the declaration desired by the other three representatives that the entire agreement was contingent upon European cooperation.

Both Australia and Argentina have for some time past been determined to make any solution dependent on European cooperation knowing full well that it was almost impossible to secure it quickly if at all.

In order to keep the Committee alive I appointed Le Breton, Bruce and Murphy to undertake negotiations with the European countries. Then the meeting adjourned subject to call. I believe you had better proceed with your plans expecting no timely international cooperation.

Do you not think it advisable that I should issue or that the Department of Agriculture should issue a statement reaffirming the American willingness to enter into a plan of reduction and limitation of exports unconditional on any European action during the first year. This would serve to keep the record clear which may be useful in the development of American marketing plans in the event of renewed discussions. Even though such a statement might force the dissolution

of my Committee I should think it advisable. If you agree would you prepare the necessary statement and submit to the delegation to ascertain if any new developments have arisen. [Morgenthau.]

HULL

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561.311F1/134 : Telegram

*The Acting Secretary of State to the Chairman of the American Delegation to the Monetary and Economic Conference (Hull)*

WASHINGTON, July 6, 1933—1 p. m.

107. For Morgenthau from Wallace. Your 103, July 5, 9 p. m. If acceptable to you I propose to release the following statement this afternoon. Please advise me by return wire if this is in accord with your views on the current situation.

“From the beginning of the wheat conference with the three other great exporting countries, the United States has emphasized the need of definite action to control acreages within exporting countries. We have recognized the difficulties that might stand in the way of securing concurrent action by European countries, and the time which might be required to work out satisfactory arrangements as to their action. Accordingly we have urged consistently that the four exporting countries agree to reduce their acreage for next year’s harvest, without regard to European cooperation. We have also urged, however, that any agreement of the exporting countries to continue the reduction after the first year be conditional upon meanwhile working out satisfactory arrangements with the other countries.

The agreement which was announced in London yesterday recognizes in principle the need of a temporary adjustment of wheat production and trade to world demand, so as to liquidate the surplus stocks. The other exporting countries have not, however, seen fit to agree to the unconditional agreement to reduce acreage for next year’s harvest which we suggested. It remains to be seen whether the negotiations with the European countries, which are being undertaken by a committee of the exporting countries, will find sufficient support to justify continuing the wheat discussions at London.

If the international wheat discussions are abandoned, we will plan action in our domestic wheat plan according to the policy which promises the maximum benefits to our domestic producers?”

[Wallace]  
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561.311F1/142 : Telegram

*The Acting Secretary of State to the Chairman of the American Delegation to the Monetary and Economic Conference (Hull)*

WASHINGTON, July 7, 1933—noon.

112. For Morgenthau from Wallace. In the event that Canada and Argentina should be willing to join us in an unconditional acreage



reduction in plantings for 1934 harvest but Australia would be unwilling, we could agree to such a plan on condition that our acreage reduction would not apply to Washington, Oregon, and Idaho. Since these States produce approximately 10 percent. of our production, we would be willing to make a 17 percent. acreage reduction in the rest of the country against a 15 percent. reduction in Canada and Argentina.

Approximately 60 percent. of the wheat produced in the Pacific northwest is exported, almost entirely to the Orient. If Australia will not agree to acreage reduction, we feel that we should not reduce our acreage of competing wheats, but should continue to hold our share of the Oriental markets. The plan suggested would enable us to do this and still cooperate in reducing the surplus pressing on European markets.

Perhaps Canada would prefer to have same system apply internally, with no acreage reduction in British Columbia.

There is already ample surplus wheat in the Pacific northwest; in the event that Australia does not enter the reduction agreement, we could provide especial financing to assist in the export of that soft wheat to the Orient, and so reduce our surpluses of that type in spite of continued Australian competition.

Use these suggestions so far as you deem advisable to help bring Australia into the reduction agreement. [Wallace.]

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561.311F1/139 : Telegram

*The Chairman of the American Delegation to the Monetary and Economic Conference (Hull) to the Acting Secretary of State*

LONDON, July 7, 1933—1 p. m.

[Received July 7—8 : 50 a. m.]

111. For Wallace from Morgenthau. In view of the present efforts to continue the general Conference it now seems undesirable to make a public statement. I will keep record clear by sending a letter to the other three representatives clearly stating our proposition. The letter will also inform them that in the near future we must proceed with our fall planting program and that we, therefore, reserve the right to withdraw or change our proposition after allowing a reasonable time to canvass the European situation. Will cable text of letter to you so that you can publish it when it may be useful in America and harmless here. [Morgenthau.]

HULL

561.311F1/140 : Telegram

*The Chairman of the American Delegation to the Monetary and Economic Conference (Hull) to the Acting Secretary of State*

LONDON, July 7, 1933—4 p. m.  
[Received July 7—11:30 a. m.]

113. For Wallace from Morgenthau. In view of the fact that Bruce cannot secure Australian grain States consent acreage reduction do you prefer no agreement whatever or are you willing to permit Australia to substitute agreement on export maximum with provision that no stocks will be accumulated intact? Australian Government has mentioned denaturing any excess wheat but it is entirely possible that Government can before seeding time convince State governments and farmers on the principle of acreage reduction.

Inform Morgenthau, [Jr.,] Haas sailing July 13 steamship *President Roosevelt*. [Morgenthau.]

HULL

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561.311F1/146 : Telegram

*The Acting Secretary of State to the Chairman of the American Delegation to the Monetary and Economic Conference (Hull)*

WASHINGTON, July 7, 1933—10 p. m.

118. For Morgenthau from Wallace. Your 113. The Australian proposal to substitute export maximum with provision that no stocks would be accumulated would be satisfactory, if other three countries will reduce acreage.

With reference to detailed proposal your No. 82, June 30, paragraph (d) under Australia: Does this proposal mean that if Argentina had a short crop in 1933, Australia would be permitted to export an equivalent amount above her quota for 1933-34, and that Argentina would then add an equivalent quantity to her quota for 1934-35? This appears to be unfair in permitting southern hemisphere countries to export the full amount of their combined quotas for 1933-34 and yet to increase their combined quota for 1934-35. To be fair, it should read: "If either Australia or the Argentine thus surrenders a part of its export quota the quantity so surrendered shall be added to the export quota for the country for 1934-35" and then add "and shall be deducted from the quotas for 1934-35 for the countries which were permitted export in excess of their quotas in 1933-34."

With this modification, the Australian proposal would seem generally satisfactory.

If Russia should have a big crop this year, what would happen to your estimate of 75 exports for "other countries"?

We feel it might be desirable to add some stipulation as to prices at which exports would be made. If prices are made low enough, perhaps 800 million bushels could be moved in world trade; if they are held too high, not even 700 might be moved. Do you think it possible to work some reference to prices on world markets into the export quota agreements? [Wallace.]

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561.311F1/143 : Telegram

*The Chairman of the American Delegation to the Monetary and Economic Conference (Hull) to the Acting Secretary of State*

LONDON, July 8, 1933—4 p. m.  
[Received July 8—11:40 a. m.]

115. For Wallace from Morgenthau. At meeting yesterday there were representatives from United States, Australia, Argentina, Canada, Hungary, Rumania, Yugoslavia, Poland. Bruce explained plan of four exporting countries and urged cooperation of Danubian States. He stated distinctly that the four countries had agreed to reduce production for harvest in 1934 by 15 percent. Under circumstances think it inadvisable to use suggestion given your cable 112<sup>24</sup> at this time. Danubian countries seemed favorably inclined toward cooperation. They all indicated they would be glad to consider limitation of exports but suggestion of renouncing preferential treatment of Danubian wheat in European markets received with little favor unless new plan for concerted action with overseas exporting countries could be demonstrated to be more advantageous to Danubians. Meet Danubians again Monday. [Morgenthau.]

HULL

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561.311F1/151 : Telegram

*The Chairman of the American Delegation to the Monetary and Economic Conference (Hull) to the Acting Secretary of State*

LONDON, July 15, 1933—10 a. m.  
[Received July 15—8:20 a. m.]

135. For Wallace from Morgenthau. After long discussions with Danubian countries for the past week during which they contended their new crops were large and their total export surplus around 70,000,000 bushels, they finally offered to accept a maximum quota for 1933-34 of 50,000,000 basic plus 7,000,000 to be granted at discretion advisory committee. For 1934-35 they propose 45,000,000 plus 5,000,-

<sup>24</sup> July 7, noon, p. 809.

000 with obligation not to increase acreage. If these figures agreeable can probably reach an agreement Monday. Morgenthau recommends it. Do you approve? First formal reply to [*conference with?*] Russians today at which they suggested an export quota of 90,000,000 bushels. We suggested 25,000,000. In case we cannot agree on figures, should agreement be concluded without Russia? [Morgenthau.]

HULL

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561.311F1/156 : Telegram

*The Acting Secretary of State to the Chairman of the American Delegation to the Monetary and Economic Conference (Hull)*

WASHINGTON, July 17, 1933—3 p. m.

147. For Morgenthau from Wallace. Your 134, July 15, 9 a. m.<sup>25</sup> and 135, July 15, 10 a. m.

As to Australia: to prevent uncertainty, I repeat that the Australian proposal to limit their exports and not accumulate stocks is acceptable to us.

As to Danubian countries: we will accept whatever agreement seems reasonable to you and which Bruce will accept. The figures you mention for Danubian exports are quite satisfactory.

As to Russia: We feel it would be wise to include Russia if any plan can be devised which seems reasonable to you and which is acceptable to the other exporting countries. Would a Russian quota of not to exceed 50,000,000 any year, but with the right to store excess from year to year, be attractive to her? You might point out to the Russians that they would receive more total income from 50,000,000 bushels sold on a sustained international market than they would receive from 90,000,000 forced on a demoralized market, and that if this acreage reduction agreement for other exporters can be worked out, they will share in the benefits of a stabilized world market.

Finally, I repeat the suggestion as to including some provision as to world level of prices in the export quota agreements. Perhaps it could be arranged for the Advisory Committee to revise all quotas downward if world prices should fall below some stated figure, or upward if they should rise above some designated price. Will advise you later as to whether for purposes of this conference you should abandon acreage reduction agreements entirely in favor of export quotas. [Wallace.]

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<sup>25</sup> Not printed.

561.311F1/159 : Telegram

*The Chairman of the American Delegation to the Monetary and Economic Conference (Hull) to the Acting Secretary of State*

LONDON, July 19, 1933—4 p. m.  
[Received July 19—12: 35 p. m.]

153. For Wallace from Morgenthau. Agreed July 18th with Danubian countries on export quota for first year of 54,000,000 bushels and 50,000,000 for second year. Former was compromise between our demand for 50,000,000 and their demand for 57,000,000. Yugoslav and Bulgarian representatives stated they would have to get approval of Governments. At conclusion Rumanian raised question of preferential treatment for Danubian wheat in European markets and stated in principle Danubian States could not renounce preference for first year and at end of year would examine position to see if price had risen sufficiently to compensate for renouncing preference for second year. Preferential treaties now in effect would continue. They also wished to reserve right to enter into regional agreements which might involve preference on wheat. Argentina is much opposed to preferential treatment of Danubian wheat.

If this question of preferences becomes a leading one I would recommend more conclusive instructions as to what position we should take. I would recommend on condition that the Danubian countries cooperate otherwise in the achievement of a general agreement the United States accept the idea of preferences to be extended solely for the period of the agreement and for strictly limited quantities of wheat (the quantities to be no greater than the normal export of Danubian wheat to the respective importing countries). Our safeguard would be in the agreement on the part of the Danubian countries as regards their total export quota. We would not agree to preferences unless the Danubian States in return were willing to make further concessions as regards total export quotas.

Meeting was then held with Russians obviously anxious to participate in general arrangement but claimed they had very large crop this year possibly equal to 1930 and would need much higher quota than 25,000,000. Would doubtless compromise on intermediate figure but wanted to know possibility of receiving collateral loan for 2 or 3 years on around 25 to 50 million bushels in order to hold back that narrow margin exportable surplus above quota.

Subsequently another meeting was held with the importing countries at which representatives of France, Italy, Great Britain and Germany expressed their desire to cooperate. They indicated their willingness to reduce tariffs as prices should rise. All were of the opinion, however, that some time would be required to consider the details.

The original committee of overseas exporters now augmented by Danubian States, Russia and all importing countries begin meeting this morning under chairmanship of Morgenthau. [Morgenthau.]

HULL

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561.311F1/162 : Telegram

*The Acting Secretary of State to the Chairman of the American Delegation to the Monetary and Economic Conference (Hull)*

WASHINGTON, July 20, 1933—11 a. m.

164. For Morgenthau from Wallace. Your 153, July 19, 4 p. m. With respect to Danubian countries, your recommendations to accept extension of preferences solely for the period of the agreement and to secure concessions on total export quotas if preferences are to be extended seem satisfactory.

With respect to importing countries, would urge they lower tariffs, eliminate milling restrictions and maintain free market to exporter after he has paid duty.

With respect to Russia we know of no way of granting collateral loan. Would suggest again that Russia may obtain a larger money return under agreement than without one. Russia may want to hold part of its surplus for a smaller crop next year. [Wallace.]

PHILLIPS

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561.311F1/165 : Telegram

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

WASHINGTON, July 27, 1933—4 p. m.

209. For Morgenthau from Wallace. It is necessary for us to announce our final wheat reduction plans in the near future, preferably by the end of this week or early next week.

If you do not secure definite agreement this week, we will proceed Monday to announce procedure as follows: We will require those farmers who receive benefit payments to reduce their acreage 10 percent from their 3-year average. (After allowing for possible increases by farmers not participating, this will mean only 1 or 2 percent reduction below acreage actually seeded for 1933 harvest. In effect this will prevent any increase in acreage sown for next season, but permit of a considerable increase in acreage actually harvested above that harvested this season.) If no agreement is secured for similar reductions in other exporting countries, we will reduce our internal carry-overs by export dumping, especially to Oriental markets,

or by financing exports in other ways. Use this information as you see fit to hasten the conclusion of your negotiations.

Press reports here indicate you have made substantial progress toward agreement on part of importing countries. If this is not correct we would like to announce our acreage reduction plans this Saturday.

We are making this slight reduction as an evidence of our ability to operate and as an indication of our goodwill, even though the other countries are not able to go along this year.

Please wire us the present status of your negotiations, whether you hope to have any binding agreement this week, and your reaction to plan just sketched. [Wallace.]

PHILLIPS

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561.311F1/166 : Telegram

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

LONDON, July 28, 1933—1 p. m.

[Received July 28—7:38 a. m.]

226. For Wallace from Morgenthau. "Replying to your 209, July 27, 4 p. m., at yesterday's meeting differences arose between Canada and some of the Europeans which proved irreconcilable. We recessed until August 21 at London. Morgenthau personally believes now that no satisfactory agreement can be reached within reasonable time, if at all, and advises your announcing your plan immediately. Morgenthau sails on *Berengaria* Saturday and will report Washington on arrival. Will cable further details. Murphy agrees with Morgenthau's conclusions but will try to get Bennett's reaction yesterday's meeting."

BINGHAM

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561.311F1/167 : Telegram

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

LONDON, July 28, 1933—3 p. m.

[Received July 28—1:10 p. m.]

228. For Wallace from Morgenthau. "Beginning July 18 daily discussions have been held by overseas and Danubian exporters with European importers jointly in committee and individually in private. In view of limited time available discussions were directed toward reaching agreement on general principles upon which importers would

cooperate with aim of thus enabling exporters to put their plan into effect. Following principles proposed by exporting countries:

- (1) Not to increase acreage or encourage expansion in production.
- (2) Employ all possible means increase consumption particularly removal measures lowering quality breadstuffs.
- (3) Reduce tariffs as prices rise.
- (4) Relax all forms restrictions on wheat imports including milling quotas in order to increase international trade in wheat and restore more normal relations between imports and consumption. Little relaxation expected this year but effective alteration 1934-35.
- (5) Refrain from subsidized exports.
- (6) Renounce regional cereal preferences upon entry into force of international wheat agreement.
- (7) Having agreed to the above principles to discuss detailed arrangements later.

Conversations revealed advisability dropping points (5) and (6). Importers generally insisted on principle of having outlet for domestic production at remunerative price without definite obligation reduce acreage but appeared prepared undertake tariff reduction and gradual relaxation restrictions when world prices rose provided above conditions met. Was impossible complete discussions or reach general agreement before Conference adjournment although France appeared prepared cooperate fully, Austria, Czechoslovakia and Switzerland favorable, Italy some reservations, Germany refused make definite commitment but expressed willingness continue negotiations later, Great Britain full cooperation consistent with wheat act. However, in joint Drafting Committee yesterday Bennett nearly broke up discussions by objecting to European insistence on remunerative prices but finally he agreed that evidence European desired cooperate was sufficient justify further negotiations at adjourned meeting London, August 21."

BINGHAM

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561.311F1/176: Telegram (part air)

*The Consul at Geneva (Gilbert) to the Secretary of State*

GENEVA, August 16, 1933—3 p. m.  
[Received August 18—7: 50 a. m.]

181. At the request of the four principal wheat exporting countries, as expressed in a letter from Ferguson to Secretary General under date of August 3, Avenol telegraphed invitation on August 12 to 27 European countries for conference in London on wheat, commencing August 21st. One reply has been received to date from Greek Government which accepted. If Department desires that the replies of governments be cabled, please instruct.

GILBERT



561.311F1/178 : Telegram

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

WASHINGTON, August 17, 1933—5 p. m.

218. For Murphy from Wallace. Press statement released August 15 after conferring with Morgenthau states our position on international wheat situation as follows:

"We stand ready to participate in any reasonable plan which the other three great exporting countries will accept. We do not insist on European cooperation at this time, but if the other exporters insist on it, we will accept any reasonable plan for European cooperation which is satisfactory to Canada, Australia and Argentina. We shall wait until August 24 to see if they can reach an agreement for definite action, before we announce our wheat reduction for next year. If the other exporters will not cooperate we shall use the full powers of the Agricultural Adjustment Act<sup>26</sup> to protect American wheat producers. We will make less reduction in acreage than if other countries were working with us; we will maintain our wheat producers' incomes through benefit payments; and we will move out of the country burdening surpluses of wheat, such as that now existing on the Pacific Coast. We recognize that our European market for wheat has greatly diminished; but if no agreement is reached we will find a place for our wheat in Oriental markets. In the past, those markets have been divided between American, Canadian, and Australian sources, with the distribution of the supply varying from year to year with crops and market condition".

At the London conference you will of course confer with us before finally agreeing to any plan proposed by the other exporting countries. [Wallace.]

PHILLIPS

561.311F1/179 : Telegram

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

LONDON, August 20, 1933—11 a. m.

[Received 11:20 a. m.]

244. For Wallace from Murphy. Returned to London yesterday from continental trip. Europe has another large wheat crop of excellent quality. My impression is most countries now realize necessity cooperating with exporters and making readjustments their grain policies to maintain prices. About 20 countries will be represented Conference. Preliminary discussions with Canadians, Australians in-

<sup>26</sup> 48 Stat. 31.

dicade plan outlined our cable June 30 will require considerable modification of tentative figures because crop changes. It now appears import demand probably will not exceed 575,000,000 against 750 then estimated. Since this affects quota figures materially we need new instructions regarding maximum acceptable to the United States, also your estimate probable total disappearance wheat United States this year. Latter figure will have important bearing on any allocation quotas for old crop surplus Canada and United States, which is one difficult problem now facing us. Subsidized exports wheat from France, Germany may also give trouble. However Canadians, Australians prepared to seek an agreement within 2 or 3 days. Ferguson in Canada and Bennett sailing August 26. We have given full notice of August 24 dead-line. Can you suggest a way private or otherwise to help Russia finance surplus carried in storage, otherwise it may be difficult to get them in agreement.

Following draft is proposed by exporters after discussions with certain importers for acceptance by importing countries on Monday.

“The wheat importing countries being desirous of cooperating with the wheat exporting countries

(1) Agree henceforth not to encourage any extension of the area sown to wheat and not to take any governmental measures the effect of which would be to increase the domestic production of wheat;

(2) Agree to adopt every possible measure to increase the consumption of wheat and are prepared to bring about the progressive removal of measures which tend to lower the quality of breadstuffs and thereby decrease the human consumption of wheat;

(3) They agree that a substantial improvement in the price of wheat should have as its consequence a lowering of customs tariffs and are prepared to bring about such adjustment of customs tariffs when the international price of wheat reaches and maintains for a specified period an average price to be fixed. It is understood that the rate of duty necessary to assure remunerative prices may vary for different countries, but will not be sufficiently high to encourage their farmers to expand wheat acreage;

(4) They agree that in order to restore more normal conditions in world trade in wheat the reduction of customs tariffs must be accompanied by modification of the general regime of quantitative restrictions of wheat imports and accept in principle the desirability of such a modification. The exporting countries for their part agree that it may not be possible to make substantial progress in these modifications in 1933-34 unless the crops are unexpectedly poor, but the importing countries are prepared to make effective alterations in 1934-35 if world prices have taken a definitely upward turn from the average price of the first quarter of the calendar year 1933. The objective of these relaxations of the various forms of quantitative restrictions will be to restore a more normal balance between total consumption and imports, and thereby to increase the volume of inter-

national trade in wheat. It is understood that this undertaking is consistent with maintaining the home market for domestic wheat grown on an area no greater than at present. It is obvious that fluctuations in the quantity and quality of the harvest resulting from weather conditions may bring wide variations in the ratio of imports to total consumption from season to season."

[Murphy]  
BINGHAM

561.311F1/182 : Telegram

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

LONDON, August 21, 1933—noon.

[Received 3:47 p. m.]

246. The cable for Secretary Wallace from Morgenthau dated June 30 referred to in Embassy's telegram 244, August 20, 11 a. m., proposed the basis of a formal agreement between the wheat exporting countries. Murphy understands from the Secretary of Agriculture that the United States Government has the power under the Agricultural Adjustment Act to carry out in general the provisions set forth in the proposal of the June 30th telegram (although the context of this will now have to be materially modified in view of changes in crop prospects).

Murphy has asked Embassy's opinion whether he may safely assume in present negotiations with other wheat exporting countries that United States Government could sign and fulfill such an agreement along the general lines indicated in the telegram of June 30 without ratification by Congress.

Murphy would appreciate Department's instructions as to the form of any such proposed agreement. In Embassy telegram 244, August 20, 11 a. m., Murphy quotes proposed draft memorandum for submission to wheat importing countries at today's wheat meeting. I understand the general opinion, which the Embassy also shares, to be that if this draft memorandum were initialed, possibly in a somewhat modified form by the countries represented here as a final act of the present wheat Conference it would have merely the force of strong moral suasion but if flagrantly violated might be used as a basis for intergovernmental representations. Under what authority has Murphy right to initial once text of memorandum is approved by Washington?

BINGHAM

561.311F1/185 : Telegram

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

WASHINGTON, August 21, 1933—5 p. m.

219. For Murphy from Wallace. The agreement for importing countries quoted in your telegram of August 20 is satisfactory, if other exporters will accept it.

We will accept agreement of four exporting countries if it includes :

- (1) Agreement for 2 crop years 1933-34 and 1934-35 ;
- (2) Specifies export quotas for each country in percent of total world takings; giving us 8½ percent of total exports this season, and 20 percent of total exports next season. If in terms of actual bushels, we should have 60,000,000 quota for 1933-34 ;
- (3) Commits other exporters to reduce acreage for next year, or else to denature and remove from wheat supply the excess produced above domestic requirements and export quota ;
- (4) Provides definite penalties in case of non-performance of agreement.

We would be willing to reduce our claim for 20 percent of total exports as soon as other exporting countries adopted acreage control legislation parallel to our farm relief act.

There does not seem to be any way by which we could directly finance carrying the Russian surplus. Do you have any suggestions?

Domestic disappearance of United States wheat is estimated to total about 600,000,000 bushels this crop year. [Wallace.]

PHILLIPS

561.311F1/181 : Telegram

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

LONDON, August 21, 1933—8 p. m.  
[Received August 21—3: 47 p. m.]

247. For Wallace from Murphy. Thirty-one countries represented at opening today. We appointed two committees, one technical and the other to consider the proposed Advisory Committee. Those countries represented by observers or uninstructed delegates were asked to telephone their Governments for full authority to initial draft text under consideration as reported in my 244, August 20, 11 a. m., to which no weighty objections were raised.

Next full Conference meeting Wednesday 3 o'clock.

Bennett pushing Conference to conclusion prior to his sailing August 26 but may be impossible to reach agreement by 24th in which case you may wish to hold up your announcement until the 26th. Will you advise me in that eventuality? [Murphy.]

BINGHAM

561.311F1/186 : Telegram

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

WASHINGTON, August 21, 1933—6 p. m.

220. For Murphy from Wallace. In reply your cables 246 and 247 Agricultural Adjustment Act gives the Secretary of Agriculture adequate power to determine policies and carry through operations involving control of wheat acreage and movement of wheat exports. Murphy can initial agreement for this Government after full text of proposed agreement has been approved by Wallace by cable. Suggest London Embassy assist in putting agreement into proper legal form if substantial agreement is first reached.

Wallace has already announced publicly that final action on wheat acreage reduction for next crop year will be announced here August 24. We would be very reluctant to delay our announcement after that date, and would do so only as a last resort if necessary to save the agreement. [Wallace.]

PHILLIPS

561.311F1/187 : Telegram

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

LONDON, August 22, 1933—6 p. m.

[Received August 22—1 : 15 p. m.]

248. For Wallace from Murphy. I appreciate your 219, August 21, 5 p. m., but point out under condition (4) that penalty clause was discarded by exporting countries 2 months ago and any attempt to reintroduce it would be useless.

Since demand figure has been reduced to 550,000,000 bushels your suggested 60,000,000 quota under condition (2) seems impossible. In my opinion your figure of 8½% of the total exports this season would approximate 45,000,000 bushels. Anyway may be possible. [Murphy.]

BINGHAM

561.311F1/191 : Telegram

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

WASHINGTON, August 23, 1933—5 p. m.

221. From Wallace to Murphy. We would prefer 68 cents gold minimum price C. I. F. British ports, or at least 64 cents. This is in line with our present prices in Pacific northwest. If minimum export

price is to be established, it should provide price differentials for various important classes and grades. Prices for at least five classes, first, Manitobas; second, Russian; third, Australian and our soft Pacific; fourth, hard winter; and fifth, Argentinian, would need to be specified, and then differentials for grades in each class. In view of complexities this produces, we are dubious about the feasibility of agreeing on minimum prices.

We estimate domestic disappearance at from 600 to 625. Most probable figures are 490 for food, 75 seed, and 50 feed and waste. [Wallace.]

PHILLIPS

561.311F1/194 : Telegram

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

LONDON [undated.]

[Received August 26, 1933—9:25 a. m.]

252. For Wallace from Murphy. Following is latest proposed draft of exporters agreement which supplements the draft contained in our cable June 30. I am discussing this draft today with Bruce with the slight hope of some favorable modification. The only Argentine representative in Europe authorized to sign will reach London on Monday. As you will see the agreement favors these two countries. Bennett has already initialed it and sailed this morning for Canada.

“While the foregoing statement represents the basis of agreement between the four great exporting countries, the changes which have taken place in the world wheat situation since June 30, 1933, render necessary a series of adjustments.

The main changes in the situation are as follows:

(1) Owing to highest favorable weather conditions in Europe and to reports of good crops of wheat in the extra European importing countries the world demand is now assumed to be 550,000,000 bushels in place of 750,000,000.

(2) The relative failure of crops in North America have resulted in the following changes:

The Canadian crop is now estimated at 300,000,000 bushels which after allowing for domestic requirements leave an exportable surplus of 183,000,000 bushels. The figure of 75,000,000 bushels allowed to meet the requirements of other exporters has to be amended upwards to 100,000,000 bushels.

The 1933 crop in the United States of America is now estimated at 500,000,000 bushels. The estimated surplus stocks in the United States of America are now taken as being 261,000,000 instead of 240,000,000, while those in Canada are taken as being 179,000,000 in place of 140,000,000.

In order to meet the altered situation the four overseas exporting countries are prepared tentatively to adjust their respective allocations in the following ways:

The United States of America will accept an export quota of 47,000,000 bushels being roughly 8½% of the estimated world import demand.

Canada will receive an export allocation of 200,000,000 bushels.

The position in regard to Argentina and Australia is as follows:

These countries have been allotted export quotas for the crop years 1933-34 and 1934-35 of 264,000,000 bushels in the case of Argentina and 255,000,000 bushels in the case of Australia.

Since it is impossible to estimate the actual crops in the Southern Hemisphere for at least 2 months, and since present reports of crop growth are not wholly favorable in either country, Argentina and Australia are prepared to undertake not to export more than for Argentina 110,000,000 bushels and Australia 105,000,000 bushels of the above export quotas prior to July 31, 1934".

We have had a day and night job to get the draft in its present form and I believe in the main it is the best we can possibly hope for. Judging from the enthusiasm and spirit of the importing countries and some of the exporting countries I believe the performance will far exceed anything indicated in agreements. The importers agreement, which speaks for itself, I shall endeavor to communicate to the Department by telephone this afternoon. [Murphy.]

BINGHAM

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561.311F1/197 : Telegram

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

WASHINGTON, August 28, 1933—4 p. m.

224. For Murphy from Wallace. Although we are making public announcement today that we will require our farmers to make 15 per cent acreage cut, we can still reduce that requirement to 10 per cent or less at any time until the wheat is actually planted. Use this fact as you see fit in your further negotiations.

We are making no announcement on our exports pending completion of your negotiations. [Wallace.]

CARR

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561.311F1/198 : Telegram

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

WASHINGTON, August 29, 1933—6 p. m.

227. For Murphy from Wallace. I assume that you will remember that you are not authorized to enter into any final commitment for this

Government as to acreage or export which differs from those proposals that you have already presented to the Department in your cables of June 30 and August 26. I assume that you will submit any material changes to us for judgment.

The general agreement which you initialled on August 25 did not specifically deal with the matter of acreage reduction. [Wallace.]

HULL

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561.311F1/199 : Telegram

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

LONDON, August 30, 1933—5 p. m.

[Received August 30—1:15 p. m.]

256. Wallace from Murphy. Agreement<sup>27</sup> completed noon today by all four exporters. United States figures unchanged. However agreement reached Argentina should accept same conditions as Australia, that is, export quota second year equivalent 15% reduction with obligation no accumulation stocks in lieu of direct undertaking 15% acreage cut. Canada considered this undertaking more effective than acreage cut. Agreement completed by initialing June 30 draft and supplement cabled August 26 slightly modified plus interpretative letters. Other delegations already departed, therefore no formal document being drafted. Russia refused accept maximum 37. Further negotiations meeting Advisory Committee September 18. [Murphy.]

BINGHAM

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561.311F1/204 : Telegram

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

WASHINGTON, August 30, 1933—6 p. m.

231. For Murphy from Wallace. Congratulations on your great achievement. This is the momentous step.

You have not yet sent us appendix A or appendix B referred to in text of the general agreement. Please send these to us by cable. If too lengthy to summarize please be sure that full copies are mailed to the Department or bring with you on your return. We are assuming that any further details concerning interpretation of fulfillment of agreement will be taken up through the Advisory Committee. [Wallace.]

HULL

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<sup>27</sup> League of Nations, *Final Act of the Conference of Wheat Exporting and Importing Countries*, Signed at London, August 25, 1933 (C.511.M.256.1933.II.B.).



# NEGOTIATIONS WITH REGARD TO CERTAIN INTERGOVERNMENTAL DEBTS DUE THE UNITED STATES<sup>1</sup>

## GREAT BRITAIN

800.51W89 Great Britain/406

### *Memorandum by the Secretary of State*

[WASHINGTON,] January 19, 1933.

The British Ambassador came in and said that he wanted some time to have a long talk with me about the present situation respecting debts. I suggested that we begin with it now, although I told him at the very start that I should perhaps be in a better situation to discuss it twenty-four hours from now (by that referring to the coming meeting between Mr. Hoover and Mr. Roosevelt.) We then reviewed the steps which had already been taken. I reminded him that the last time we discussed this I had told him that this administration was ready to keep its promise to appoint a commission to discuss debts if the British desired, although we would not be at all surprised if that offer were not accepted owing to the then deadlock between Mr. Hoover and Mr. Roosevelt as to machinery for bridging over the gap between the two administrations. I said I had taken the Ambassador's failure to bring up the subject again on any later occasion as an answer to my suggestion and an evidence that the British saw no reason for opening the subject with an administration which was going out of existence so soon. He said yes, that was so. I told him that since that time we had been trying to begin again with efforts at cooperation between the two administrations and we had been making some progress, as he could see from the newspapers. I pointed out that Mr. Hoover's original proposal for bridging the transition period was to create a commission, which should represent Mr. Roosevelt's selections, which could take up the matter and actually negotiate even before March 4th, but that Mr. Roosevelt, for reasons which we could properly understand, had declined to accept that suggestion or to take any responsibility in negotiations before he actually became President.<sup>2</sup> I said

<sup>1</sup> For previous correspondence concerning intergovernmental debts, see *Foreign Relations*, 1932, vol. I, pp. 584 ff.; see also *ibid.*, 1931, vol. I, pp. 175 ff.

<sup>2</sup> For the exchange of correspondence between President Hoover and President-elect Roosevelt, see Department of State, *Press Releases*, December 24, 1932, pp. 453-459.

there remained then only the possibility of having the Hoover Administration confine itself to preparatory work with the idea that everything should be in as much readiness as possible by March 4th so that Mr. Roosevelt could begin the work of negotiation as quickly as possible. I told the Ambassador we were making some progress with this idea but nothing yet was settled. I asked him as a try-out whether it would be possible, in case we were successful with this new bridge between the two administrations, for the British to send over someone prepared and ready to begin negotiations by March 4th, and he replied that he did not think it would be out of the question. I said I would let him know if anything came of this effort.

During the course of our talk, he said that his Government faced the great difficulty of not knowing whether they could go ahead with any steps at all without offending France. He told me he said this not as a matter of legal possibility, for of course his Government could do it,—but as a political possibility as to whether they could do it without offending France, which they did not want to do. I replied that on our side he must realize that we could not in the light of our own public sentiment treat a nation which had defaulted on its debt in exactly the same way and in the same priority as we treated a nation which at great sacrifice had paid its installment. He answered yes, that he could also see that we could not, having refused to grant a moratorium to France for the December installment,<sup>3</sup> without any further excuse or action by France reverse ourselves and discuss debts. I said of course that was so.

H[ENRY] L. S[TIMSON]

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*Press Release Issued by the White House, January 20, 1933*<sup>4</sup>

The Conference between the President and the President-elect this morning was attended by Secretaries Stimson and Mills<sup>5</sup> and Messrs. Norman Davis and Moley.<sup>6</sup> The discussions were devoted mainly to a canvas of the foreign situation and the following statement covering the procedure to be followed was agreed upon:

“The British Government has asked for a discussion of the debts. The incoming administration will be glad to receive their representative early in March for this purpose. It is, of course, necessary to discuss at the same time the world economic problems in which the United States and Great Britain are mutually interested, and there-

<sup>3</sup> See note of December 8, 1932, to the French Ambassador, *Foreign Relations*, 1932, vol. I, p. 739.

<sup>4</sup> Reprinted from Department of State, *Press Releases*, January 21, 1933, p. 42.

<sup>5</sup> Ogden L. Mills, Secretary of the Treasury.

<sup>6</sup> Raymond Moley, Adviser to President-elect Roosevelt.

fore that representatives should also be sent to discuss ways and means for improving the world situation."

It was settled that these arrangements will be taken up by the Secretary of State with the British Government.

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800.51W89 Great Britain/407

*Memorandum by the Secretary of State*

[WASHINGTON,] January 20, 1933.

I sent for the British Ambassador and he came at 5:45 p. m. I told him that I was authorized by Mr. Roosevelt to extend through him to Great Britain an invitation to send representatives here by the fourth of March to take up the discussion of the debt between our two countries as soon as possible after Mr. Roosevelt's inauguration. I handed the Ambassador a memorandum, a copy of which is attached. I told him that that memorandum contained about all I had to say. But I called his especial attention to the second paragraph, saying I felt responsible that there should be no misunderstanding on the part of the British as to Mr. Roosevelt's expectation that they should send, at the same time, representatives prepared to discuss the other matters mentioned therein besides debts. Sir Ronald asked me what was defined by these other matters and whether they included "gold." I said that I would not try to give the full content of what had been expressed in the memorandum in general language, but would leave that to their own interpretation or to further inquiries, and I said that he could understand my reluctance to assume to interpret Mr. Roosevelt's words any further. The Ambassador went away expressing great gratitude for what he asserted I had done in the matter.

H[ENRY] L. S[TIMSON]

[Annex]

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

AIDE-MÉMOIRE

In our previous correspondence on this subject the British Government has expressed a desire for a discussion in the near future of the debts owed by that government to the United States. I am authorized by Mr. Roosevelt, the President-elect, to say that he will be glad to receive at Washington a representative or representatives of the British Government for that purpose early in March, as soon as possible after his inauguration.

Mr. Roosevelt wishes it to be understood that any discussion of the debts which the British Government may wish to bring up must be

concurrent with and conditioned upon a discussion of the world economic problems in which the two Governments are mutually interested, and therefore that representatives should also be sent at the same time to discuss the ways and means for improving the world situation.

[WASHINGTON,] January 20, 1933.

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800.51W89/668

*Memorandum by the Assistant Secretary of State (Rogers)*

[Extract]

[WASHINGTON, January 23, 1933.]

The following is the substance from memory of the telephone conversation between Secretary of State Stimson and President-elect Roosevelt at noon, January 23:

S. Sorry to have to call you so soon and interrupt your vacation but some matters here have arisen on which I need to consult you.

R. That is all right. Glad to hear from you. Have you heard anything from the British?

S. Not a word except the speculation in the press. The first thing I want to talk to you about is the fact that we must say something to the other countries which have paid the December 15 installment. While Great Britain made the first request, Italy, Czechoslovakia, Lithuania and Latvia all paid. Italy paid very promptly; Czechoslovakia paid with great difficulty after a struggle to make it possible in her domestic currency situation; Lithuania and Latvia are of course little fellows. They are all pressing us for some attitude in view of the announcement that you would talk to the British. I have not said anything to any of them but I was planning, (if you approved but only if you approved) to say something to each of them to the effect that immediately after you had settled affairs with the British, you would take up the question with them in the order of their request.

R. Have they made formal requests?

S. Yes, all of them made requests for a discussion at the time they made the payments.

R. Well, I suppose you must say something to them. It must be put in such form that there is no implication that they are all together around the same table.

S. Suppose I say promptly, that is, that you will take up discussions with them promptly when you have finished with the British?

R. That seems to me all right. Yes, you can say that. All that I am concerned about is that we should avoid any implication of discussing things with all of them together.

S. You may be sure I will protect you on that point. I have been watching it for three years. Very well, I will go ahead on that. You may be sure that I will completely safeguard you in the matter of separate discussion. Now there is a second thing. You remember that in the *Mayflower*<sup>7</sup> I talked to you about the suggestion of sending a note to France. There is a feeling here among some of us that there might be a possibility of getting France to pay; that indeed there might be some criticism if we did not make an effort to get them to pay before March 4. I suggested to you the possibility of sending them a note in a very friendly tone. We did not continue the discussion of it or arrive at any conclusion. The President feels, particularly, that there may be a possibility of getting them to pay. At any rate while there is some division, there is certainly opinion here to that effect and I want you to consider it. I would not for a moment send a note if you disapproved of it or if it interfered in any way with the policies that you wanted to carry out. I have mailed you a letter containing a draft of a note<sup>8</sup> and want your response to that.

R. Yes, I have some doubt about whether anything would be accomplished. Did I tell you that Claudel<sup>9</sup> saw me in New York? He came in to tea. He said something in going away to the effect that he was very hopeful that things would be very rapidly cleared up with my administration. It may have been only general politeness but it may have had some meaning.

S. Well, what I have drafted is brief and very friendly but you can go over it and give me your views. There is a great deal that can be said for a move at this time and I wanted to put the matter before you in some form especially as we brought the matter up but arrived at no conclusion the other day.

R. Very well, I will go over it.

J[AMES] G. R[OGERS]

800.51W89 Great Britain/404

*Memorandum by the Assistant Secretary of State (Bundy)*

[WASHINGTON,] January 23, 1933.

For the Secretary. The British Ambassador called to ask (1) Whether we thought it would be advisable for him to get in touch with Professor Moley and Mr. Tugwell, as representatives of the new Administration. I said that the Secretary and I both felt clearly that

<sup>7</sup> *Mayflower* Hotel, Washington.

<sup>8</sup> *Post*, p. 867.

<sup>9</sup> Paul Claudel, French Ambassador in the United States.

this should not be done; (2) The Ambassador asked whether there was any representative of the new Administration authorized to deal directly with the British in London. I stated that we had no knowledge of such a representative and I warned the Ambassador that I felt it very advisable to confirm the authority of anyone purporting to act for the new Administration; (3) The Ambassador asked whether in the Communiqué issued by the President and Mr. Roosevelt the word "representative" in respect to debts, and "representatives" in respect to economic subjects had been used intentionally. I said I thought the use had been intentional and indicated the preference of Mr. Roosevelt for an individual to deal with the debts rather than a group or commission; (4) The Ambassador asked whether the discussion "economic subjects" would include political subjects like disarmament and China. I said I could not speak definitely but in so far as I had discussed the matter there had been no indication from the representatives of the new Administration that any broader scope was intended than economic subjects in a general sense, such as those subjects now comprised in the Economic Conference.<sup>10</sup>

H[ARVEY] H. B[UNDY]

800.51W89/676½

*Memorandum by the Secretary of State of a Telephone Conversation*<sup>11</sup>

[WASHINGTON,] January 24, 1933.

I telephoned the Governor and told him I had called him for the purpose of keeping him in close touch with exactly what I was doing, as I wanted to be sure there was no misunderstanding as to each step taken. He said fine. I told him that immediately after my talk with him yesterday, the Italian Ambassador had come in and I had made a similar statement to him as I had to the British and had sent him an *aide-mémoire*<sup>12</sup> of which the material language was exactly like that of the British;<sup>13</sup> that since that time the Czechoslovakian and Lithuanian [representatives] had come in and had been similarly treated and I expected the Latvian representative, their Consul General in New York, who had to come from a distance, later.<sup>14</sup> I said that these four and Great Britain constituted all who had paid their installments and made requests; that, however, Finland had paid but had not yet made

<sup>10</sup> See pp. 452 ff.

<sup>11</sup> Between President-elect Roosevelt at Warm Springs, Ga., and the Secretary of State at Washington, January 24, 1933, 2: 50 p. m.

<sup>12</sup> *Post*, p. 888.

<sup>13</sup> *Ante*, p. 828.

<sup>14</sup> For the *aide-mémoire* sent to the Czechoslovakian, Lithuanian, and Latvian representatives, respectively, see pp. 853, 898, and 893.

any request for a discussion of debts. He laughed and said they will be along very soon, and I replied that they probably would. I told him I would send him copies of the *aide-mémoires*, and he said all right.

The Governor then said he had been asked by the press about the Italians and had informed them. I told him I intended to give to the press this afternoon what had been done by the others inasmuch as it was sure to leak out. He said all right, to go ahead.

H[ENRY] L. S[TIMSON]

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800.51W89 Great Britain/409

*Memorandum by the Secretary of State*

[WASHINGTON,] January 25, 1933.

The British Ambassador brought me the annexed note from his Government.<sup>15</sup> After I had read it through, he said, "You will notice that in the note there is an implicit distinction between discussions and decisions." He then pointed out the reason was that his Government felt that inasmuch as the coming World Economic Conference was to be attended by many nations, there might be adverse feeling aroused if it were thought that two of the nations were going to enter into binding agreements upon subjects coming up in that conference beforehand. I replied that I had recognized the possibility of such a danger and I thought the language in the *aide-mémoire* which I had given him last week had guarded against that in designating these world economic problems as ones "in which the two Governments are mutually interested."

I then said that as the Ambassador must recognize, while I could not speak with authority as to Mr. Roosevelt's views, I thought that there might well be some economic and monetary subjects on which Mr. Roosevelt would desire to have assurance as to the position of the British Government before he made a definite decision as to the British debt. The Ambassador said he could understand that.

He told me that it was the intention of his Government to give this note to the press for publication in tomorrow morning's newspapers.

H[ENRY] L. S[TIMSON]

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800.51W89 Great Britain/408

*The British Embassy to the Department of State*

We have received with great satisfaction the communication sent by the President Elect of the United States through you in reply to our proposal of November 10th<sup>16</sup> for a discussion on the American

<sup>15</sup> *Infra.*

<sup>16</sup> *Foreign Relations*, 1932, vol. I, p. 754.

debt question. We note that Mr. Roosevelt would like to receive a representative or representatives of His Majesty's Government at Washington as soon as possible after March 4th. His Majesty's Government are happy to accept this invitation. The effect of the debt situation upon a wide range of world economic problems is crucial to every government and in the course of the discussion at Washington on the debt we shall be glad to take the opportunity of exchanging views with Mr. Roosevelt on those other matters in which the two governments are so closely interested. It will be recognized that decisions on matters which constitute the subject of the approaching world economic conference and which affect other States cannot be reached before discussions take place at that Conference between all the States represented there.

[WASHINGTON,] January 25, 1933.

800.51W89/876¾

*Memorandum by the Secretary of State of a Telephone Conversation*<sup>17</sup>

[WASHINGTON,] January 25, 1933.

I told Mr. Roosevelt that I had received the answer of the British,<sup>18</sup> and I read their memorandum to him over the telephone. I told him what the British Ambassador had said as to the difference between decisions and discussions and also of my reply (see my *aide-mémoire*<sup>19</sup>). The Governor expressed his great satisfaction with it and said that it was left, he thought, in a perfectly safe way.

He then said he had just been on the point of calling me up about the proposed note to the French<sup>20</sup> which had reached him this morning. He told me that frankly the reaction which the note would make upon him if he had received it and had been an individual debtor, would be similar to that which might be expected when such a debtor had been unable to pay his debt on the date of maturity and then shortly afterwards found that his creditor had given it to protest. But he went on to say that he felt I knew a good deal more about it than he did and he was hesitant as to what to do. He repeated his query as to whether we could not sound out Claudel. I replied to him that on that subject I had received two telegrams from Edge<sup>21</sup> whom we had asked to sound out public opinion in France after he (the Governor) indicated a desire to have that done, and I read to him over the telephone Edge's cable No. 29, of January 24,

<sup>17</sup> Between President-elect Roosevelt at Warm Springs, Ga., and the Secretary of State at Woodley (his residence), January 25, 1933, 2:30 p. m.

<sup>18</sup> *Supra.*

<sup>19</sup> *Ante*, p. 828.

<sup>20</sup> *Post*, p. 868.

<sup>21</sup> Walter E. Edge, Ambassador in France.



4 p. m., and his No. 32, of January 25, 1 p. m.<sup>22</sup> Mr. Roosevelt replied that the story mentioned in the second cable as coming from Warm Springs was merely a newspaper fabrication made up from his statement during his correspondence with President Hoover to the effect that any debtor should have a right at any time to come to his creditor. He then said he thought that for the present, in view of Edge's statement in his cable No. 19 [29] as to the effect which the invitation to Italy might have upon France, it would be well "to let the matter simmer for a few days" until we could see what the effect of this would be. I said I would follow that course.

I then told him that I had learned only yesterday that he had not received the copy of the *aide-mémoire*<sup>23</sup> which I had given to the British Ambassador last Friday. I said I had given a copy to Mr. Moley which I supposed Mr. Moley had sent to him. He replied that he had heard from Moley but that Moley had forgotten to mail the copy. I told him that yesterday I had sent him the complete series of *aide-mémoires* in the cases of all of the countries to whom invitations had been extended. He asked me which those countries were and I told him, and included the fact that the Latvian representative was coming tomorrow and Finland's had been here today. He expressed his satisfaction.

H[ENRY] L. S[TIMSON]

800.51W89/6764

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*Memorandum by the Secretary of State of a Conversation With Mr. Raymond Moley*

[WASHINGTON,] January 26, 1933—4: 16 p. m.

Mr. Moley came in and asked me if I could let him have a set of copies of the various *aide-mémoires* which had been given to the different debtor countries, as well as the reply of the British. He also asked for a copy of the proposed note to the French and of my letter to the Governor enclosing it.<sup>24</sup> I gave him copies of all these papers. He said he wished to look over the proposed French note and talk with the Governor over the telephone this evening about it and would again talk with me tomorrow morning. He said that the Governor had called him up and asked him to do this. We talked over the pros and cons of the French note. I told him of my talk with the Governor over the telephone and said that I was following the Governor's suggestion that the matter be "allowed to simmer". Mr. Moley said that the Governor was a little worried over the thing. I

<sup>22</sup> Neither printed.

<sup>23</sup> *Ante*, p. 828.

<sup>24</sup> *Post*, p. 867.

told Moley that there was no need for the Governor to be worried for we did not wish to do anything which would interfere with his future plans for the treatment of the matter with the French.

I then discussed with him French opinion as expressed in the various cables we had received from Edge, including Edge's cable<sup>25</sup> as to his talk with Lord Tyrrell.<sup>26</sup> Moley said he thought French opinion was crystallizing against payment. I told him that that was the tenor of Edge's opinion now too, although, I said, Edge had been of the opinion that it would be a mistake not to press the French or to run any risk of their thinking that we were not taking the default seriously.

Mr. Moley brought up the question of the last sentence in the British reply. He was evidently troubled by that, and he suggested that we had better answer it. I told him the reply confirmed my impression that the British were going to put up a hard fight against making any commitments on the economic or monetary subjects as a *quid pro quo* for the debts, and I suggested verbally the form of an answer which might be sent. Moley said he would come in in the morning and would probably bring with him a draft reply. He suggested that I draft one too to be compared with his.

H[ENRY] L. S[TIMSON]

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800.51W89 Great Britain/412

*Memorandum by the Secretary of State*

[WASHINGTON,] February 23, 1933.

The British Ambassador called after his return from his mission to Great Britain. He seemed a little conservative at least as to his success, although he said he thought he had "at least made a dent on them." But he was very evidently discouraged by the situation which he had now envisaged from both sides. He did not at all go into the facts or details. In order to check up my impressions, I said I was troubled myself; that I saw nothing but bad economic and financial conditions all around us and that it required much more than a mere debt settlement to adjust it. He agreed. I said that even if the absurd condition could be assumed that the American people would give up all their debts on their side or the British Government continue to pay all their debts on the other, and that either one of these absurd hypotheses should take effect—even then after a brief flurry perhaps of optimism the world would slump back into its present condition unless a good many more necessary steps were taken, such as the steps

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<sup>25</sup> Not printed.

<sup>26</sup> William George Tyrrell, British Ambassador in France.

which were now envisaged in the Economic Conference. The Ambassador agreed with me emphatically. I told him that the debts were only a small part of these other necessary steps. He said he agreed and he thought that his government agreed, but the only thing that they had said was that the debt settlement was a necessary first step towards the others. I said, "Under these circumstances, do not let's get into an impasse on a mere question of order. Let us try to find a compromise on that question, however difficult." And with that he agreed.

H[ENRY] L. S[TIMSON]

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800.51W89 Great Britain/444

*The Under Secretary of State (Phillips) to the Secretary of State*

[WASHINGTON,] March 20, 1933.

MR. SECRETARY: The British Ambassador called to tell me of the conversation he had with the President on March 16th. He said that the President welcomed the reports that Mr. MacDonald was going to Rome to consult Mussolini,<sup>27</sup> whom he felt held the key to the European situation, that the President expressed the hope that Hitler and Mussolini would also have a meeting and that the President then expressed the idea that it might be a good idea if MacDonald came over here. The Ambassador thereupon remarked that MacDonald could not possibly come to Washington without talking debts, to which the President replied, "Why shouldn't he come and talk debts also?" The Ambassador said that the British Government would never consent to allowing MacDonald to come to Washington to talk debts until there was some assurance previously arrived at that his mission would be satisfactory from the British point of view.

I told the Ambassador that the Department was hoping to send an answer to his February memorandum<sup>28</sup> within a day or two and explained to him the Secretary's feeling that if conversations did take place over here on debts and economic problems that the two subjects would have to be separately discussed, one relating to contractual relations between two governments (debts) and the other relating to subjects which might become contractual relations (international trade). The Ambassador thoroughly agreed with this. He felt the urgency of the matter and I heartily agreed with him.

WILLIAM PHILLIPS

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<sup>27</sup> For correspondence relating to the British Prime Minister's mission to Italy during which negotiations concerning a Four Power Pact were inaugurated, see pp. 322 ff.

<sup>28</sup> Memorandum entitled "British Policy on Economic Problems," p. 465.

550.S1 Washington/361

*Joint Statement by President Roosevelt and Prime Minister MacDonald*<sup>29</sup>

During the day the Prime Minister and the President have discussed the problems of the debt of the British Government to the United States Government.<sup>30</sup> Both have faced the realities and the obligations and both believe that as a result there is laid the basis of a clearer understanding of the situation affecting the two Nations.

It would be wholly misleading to intimate that any plan or any settlement is under way. It is the simple truth that thus far only preliminary explorations of many different routes have been commenced. The point to be emphasized is that with the most friendly spirit progress is being made. After the Prime Minister's departure these conversations can well continue in London and Washington.

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800.51W89 Great Britain/472

*Memorandum by the Secretary of State*

[WASHINGTON,] May 18, 1933.

The British Ambassador called and desired to know just what the significance was of certain conversations that had been going on about the debt situation. I frankly stated to him that since the applications of debtor governments for review of their debts should be considered separately from the subjects to be considered by the World Economic Conference, I myself had given all of my attention to the preparations for the World Conference and that so far as I was aware any conversations relative to debts had been conducted by the President and Assistant Secretary Moley, or both. He then inquired whether the state of those debt conversations was awaiting a reply of any kind from the British Government. I replied that I was entirely uninformed as to this but if he so desired I would ascertain the facts and notify him. This he requested that I do.

He was rather impatient in his reference to what he considered the failure of our government to do any educational work in or out of Congress in the direction of liberalizing the debt situation. I replied that I was even more discouraged at the seeming indifference of the British and French especially towards the big fundamental factors to be dealt with by the World Conference for the purpose of world business recovery.

C[ORDELL] H[ULL]

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<sup>29</sup> Issued by the White House as a press release, April 25, 1933.

<sup>30</sup> Prime Minister MacDonald was in Washington, April 21-26, for conversations preliminary to the forthcoming Monetary and Economic Conference at London, June 12-July 27. For correspondence pertaining to the Washington conversations, see pp. 489-494.

800.51W89 Great Britain/474a

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

WASHINGTON, June 9, 1933.

EXCELLENCY: I am requested by the Secretary of the Treasury to notify you that \$75,950,000 interest is due and payable on June 15, 1933, on account of the indebtedness of your Government to the United States pursuant to the debt agreement of June 19 [18], 1923.<sup>31</sup>

The debt agreement of June 19, 1923 requires thirty days advance notice in case your Government desires to make payment in obligations of the United States issued since April 6, 1917, but I am requested by the Secretary of the Treasury to advise you that he will be glad to waive the requirement of thirty days advance notice if your Government wishes to pay in that manner.

Accept [etc.]

WILLIAM PHILLIPS

800.51W89 Great Britain/480

*Memorandum by the Acting Secretary of State*

[WASHINGTON,] June 13, 1933.

The British Ambassador came in this morning to tell me that he had received word from his Government that they were willing to make a \$10,000,000 payment on June 15th; that the only change suggested in the draft of the exchange of notes was at the end of our note the British prefer that the words "on approximately July 17th" should be changed to "as soon as convenient."<sup>32</sup>

I called up the President to find out whether that would be agreeable to him and he said it would be wholly acceptable, provided that the meeting would not take place before July 17th. Sir Ronald informed me that the British had in mind the month of September.

I repeated to Sir Ronald the President's hope that there would be no publicity with regard to this whole matter until tomorrow at the earliest and better still not before Thursday, the 15th, owing to the fact that Congress was still sitting and that there was hope of adjournment this evening. The Ambassador said that unfortunately Neville Chamberlain, the Chancellor of the Exchequer, was scheduled to make a speech this afternoon in Parliament on the subject of the debt payment and that he wanted to give publicity to the exchange of notes; he pointed out that it was exceedingly difficult to stop it, that the time was too short, that his scheduled speech had been announced,

<sup>31</sup> *Combined Annual Reports of the World War Foreign Debt Commission, 1922-1926* (Washington, Government Printing Office, 1927), p. 106.

<sup>32</sup> See last sentence in penultimate paragraph of the note of June 14 to the British Ambassador, p. 842.

etc. etc. I begged the Ambassador to get on the telephone at once and to do everything he could to persuade the Chancellor of the Exchequer to postpone his speech until tomorrow or Thursday, that this was really important and that he should make every effort to carry out the President's wishes.

The Ambassador left in a hurry, saying that he would do his best, but that he was very doubtful whether there was sufficient time for him to get a call through to London. He telephoned me from the Embassy a half hour later to say that the static was so bad that a telephone connection was impossible and that he had sent his *en clair* by cable.

WILLIAM PHILLIPS

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800.51W89 Great Britain/476

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

WASHINGTON, June 13, 1933.

SIR: In reply to the Note handed to me by the State Department on June 9th, I am directed by my Government to make the following communication to you:—

It will be recalled that the general views of His Majesty's Government in the United Kingdom on war debts and on their relation to present world difficulties were explained in notes exchanged in November and December last.<sup>33</sup> His Majesty's Government at that time decided to make payment of the amount due on December 15th but they indicated clearly that this payment "was not to be regarded as a resumption of annual payments contemplated by the existing agreement" and they announced their intention of treating this payment "as a capital payment of which account should be taken in any final settlement".

Finally they pointed out that the procedure adopted "must obviously be exceptional and abnormal" and they urged upon the United States Government "the importance of an early exchange of views with the object of concluding the proposed discussions before June 15th next in order to obviate a general breakdown of existing inter-governmental agreements."

His Majesty's Government in the United Kingdom adopted this procedure because they recognized the peculiar position in which the then United States Administration was placed, and the impossibility of their undertaking any effective discussion of the problem at that time. His Majesty's Government acted, however, on the understanding that the discussion would take place without delay, upon the provisions of the existing agreement in all its aspects, so as to arrive at a comprehensive and final settlement and in the belief that payment on December 15th

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<sup>33</sup> *Foreign Relations*, 1932, vol. I, pp. 754-779.

would greatly increase the prospects of a satisfactory approach to the whole question.

Negotiations were accordingly started even before the new Administration was inaugurated; and His Majesty's Government in the United Kingdom have been most anxious to pursue them as rapidly as possible. On the occasion of the Prime Minister's visit to Washington the President and his advisers made preliminary explorations as to the basis of a clearer understanding of the situation. For reasons not within the control of either Government, however, it has not yet been possible to arrive at a definite conclusion of these negotiations.

A speedy conclusion is, however, urgently needed. The treatment of inter-governmental obligations must closely affect the solution of the problems with which the World Conference has to deal, because they cannot be separated from influences which have brought the world to its present plight. For instance it is generally agreed that one of the first and the most essential of our aims should be to increase the general level of commodity prices. It may be recalled that after the Lausanne Conference<sup>34</sup> there was a marked tendency for prices to rise but that this tendency was reversed when the prospects of a final settlement of inter-governmental obligations receded, while the December payment was accompanied by a sharp fall in prices which was felt in America at least as much as in Europe. Experience, therefore, appears to show that the effect of these payments upon prices is very direct.

In the opinion of His Majesty's Government it is essential for the success of the Conference that the delegates should not be hampered and harassed by doubts about the possibility of a satisfactory settlement of war debts. Payment of a further instalment of the debt at this juncture would inevitably be judged to mean that no progress whatever had been made towards such a settlement and would therefore deal a damaging blow at the confidence of the delegates.

In the circumstances and in view of their action last December, His Majesty's Government had hoped that the United States Government would have been able to accede to the request of His Majesty's Government to postpone payment of the June instalment pending discussion of war debts as a whole. Since, however, this does not appear to have been found possible, His Majesty's Government are obliged to decide upon their course of action.

Such a decision must in any case be of an extremely difficult character and in considering it His Majesty's Government have felt their deep responsibility not only to their own people but to the whole world which is awaiting the deliberations and recommendations of the Conference with the utmost anxiety.

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<sup>34</sup> June 16–July 9, 1932; see *Foreign Relations*, 1932, vol. I, pp. 636 ff.

The conclusion at which His Majesty's Government have arrived is that payment of the June instalment could not be made at this juncture without gravely imperilling the success of the Conference and involving widespread political consequences of a most serious character. In their view the instalment should be considered and discussed as part of the general subject of war debts upon which they are anxious to resume conversations as soon as they can be arranged.

In the meantime, in order to make it perfectly clear that they do not regard the suspension of the June payment as in any way prejudicing an ultimate settlement, His Majesty's Government propose to make an immediate payment of Ten million dollars as an acknowledgement of the debt pending a final settlement. If, as they trust, the Government of the United States is thereafter prepared to enter upon formal negotiations for an ultimate settlement of the whole war debt question, His Majesty's Government would gladly be informed of the time and place at which the United States Government would desire such negotiations to be begun.

I have [etc.]

R. C. LINDSAY

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800.51W89 Great Britain/480

*Memorandum by the Acting Secretary of State*

[WASHINGTON,] June 13, 1933.

The British Ambassador called me up at one thirty to say that his communication had got through to London and that the Chancellor of the Exchequer had been willing to delay his speech. However, he had just heard from London that the debate was on in Parliament and that the Chancellor of the Exchequer would, therefore, make a statement at four o'clock this afternoon Washington time; he asked permission to give publicity to the exchange of notes and to the agreed statement.

I called up the President, who directed me to say in no uncertain terms that he would not approve the issuance of the statement in advance of the exchange of notes, that our reply could not be sent before tomorrow and so the statement could not be given out before tomorrow. On receiving this information, the Ambassador was very much upset and said that an impossible situation had been created, etc. etc.; that the Chancellor of the Exchequer must say something and, in the circumstances, what could he say? I repeated the instructions which the President had given me, saying merely that the exchange of notes and the statement could not be made public today.

WILLIAM PHILLIPS



800.51W89 Great Britain/476

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

WASHINGTON, June 14, 1933.

**EXCELLENCY**: In reply to the note handed to me by Your Excellency on the 13th instant, I am directed by the President to make the following reply:

The President understands that His Majesty's Government have concluded that payment of the June fifteenth installment "could not be made at this juncture without gravely imperilling the success of the Conference and involving widespread political consequences of a most serious character." He notes also that accompanying this communication is a payment of ten million dollars "as an acknowledgement of the debt pending a final settlement," and notes the characterization of the circumstances with which the British Government accompanies this payment, although he, by no means, concedes some of the statements concerning the world wide economic cause and effect contained in His Majesty's Government's communication, especially in so far as they affect the Economic Conference.

The President points out to His Majesty's Government the well known fact that it is not within his discretion to reduce or cancel the existing debt owed to the United States, nor is it within his power as President to alter the schedule of debt payments contained in the existing settlement. Such power rests with the Congress.

He notes likewise the suggestion of His Majesty's Government that they desire to make further representations concerning the entire question of the debt, and that His Majesty's Government requests that a time and place be indicated where such representations can be made to the President or the appropriate representative of the Executive. The President suggests that His Majesty's Government provide for such representations to be made in Washington as soon as convenient.

Any results of such a discussion of the debt question can be submitted for the information or the consideration of the Congress when it next meets.

Accept [etc.]

WILLIAM PHILLIPS

804.51W89 Great Britain/510

*Memorandum by the Secretary of State*

[WASHINGTON,] October 4, 1933.

The British Ambassador and Sir Frederick Leith-Ross called both to pay their respects on arrival this morning in the city and also to inquire as to the procedure on tomorrow in connection with the inter-

governmental debt conference, scheduled to be held primarily between Sir Frederick Leith-Ross, Chief Economic Adviser of the British Government, on the one hand, and Under Secretary of the Treasury Acheson and the Assistant Economic Adviser of the State Department, Mr. Livesey, on the other hand. I telephoned Mr. Acheson with the result that it was agreed between him and the British representative that the latter, accompanied by the British Ambassador and possibly one or two economic and financial experts, would call at the Treasury tomorrow morning at 10 o'clock, where they would be met at the outer door by Under Secretary Acheson and escorted to the rooms where the first preliminary conference would be held at that hour.

The remainder of my conversation was entirely general, relating as it did to our past association at the London Economic Conference, to some phases of that Conference,—past, present, and prospective,—and to certain other phases of economic conditions in various parts of the world. There was no attempt to solve any question or condition, or to enter into any sort of understandings relative to the same, either express or implied.

C[ORDELL] H[ULL]

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800.51W89 Great Britain/521

*Memorandum by the Secretary of State*

[WASHINGTON,] November 6, 1933.

The British Ambassador, accompanied by Sir Frederick Leith-Ross, called for the purpose of carrying out a pre-arranged appointment for the exchange of communications between the United States Government and the British Government relative to the intergovernmental debt negotiations. The British Ambassador accordingly handed me a note, bearing date of November 6th, from His Majesty's Government, annexed hereto, and I at the same time handed him a note in behalf of the American Government.<sup>35</sup>

It has also been pre-arranged that at 10:30 a. m., tomorrow, November 7th, the White House will give out a press statement, which has been agreed upon between the representatives of the two governments, which will at the same time be given out in London.

C[ORDELL] H[ULL]

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<sup>35</sup> Both notes printed *infra*.

800.51W89 Great Britain/521

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

No. 391

WASHINGTON, November 6, 1933.

SIR: 1. His Majesty's Government in the United Kingdom made clear their general views on the war debts question in the correspondence which took place in November and December of last year, and in the personal discussions undertaken during the visit of the Prime Minister last April and by the present Mission, and it will be unnecessary to repeat the reasons for which they feel that a radical revision of the present funding agreement is imperative.

2. His Majesty's Government had hoped that it would prove possible for such a revision to take place without any lapse of time, and they are greatly disappointed that it has not been possible during the recent negotiations to reach an agreement for a final settlement of the war debt question.

3. They recognize however the difficulties in the way of reaching a final agreement at the present time by reason of the unsettled economic and financial situations, and they are accordingly prepared, without prejudice to their position in the future, to make a further payment on December 15th next, as in June last, in acknowledgment of the debt pending a final settlement. His Majesty's Government understand that it is no longer in the power of the President to accept payment in silver at a price of 50 cents an ounce and they accordingly propose to make a payment of seven and a half million dollars in United States currency on December 15th next.

4. Finally His Majesty's Government will be ready to resume negotiations on the general question whenever after consultation with the President it may appear that this can usefully be done.

I have [etc.]

R. C. LINDSAY

800.51W89 Great Britain/521

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

WASHINGTON, November 6, 1933.

EXCELLENCY: I have the honor to acknowledge the receipt of Your Excellency's communication, dated November 6, 1933, dealing with the question of the indebtedness of the British Government to the United States.

The American Government shares the disappointment of His Britannic Majesty's Government that the recent conversations did not result in a concurrence of views and thus made an adjournment advis-

able pending a further clarification of several factors, including the present unsettled economic and financial situations.

Due note has been taken of the intention of His Britannic Majesty's Government to make a further payment on December 15 next, as on June 15 last, in acknowledgement of the debt pending a final settlement, in the sum of seven and one-half million dollars, American currency. The American Government has also noted the disposition of the British Government to resume negotiations on the general question at a later date.

In this general connection, I venture to recall the comments contained in Mr. Phillips' note of June 14, 1933, to you, respecting the limitations upon the President's power in the matter of debts owed to the United States.

Accept [etc.]

CORDELL HULL

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*Press Release Issued by the White House, November 7, 1933*<sup>37</sup>

The following statement by the President was released simultaneously in London and in Washington:

"For some weeks representatives of the British Government have been conferring with representatives of this government on the subject of the British debt to this country growing out of the World War. The conversations were requested by the British Government in its notes of last June<sup>38</sup> and December,<sup>39</sup> a request to which I gladly acceded in view of the policy which I announced in November, 1932, that a debtor may at any time approach a creditor with representations concerning the debt and ask for readjustment of the debt or its terms of payment.

"The conversations, now concluded, have in no sense prejudiced the position which either government has taken in the past or may take in any subsequent discussion of the entire debt question. They have, however, given an opportunity for a full and frank discussion of the representations which the British Government has made.

"These discussions have made clear the great difficulty, if not impossibility, of reaching sound conclusions upon the amounts of international payments practicable over any considerable period of time in the face of the unprecedented state of world economic and financial conditions.

"It has, therefore, been concluded to adjourn the discussions until certain factors in the world situation—commercial and monetary—become more clarified. In the meantime, I have as Executive noted the representations of the British Government. I am also assured by that Government that it continues to acknowledge the debt without, of course, prejudicing its right again to present the matter of its readjustment, and that on December 15, 1933, it will give tangible ex-

<sup>37</sup> Reprinted from Department of State, *Press Releases*, November 11, 1933, p. 258.

<sup>38</sup> Dated June 13, *ante*, p. 839.

<sup>39</sup> Dated December 1, 1932, *Foreign Relations*, 1932, vol. I, p. 758.

pression of this acknowledgment by the payment of seven and one-half million dollars in United States currency.

"In view of these representations, of the payment, and of the impossibility, at this time, of passing finally and justly upon the request for a readjustment of the debt, I have no personal hesitation in saying that I shall not regard the British Government as in default."

Coincident with the issuance of the President's statement in Washington, the Right Honorable Neville Chamberlain, Chancellor of the Exchequer, was to address the House of Commons in the following terms:

"The discussions in regard to war debts have been concluded.

"It has unfortunately not proved possible to reach an agreement for a final settlement. His Majesty's Government recognize, however, the difficulties which exist at the present time by reason of the unsettled economic and financial situation, and they have accordingly informed the United States Government that they are prepared to make on December 15 next a further payment of 7½ million dollars in American currency in acknowledgment of the debt pending a final settlement. His Majesty's Government have stated that they are ready to resume negotiations on the general question whenever, after consultation with the President, it may appear that this can usefully be done.

"President Roosevelt is making a statement in Washington today in regard to the discussions. After briefly referring to the origin and the result of the conversations the statement concludes as follows:"

(Note: The Chancellor of the Exchequer at this point was to read from the statement issued by the President, beginning: "It has, therefore, been concluded" and continuing to the end.)

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800.51W89 Great Britain/520

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

WASHINGTON, November 8, 1933.

EXCELLENCY: In a note dated June 15, 1933,<sup>40</sup> the British Foreign Office informed the American Embassy at London that His Majesty's Government in the United Kingdom, in pursuance of the notes exchanged the previous day with the Acting Secretary of State, was that day making to the United States Treasury a payment of \$10,000,000 which was to be effected by the delivery of 20,000,000 fine ounces of silver and that 20,000,000 fine ounces of silver had accordingly been placed to the account of the United States Government at the government's mint in Bombay, His Majesty's Government remaining responsible for the safe delivery of this silver until it should reach the United States authorities at San Francisco.

<sup>40</sup> Not printed.

I am requested by the Under Secretary of the Treasury to advise your Government that the silver bullion was received at the United States Mint at San Francisco in the early part of August and since that time has been in the process of weighing and assaying. The mint has now completed the weighing and assaying and has determined that the amount deposited by the British Government was 20,001,036.84 fine ounces of silver. The mint advises that there was an error on British mint invoices in carrying forward the amount of weight from one sheet to the next, of 1,000 ounces. The value of the silver at 50 cents an ounce as fixed by the President under the provisions of Section 45 of the Act approved May 12, 1933,<sup>41</sup> is \$10,000,518.42.

I am further to advise you that the value of this silver at 50 cents an ounce has been credited as a payment on account of the interest due June 15, 1933, from the British Government on its indebtedness to the United States.

Accept [etc.]

For the Secretary of State:  
WILLIAM PHILLIPS

#### BELGIUM

800.51W89 Belgium/223

#### *Memorandum by the Under Secretary of State (Castle)*

[WASHINGTON,] January 23, 1933.

The Belgian Ambassador came to see me this morning to say that the papers appeared to have made it quite clear that the decision at the White House Conference on Friday was that any debtor nation might approach this Government for a discussion of the debt, that whether or not it had made the December payment did not enter the question. He wanted to know whether this was a fact.

I told him that the communiqué<sup>42</sup> had mentioned only Great Britain, that, so far as I knew, there was no change in the stand of the Administration as to discussions with those nations which have not made the December payment, that, of course, I could not in any way speak for Mr. Roosevelt as to what he might decide to do after the 4th of March. I told him, furthermore, that I had not discussed the matter with the Secretary as I had been in New York and that I could not, therefore, answer his question. He said that his Government was very anxious to know.

He told me that Mr. Krock of the *New York Times* had told him definitely at dinner last night that the matter was not open for discussion, that if he should go to the Secretary this morning and ask whether Belgium might send over a commission to discuss the debt, the Secretary would be just as glad to see him and to open discussions

<sup>41</sup> 48 Stat. 31, 53.

<sup>42</sup> The press release issued by the White House, January 20, p. 827.

as he was with the British. I told the Ambassador I could make no comment on what Mr. Krock had told him. He asked me if I could find out for him what the truth was. I told him I was going away at noon, that I very likely should not see the Secretary before leaving and that if he did not hear from me, he would have to ask the Secretary himself.

W. R. CASTLE, JR.

After talking with the Secretary I telephoned the Belgian Ambassador that the situation was unchanged, that there was no thought of discussions with the nations which had not paid, that, although we could not speak for the new Administration, it was clear that there could be no discussions with those who had not paid until after the matter had been explored with *all* those nations which have paid.

W. R. CASTLE, JR.

800.51W89 Belgium/226a

*The Acting Secretary of State to the Belgian Ambassador (May)*

WASHINGTON, June 9, 1933.

EXCELLENCY: I am requested by the Secretary of the Treasury to notify you that the following amounts are due and payable on June 15, 1933, on account of the indebtedness of your Government to the United States pursuant to the debt agreement of August 18, 1925:<sup>43</sup>

Amount due June 15, 1933,  
under debt agreement:

Principal	\$4, 200, 000
Interest	\$2, 125, 000
Total . . . . .	\$6, 325, 000

Amount due December 15,  
1932, but not paid:

Interest . . . . .	\$2, 125, 000
Total amount due June 15, 1933 . . . .	<u>\$8, 450, 000</u>

The debt agreement of August 18, 1925, requires thirty days advance notice in case your Government desires to make payment in obligations of the United States issued since April 6, 1917, but I am requested by the Secretary of the Treasury to advise you that he will be glad to waive the requirement of thirty days advance notice if your Government wishes to pay in that manner.

Accept [etc.]

WILLIAM PHILLIPS

<sup>43</sup> For correspondence relating to negotiation of this agreement, see *Foreign Relations, 1925*, vol. I, pp. 107 ff.; for text of agreement, see *Combined Annual Reports of the World War Foreign Debt Commission, 1922-1926*, p. 171.

800.51W89 Belgium/229

*The Belgian Ambassador (May) to the Acting Secretary of State*

[Translation]

No. 1893

WASHINGTON, June 14, 1933.

MR. SECRETARY OF STATE: In reply to the letter which Your Excellency addressed to me on the 9th of this month, I have the honor to advise you that the Belgian Government is not in a position to modify, for the due date of June 15, the attitude which circumstances constrained it to adopt on the 15th of December last.<sup>44</sup> It desires to renew the assurance of its entire good will in seeking a satisfactory settlement.

I take this opportunity [etc.]

PAUL MAY

800.51W89 Belgium/229

*The Acting Secretary of State to the Belgian Ambassador (May)*

WASHINGTON, June 17, 1933.

EXCELLENCY: The Government of the United States acknowledges receipt of the note of the Belgian Government setting forth its attitude concerning the debt obligation due on June 15th to this Government. It notes that the Belgian Government has failed to meet in whole or in part the installment due on existing debt agreement between the Belgian Government and the Government of the United States.

The Government of the United States must, in all frankness, call attention to the problems raised by the failure of the Belgian Government to meet the payment due on December 15th, 1932 which have not yet been solved or even discussed between the two nations.

The Government of the United States notes further that the failure to pay this installment is based by the Belgian Government upon the principle of inability to pay.

Accept [etc.]

WILLIAM PHILLIPS

800.51W89 Belgium/232

*Memorandum by the Acting Secretary of State*

[WASHINGTON,] June 19, 1933.

The Belgian Ambassador came in to ask certain questions regarding our reply to his note indicating that the Belgian Government was unable to pay the June 15th instalment. He could not understand certain points of the note, which Mr. Moley and I explained to him. He asked whether there was any possibility of conversations with Belgium on the debt question during the summer months. He was told that, as far as we know, he was entirely free this summer and that

<sup>44</sup> See note from the Belgian Embassy dated December 14, 1932, *Foreign Relations*, 1932, vol. I, p. 710.



there was no plan as yet to discuss the debt problem with those countries which had not paid anything on their instalments due. The Ambassador seemed quite happy because he felt free to go home and take his summer holiday as planned.

WILLIAM PHILLIPS

800.51W89 Belgium/235a

*The Acting Secretary of State to the Belgian Ambassador (May)*

WASHINGTON, November 28, 1933.

EXCELLENCY: I am requested by the Acting Secretary of the Treasury to transmit to you a statement of the amount due from your Government December 15, 1933, under the provisions of the debt agreement of August 18, 1925,<sup>45</sup> and the moratorium agreement of June 10, 1932,<sup>46</sup> including the amounts due on December 15, 1932, and June 15, 1933, which were not paid, and to request that payment of the amount due be made either at the Treasury in Washington or at the Federal Reserve Bank of New York.

While the debt agreement requires thirty days' advance notice in case your Government desires to make payment in obligations of the United States issued since April 6, 1917, the Acting Secretary of the Treasury states that he will be glad to waive the requirement if your Government wishes to pay in that manner. The annuities due under the moratorium agreement may not be paid with obligations of the United States.

Following is the Treasury's statement of the amount due:

PRINCIPAL AND INTEREST DUE FROM THE GOVERNMENT OF BELGIUM DECEMBER 15, 1933	
Amounts due prior to December 15, 1933, but unpaid.....	\$8, 450, 000. 00
Amounts due December 15, 1933:	
Under debt funding agreement of August 18, 1925:	
Semi-annual interest.....	\$2, 375, 000
Semi-annual installment due under moratorium agreement of June 10, 1932.....	\$484, 453. 88
	\$2, 859, 453. 88
Total amount due and payable December 15, 1933.....	\$11, 309, 453. 88

Accept [etc.]

WILLIAM PHILLIPS

<sup>45</sup> *Combined Annual Reports of the World War Foreign Debt Commission, 1922-1926*, p. 171.

<sup>46</sup> *Annual Report of the Secretary of the Treasury on the State of the Finances for the Fiscal Year Ended June 30, 1932* (Washington, Government Printing Office, 1932), p. 298.

800.51W89 Belgium/236

*The Belgian Embassy to the Department of State*<sup>47</sup>

[Translation]

(1) In a note of December 6, 1932,<sup>48</sup> the Belgian Ambassador informed the Government of the United States of the reasons why the Belgian Government was not in a position to resume the payments which had been suspended pursuant to the agreement entered into in July 1931. The Belgian Government is obliged to point out that the circumstances which motivated its attitude have not changed and that the arguments it invoked have retained all their force.

(2) The solemn engagements of the Allied and Associated Powers and the spontaneous promises of Germany concerning the entire restoration of Belgium create a moral right which nothing can destroy and place Belgium in a special situation among the Powers which took part in the war of 1914-18.

(3) Relying upon the declaration of President Wilson which had made the restoration of Belgium one of the conditions of peace, the Belgian representatives in 1919 did not consent to sign the Treaty of Versailles until they had received formal assurance of the cancellation of their war debts.

(4) When the Belgian Government signed the Washington Agreement of August 20 [18?], 1925, it did so because it had been assured by the statements of the American representatives themselves that the payments due to the United States would be amply covered by the payments of Germany on reparations account.

(5) In June 1931, when President Hoover proposed to suspend for a year the service of intergovernmental debts, the Belgian Government in its reply to the American Government<sup>49</sup> recalled the (recognized) special rights of Belgium. In a spirit of international solidarity it consented to give up temporarily a claim which the country regarded as sacred, but it took pains to affirm that it did not intend that an action taken with a view to international recovery should become a cause of ruin for Belgium.

(6) Later, in consenting at Lausanne to make definitive the sacrifice which the Hoover proposal imposed on it, Belgium assumed the cancellation of its claim to reparations to be inconceivable without the parallel suppression of its intergovernmental debts.

(7) By its note of December 5 [6?], 1932, the Belgian Government set forth the effects on Belgium of the interruption of German pay-

<sup>47</sup> Transmitted to the Department by the Belgian Ambassador as an enclosure to his note No. 4095, December 12, 1933.

<sup>48</sup> *Foreign Relations, 1932*, vol. I, p. 704.

<sup>49</sup> *Ibid.*, 1931, vol. I, p. 177.

ments and of the general economic depression. The difficulties pointed out at that time have continuously increased.

In these circumstances the Belgian Government, while reaffirming its good will and its desire to collaborate in a comprehensive settlement of the debt question, finds itself unable to make on December 15 next the payment provided for in the agreement of 1925.

WASHINGTON, December 12, 1933.

#### CZECHOSLOVAKIA

770.00/229

*The Chargé in Czechoslovakia (Tuck) to the Secretary of State*

No. 904

PRAGUE, January 18, 1933.

[Received January 31.]

SIR: I have the honor to report as follows:

On January 16, I had occasion to call on Dr. Beneš, Czechoslovak Minister for Foreign Affairs. During the course of our conversation he expressed his views to me on a number of questions which included the recent extraordinary Conference of Ministers for Foreign Affairs of the Little Entente at Belgrade; the future work of the General Commission of the Disarmament Conference; the proposed World Economic Conference; and the payment on December 15, 1932, by the Czechoslovak Government of its war debt installment.

The substance of our conversations on these four subjects are enclosed herewith in the form of separate memoranda.<sup>51</sup>

[Enclosure]

*Memorandum by the Chargé in Czechoslovakia (Tuck) of a Conversation With the Czechoslovak Minister for Foreign Affairs (Beneš) on January 16, 1933*

As I rose to leave, Dr. Beneš asked me to remain for a moment as he wished to speak to me with regard to the payment by his Government on December 15, 1932, of its war debt installment. He wished me to know that on December 15, last, he had consulted the Prime Minister from Geneva by telephone and had then directed the Minister of Finance to set aside the sum due our Government and that the National Bank of Czechoslovakia should inform New York that the Government stood ready to pay. He then told me quite frankly that if England, France and Belgium had all three decided not to pay, his Government would have followed their example. Person-

<sup>51</sup> Memoranda on the meeting of the Little Entente at Belgrade, the future work of the Disarmament Conference, and the World Economic Conference are not printed.

ally, he had always been in favor of payment, as he felt that it was not so much a question of the sum involved, as a question of principle. Czechoslovakia had, at considerable sacrifice to herself, always met her obligations in the past and would continue to do so whenever possible. Any other course of action would prove damaging to her financial position not to mention the consequences of default on world credit. He regretted that the decision to pay had been left to almost the last moment but his Government had felt that "in deference to France" no other course could be followed. The fact that France and Belgium had failed to pay their respective installments had altered the situation materially and had made it possible for his Government to make its own decision in the matter. He then turned to me, and with a twinkle in his eye, expressed the hope that when the time came (presumably June 15, 1933) that his Government would receive favorable consideration. I merely said that while I was not in a position to discuss the matter I felt certain that he realized that our Government appreciated the sacrifices the Czechoslovak Government had made in the past to meet its obligations and the fact that it had continued to do so could only serve to enhance its reputation for financial integrity.

Dr. Beneš' statements, as reported above, are not without interest if only as an illustration of the power which he wields as Foreign Minister. I gathered that while he consulted the Prime Minister and the Minister of Finance by telephone from Geneva, it was he who forced the decision and, as usual, his opinion prevailed despite the fact that I have since learned, on good authority, that the majority of his Cabinet colleagues were opposed to payment.

I again call the Department's attention to Mr. Benton's despatch No. 888, of December 29, 1932,<sup>52</sup> in which he reported that no provision is made in the Budget for 1933 for the payment of interest on the American debt installment due on June 15, 1933.

Respectfully yours,

S. PINKNEY TUCK

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800.51W89 Czechoslovakia/203

*The Secretary of State to the Czechoslovak Minister (Veverka)*

#### AIDE-MÉMOIRE

In our previous correspondence on this subject the Czechoslovak Government has expressed a desire for the discussion in the near future of the debts owed by that Government to the United States. You will have observed that an announcement has already been made

<sup>52</sup> Not printed.

that this Government is prepared to enter with the British Government upon a discussion of its debt, which must be concurrent with and conditioned upon a discussion of the world economic problems in which the two Governments are mutually interested. I am authorized by Mr. Roosevelt, the President-Elect, to say that he will be glad to receive separately at Washington a representative or representatives of the Czechoslovak Government for discussions having a similar scope and purpose after the proposed discussions with the British Government have been completed.

Inasmuch as requests for similar discussions have been made to this Government by several other governments, the order in which these discussions will separately take place will be determined later, and appropriate notice of the date for the discussion with your Government will be suggested in due course.

WASHINGTON, January 24, 1933.

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800.51W89 Czechoslovakia/204.

*The Czechoslovak Minister (Veverka) to the Secretary of State*

I have been instructed by the Czechoslovak Government to express its gratification for the invitation to discuss the problem of the Czechoslovak debt as suggested in your *aide-mémoire*.<sup>53</sup>

The Czechoslovak representative to the United States will be at the disposal of the United States Government whenever the beginning of such negotiations will be deemed advisable.

WASHINGTON, January 30, 1933.

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800.51W89 Czechoslovakia/212

*Memorandum by the Assistant Secretary of State (Moley)*

[WASHINGTON,] May 5, 1933.

The Czechoslovak Minister came to call attention to the fact that no provision had been made in the budget of his country for payment of the June 15th debt installment. He indicated that he would like to have this Government consider deferring the installment at least during the period of the Economic Conference. We did not discuss the question of a permanent settlement. I asked him to keep in touch with me as we discuss the question with other nations.

R[AYMOND] M[OLEY]

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<sup>53</sup> *Supra.*

800.51W89 Czechoslovakia/212a

*The Acting Secretary of State to the Czechoslovak Minister (Veverka)*

WASHINGTON, June 9, 1933.

SIR: I am requested by the Secretary of the Treasury to notify you that \$1,500,000 principal is due and payable on June 15, 1933, on account of the indebtedness of your Government to the United States pursuant to the debt agreement of October 13, 1925.<sup>54</sup>

The debt agreement of October 13, 1925, requires thirty days advance notice in case your Government desires to make payment in obligations of the United States issued since April 6, 1917, but I am requested by the Secretary of the Treasury to advise you that he will be glad to waive the requirement of thirty days advance notice if your Government wishes to pay in that manner.

Accept [etc.]

WILLIAM PHILLIPS

800.51W89 Czechoslovakia/215

*Memorandum by the Assistant Secretary of State (Moley)*

[WASHINGTON,] June 12, 1933.

The Czechoslovak Minister called to consult me with regard to the payment of the installment in silver and I laid down the following rule to be followed in connection with this payment and payments of a similar nature from other countries. Under the terms of An Act, Public, Number 10, 73rd Congress, House Roll 3835, Title Number 3, Section 45, approved May 12, 1933,<sup>55</sup> the President has authorized me to say to the representatives of those countries who desire to pay all or part of their installments in silver, that he will accept silver at fifty cents an ounce. I stated further that it was our policy not to indicate where the silver should be purchased or at what price.

RAYMOND MOLEY

800.51W89 Czechoslovakia/213

*The Czechoslovak Minister (Veverka) to the Acting Secretary of State*

WASHINGTON, June 15, 1933.

EXCELLENCY: I have the honor to acknowledge the receipt of Your Excellency's note of June 9th, and beg to inform you that I am instructed by my Government to reply to this note as follows:

<sup>54</sup> For correspondence relating to negotiation of this agreement, see *Foreign Relations*, 1925, vol. I, pp. 122-132; for text of agreement, see *Combined Annual Reports of the World War Foreign Debt Commission, 1922-1926*, p. 195.

<sup>55</sup> 48 Stat. 53.

In my last note of December 15th,<sup>58</sup> I had the honor to state the position of my government, stressing the fact that the December payment constituted in the utmost self-denial of the Czechoslovak people, their final effort to meet the obligation. It was at that time also the hope of the Czechoslovak Government that a settlement would be reached before the next installment was due.

As the complex and difficult economic and financial situation has not permitted as yet that such a final settlement be arrived at, the Czechoslovak Government in an effort to manifest its utmost willingness to meet existing obligations, has decided upon paying a sum of \$180,000.00, a sum expressing the highest limit of payment which could be made at present without impairing the budgetary and monetary equilibrium so laboriously attained and maintained.

This sum which is being paid without any prejudice to the final settlement, and as a payment on account of it, is also destined to confirm and acknowledge the existing obligation until that final settlement is made possible. This, in addition to all observations mentioned in the previous notes and which have not lost their substance and justification, seems to be a sufficient reason to the Czechoslovak Government for renewing the request for negotiations at the earliest possible moment with the view to initiate the final reconsideration and settlement of the whole of the inter-governmental Czechoslovak debt to the United States.

Accept [etc.]

FERDINAND VEVERKA

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800.51W89 Czechoslovakia/218

*Memorandum by the Acting Secretary of State*

[WASHINGTON,] July 17, 1933.

The Czechoslovak Minister took up with me this morning the suggestion which I had made to him some days ago through his Counsellor that we would like to take up the subject of debts owing to the United States by his Government on or about August 11. The Minister said that his Government, and particularly Dr. Beneš, were very reluctant to agree to this date because of the fact that they would be the first of the debtor countries to begin negotiations. It seemed to them that whatever they agreed to would be criticized by the French and British and that they would be creating a precedent, which might be exceedingly embarrassing to them in their relations with other debtor countries. Finally, the Minister made the suggestion that he could come to Washington on the tenth or eleventh, as suggested, listen to the views expressed by us, and carry them back to Prague, as he was

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<sup>58</sup> *Foreign Relations*, 1932, vol. I, p. 718.

sailing from New York on the fifteenth of August. He could then consult with his Government and continue the conversations on his return to Washington early in September. I replied that this seemed to be a good idea. I then turned him over to Mr. Moley, who will continue in charge of the debt conversations.

WILLIAM PHILLIPS

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800.51W89 Czechoslovakia/225

*Memorandum by the Secretary of State*

[WASHINGTON,] October 19, 1933.

The Minister of Czechoslovakia called and stated that in accordance with a previous understanding with the President,<sup>57</sup> he had returned from his protracted visit to Czechoslovakia and had brought with him the data pertaining to the intergovernmental debt due the United States Government from his government. He said he was ready to enter upon conversations or negotiations looking towards the reduction of the debt on grounds of lack of ability to pay. He added that he would not attempt to interfere with the present negotiations with the British and that to avoid this he had been preparing as a preliminary step to submit certain papers which might be examined and digested by American experts previous to regular conversations a little later. I assured him that I would get in touch with Treasury officials and advise him further as to definite steps looking towards the carrying out of the proposed debt negotiations with him speaking for his government.

C[ORDELL] H[ULL]

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800.51W89 Czechoslovakia/229

*Memorandum by the Acting Secretary of State*

[WASHINGTON,] November 29, 1933.

The Czechoslovak Minister called to open up with me the question of the instalment on the debt owed by his Government to the United States on December 15th. He referred to the sum total annual payment due as \$3,000,000 and, therefore, \$1,500,000 was due in December; he referred to the fact that last June the payment made on account of the debt amounted to \$180,000 and was paid in silver; inasmuch as it was no longer possible to make payment in silver, he offered \$150,000, payable in bonds. I raised the point that, with the favorable exchange on the dollar, it would look far better for the Government of Czecho-

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<sup>57</sup> No record of this "previous understanding" has been found in Department files.



slovakia to make its payment equal to that made last June; that if the offer was limited to \$150,000, there would have to be explanations as to why we received a lesser sum in December, etc. etc. I said that the sum was so small, that the difference between the two amounts, being only \$30,000, it was inconceivable to me that his Government could not come forward with the same offer as was made last June.

The Minister said that he would refer the matter to his Government and would come to see me again on Monday next. He expressed the hope that the sum of \$180,000 would be acceptable and, if so, he would bring with him a draft note notifying us of the payment to be made.

WILLIAM PHILLIPS

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800.51W89 Czechoslovakia/233

*Memorandum by the Acting Secretary of State*

[WASHINGTON,] December 6, 1933.

The Czechoslovak Minister called to say that he had received a reply from his Government with respect to the token payment to be made by Czechoslovakia on December 15th. He had previously offered \$150,000, which was \$30,000 less than the payment made in June last. I had requested him to refer the matter again to his Government in the hope that the same amount could be paid in December and thus avoid explanations as to why his Government could not make the same payment as in June.

The Minister said that his Government could not raise the offer of \$150,000; that the difference in payment between June and December was for domestic political reasons; that Beneš had been very seriously attacked by the opposition for making any payment at all; and that the Czechoslovak Government has also been criticised by the French Government for separating itself from the French policy with respect to debt payments. He pointed out that on a percentage basis the payment in question would be considerably higher than the British December token payment. I expressed my disappointment and said I would be glad to take the matter up with the President.

WILLIAM PHILLIPS

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800.51W89 Czechoslovakia/231

*The Czechoslovak Minister (Veverka) to the Acting Secretary of State*

WASHINGTON, December 9, 1933.

EXCELLENCY: In the note of June 15, 1933, I had the honor to express the hope of the Czechoslovak Government that a final settlement of the Czechoslovak debt due to the United States would be

reached in the near future and offered at the same time a partial payment of the due installment as an expression of its utmost willingness to meet its obligations in the limits of the budgetary and monetary equilibrium of Czechoslovakia.

As the next installment of the payment is due on the fifteenth of this month, and both the short span of time and the present complex and difficult economic and monetary conditions do not permit the hope of reaching a final settlement, I am directed to offer again a partial payment amounting to \$150,000 (one hundred and fifty thousand dollars) on account of the due obligations and to confirm these existing obligations until a final settlement will be made possible.

Accept [etc.]

FERDINAND VEVERKA

### ESTONIA

800.51W89 Estonia/116a

*The Acting Secretary of State to the Estonian Acting Consul General  
at New York (Kuusik)*

WASHINGTON, June 9, 1933.

SIR: I am requested by the Secretary of the Treasury to notify you that the following amounts are due and payable on June 15, 1933, on account of the indebtedness of your Government to the United States pursuant to the debt agreement of October 28, 1925:<sup>58</sup>

Amount due June 15, 1933,  
under debt agreement:

Interest . . . . . \$284, 322. 50

Amount due December 15,  
1932, but not paid:

Principal      \$21, 000  
Interest      \$245, 370

Total . . . . . \$266, 370. 00

Interest accrued since  
December 15, 1932, on  
principal payment due  
that date:

Postponed under  
agreement . . . . . \$1, 575. 00  
Delayed . . . . . \$367. 50

Total amount  
due June 15,  
1933 . . . . . \$552, 635. 00

<sup>58</sup> Combined Annual Report of the World War Foreign Debt Commission, 1922-1926, p. 208.

The debt agreement of October 28, 1925, requires thirty days advance notice in case your Government desires to make payment in obligations of the United States issued since April 6, 1917, but I am requested by the Secretary of the Treasury to advise you that he will be glad to waive the requirement of thirty days advance notice if your Government wishes to pay in that manner.

Accept [etc.]

WILLIAM PHILLIPS

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800.51W89 Estonia/117

*The Estonian Acting Consul General at New York (Kuusik) to the Acting Secretary of State*

NEW YORK, N. Y., June 13, 1933.

SIR: I have the honor to acknowledge receipt of your note of June 9th, in reference to the June 15th payment. My Government regrets very much that on account of existing depressed economic conditions in Estonia it is not in position to effect the payment of the amount due on June 15th from Estonia to the United States. I have been instructed to ask the United States Government to agree to a friendly exchange of views regarding the possibility of reconsideration of the Debt Funding Agreement of 1925, as requested in our note of December 15, 1932.<sup>59</sup>

Accept [etc.]

CHARLES KUUSIK

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800.51W89 Estonia/123

*The Acting Secretary of State to the Estonian Acting Consul General at New York (Kuusik)*

WASHINGTON, November 28, 1933.

SIR: I am requested by the Acting Secretary of the Treasury to transmit to you a statement of the amount due from your Government December 15, 1933, under the provisions of the debt agreement of October 28, 1925, and the moratorium agreement of June 11, 1932,<sup>60</sup> including the amounts due on December 15, 1932, and June 15, 1933, which were not paid, and the interest accrued on the principal amounts due and unpaid, and to request that payment of the amount due be made either at the Treasury in Washington or at the Federal Reserve Bank of New York.

While the debt agreement requires thirty days' advance notice in case your Government desires to make payment in obligations of the United States issued since April 6, 1917, the Acting Secretary of

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<sup>59</sup> *Foreign Relations*, 1932, vol. I, p. 723.

<sup>60</sup> *Annual Report of the Secretary of the Treasury, 1932*, p. 303.

the Treasury states that he will be glad to waive the requirement if your Government wishes to pay in that manner. The annuities due under the moratorium agreement may not be paid with obligations of the United States.

Following is the Treasury's statement of the amount due:

PRINCIPAL AND INTEREST DUE FROM THE GOVERNMENT OF  
ESTONIA, DECEMBER 15, 1933

Amounts due prior to December 15, 1933, but not paid. . \$550, 692. 50

Amounts due December 15, 1933:

Under debt funding agreement of October 28, 1925:

Annual installment of principal. . . . .	\$114, 500. 00
Semi-annual interest. . . . .	\$284, 322. 50
Semi-annual installment due under moratorium agreement. . . . .	\$36, 585. 29
Interest accrued to December 15, 1933, on payments postponed under funding agreement. . . . .	\$3, 150. 00
Interest accrued to December 15, 1933, on other principal payments due and not paid. . . . .	<u>\$735. 00</u>

Total. . . . . \$439, 292. 79

Total amount due and payable December 15, 1933. . . . . \$989, 985. 29

Accept [etc.]

WILLIAM PHILLIPS

800.51W39 Estonia/124

*The Estonian Minister for Foreign Affairs (Seljamaa) to the Acting Secretary of State*<sup>61</sup>

12-R

TALLINN, November 16, 1933.

EXCELLENCY: By notes dated November 28, 1932,<sup>62</sup> December 15, 1932,<sup>63</sup> and June 13, 1933, the Estonian Government had the honour to inform the Government of the United States of America of the economic and financial reasons on account of which it had not been in a position to effect the payment of the installments due on December 15, 1932, and on June 15, 1933, under the terms of the Debt Funding Agreement of 1925, and to request the Government of the United States of America to agree to a friendly exchange of views regarding the possibility of a reconsideration of the Debt Agreement of 1925.

<sup>61</sup> Transmitted to the Department by the Estonian Acting Consul General at New York as enclosure to communication dated November 29; received December 1.

<sup>62</sup> *Foreign Relations*, 1932, vol. I, p. 720.

<sup>63</sup> *Ibid.*, p. 723.

In view of the circumstance that the economic and financial conditions in Estonia have up to now not shown any improvement, I have the honour to inform Your Excellency that the Government of Estonia will unfortunately not be able to effect the payment of the installment falling due on December 15, 1933.

I avail myself [etc.]

JUL. SELJAMAA

#### FINLAND

800.51W89 Finland/44a

*The Secretary of State to the Finnish Minister (Aström)*

#### AIDE-MÉMOIRE

The Finnish Government has inquired with reference to the possibility of a discussion in the near future of the debts owed by that Government to the United States. You will have observed that an announcement has already been made that this Government is prepared to enter with the British Government upon a discussion of its debt, which must be concurrent with and conditioned upon a discussion of the world economic problems in which the two Governments are mutually interested. I am authorized by Mr. Roosevelt, the President-Elect, to say that he will be glad to receive separately at Washington a representative or representatives of the Finnish Government for discussions having a similar scope and purpose after the proposed discussions with the British Government have been completed.

Inasmuch as requests for similar discussions have been made to this Government by several other governments, the order in which these discussions will separately take place will be determined later, and appropriate notice of the date for the discussion with your Government will be suggested in due course.

WASHINGTON, January 25, 1933.

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800.51W89 Finland/50a

*The Acting Secretary of State to the Finnish Minister (Aström)*

WASHINGTON, June 9, 1933.

SIR: I am requested by the Secretary of the Treasury to notify you that \$148,592.50 interest is due and payable on June 15, 1933, on account of the indebtedness of your Government to the United States pursuant to the debt agreement of May 1, 1923.<sup>64</sup>

<sup>64</sup> *Combined Annual Reports of the World War Foreign Debt Commission, 1922-1926*, p. 120.

The debt agreement of May 1, 1923 requires thirty days advance notice in case your Government desires to make payment in obligations of the United States issued since April 6, 1917, but I am requested by the Secretary of the Treasury to advise you that he will be glad to waive the requirement of thirty days advance notice if your Government wishes to pay in that manner.

Accept [etc.]

WILLIAM PHILLIPS

800.51W89 Finland/54

*The Finnish Minister (Aström) to the Acting Secretary of State*

WASHINGTON, June 14, 1933.

SIR: I have the honor to acknowledge receipt of your note of June 9, 1933, by which you were good enough to inform me that the Secretary of the Treasury had requested you to advise me that he would courteously waive the requirement of thirty days advance notice contained in the debt agreement of May 1, 1923, for the case that my Government should wish to make payment on June 15 next in United States obligations.

Highly appreciating this courtesy I wish to state that my Government, when making payment in full of the interest, due to-morrow the fifteenth of June in the amount of \$148,592.50, will prefer the method for effecting payment in silver provided for in Section 45 of the Emergency Farm Mortgage Act of May 12, 1933,<sup>65</sup> since my conversations at the Department of State have disclosed that this form of payment will be agreeable to the Government of the United States. My understanding is that the American Government will accept silver at a price of 50 cents an ounce, and that the silver should be delivered on June 15th at the Assay Office in New York.

I should be greatly obliged to you if you would kindly confirm the correctness of my above understanding.<sup>66</sup>

Accept [etc.]

L. ASTRÖM

800.51W89 Finland/64

*Memorandum by the Under Secretary of State (Phillips)*

[WASHINGTON,] November 7, 1933.

The Finnish Minister called to tell me that he had had a conversation with Mr. Acheson, Acting Secretary of the Treasury, during which the latter told him that the President had suggested the advisability of a joint conference at the White House between himself, the Finnish Minister, the Secretary of State and Mr. Acheson.

<sup>65</sup> 48 Stat. 53; 31 U. S. C. sec. 823.

<sup>66</sup> This understanding was confirmed by the Acting Secretary of State in a note dated June 15.

The Minister wished me to know that, while, of course, he would be happy to respond to such an invitation from the President, he was not in a position to say anything definite in regard to the attitude of his Government toward the December payment on the debt; he added that he was telegraphing to his Government, advising them of the President's suggestion and asking for instructions; these instructions presumably would not be received before the end of the week. In the circumstances, the suggestion made to me was that the conference would be more satisfactory if it could be held after the receipt of the instructions and not before.

I assured the Minister that if the White House expressed a further desire for this conference within the next two or three days, I would say that, while the Minister would be glad to be present, he felt that it might be more satisfactory to the President to wait for the instructions from Finland. I added that I would communicate also with Mr. Acheson.

The Minister thanked me and said that this would be wholly satisfactory.

WILLIAM PHILLIPS

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800.51W89 Finland/65

*Memorandum by the Acting Secretary of State*

[WASHINGTON,] November 13, 1933.

The Finnish Minister, having received the necessary instructions from his Government, the President received him at the White House on November 13th together with Mr. Acheson and myself. The President opened the conversation by expressing his appreciation of the attitude of the Finnish Government towards its obligations and pointed out that Finland was the only one of foreign debtors to the United States which had carried out to date in full its obligations to this country. He wished, he said, to show his full appreciation of this situation by proposing a settlement which would radically reduce the Finnish debt.

He reminded the Minister that Finland had been paying interest at the rate of 3½ per cent. He would like, he said, to reduce this interest to a purely nominal one and to apply the payments on account of interest to payments on account of capital. If, therefore, payments from Finland since the original debt refunding agreement were applied to capital, the capital debt would be materially reduced. The President asked Mr. Acheson and me to work out the details of such an undertaking. The Minister expressed deep appreciation of the President's proposal.

WILLIAM PHILLIPS

800.51W89 Finland/71

*Memorandum by the Acting Secretary of State*

[WASHINGTON,] December 1, 1933.

The Finnish Minister came in this afternoon. He said that it was just a call to inquire specifically as to whether the December 15th payment by Finland was to be according to the old Debt Funding Agreement or whether it could be paid under the new arrangement which was now being considered. I said in reply that it would be very much better for his Government to pay according to the old schedule, that the terms of the new agreement still had to be discussed with the President, and we could not say precisely when the President would be able to reach a decision. The Minister agreed entirely, said that he would cable his Government accordingly, and that he felt confident it would take the same viewpoint.

WILLIAM PHILLIPS

800.51W89 Finland/70

*The Acting Secretary of State to the Finnish Minister (Aström)*

WASHINGTON, December 4, 1933.

SIR: I have the honor to acknowledge the receipt of your note of December 2, 1933,<sup>67</sup> regarding the possibility of making the payment due December 15 in obligations of the United States Government, and to make the following reply on the basis of a communication previously received from the Secretary of the Treasury:

The sums due and payable by the Government of Finland December 15, 1933, comprise \$62,000 principal and \$148,592.50 interest under the debt funding agreement of May 1, 1923, and \$19,030.50 semi-annual instalment under the debt postponement agreement of May 23, 1932 (the Hoover moratorium agreement).<sup>68</sup> While the agreement of May 1, 1923, requires thirty days' advance notice in case the Government of Finland desires to make payment in obligations of the United States issued since April 6, 1917, the Secretary of the Treasury will be glad to waive the requirement if your Government wishes to pay in that manner. Paragraph 2 of the moratorium agreement of May 23, 1932, provides that the option of Finland to pay in obligations of the United States shall not apply to annuities payable under that agreement.

Accept [etc.]

WILLIAM PHILLIPS

<sup>67</sup> Not printed.<sup>68</sup> *Annual Report of the Secretary of the Treasury, 1932*, p. 290.



800.51W89 Finland/87

*The Acting Secretary of State to the Assistant Economic Adviser  
(Livesey)*

[WASHINGTON,] December 9, 1933.

MR. LIVESEY: When the Finnish Minister called today I told him that I had not addressed to him the usual Treasury reminder of payment due on December 15th because, at the time that these communications were addressed to the other States, he had already brought forward the desire of his Government to make payment; therefore, it had not seemed to me good manners to remind him officially of the payment due; in the circumstances we had no exchange of notes on the subject; we agreed that the following statement could be published at the appropriate time:

"The Minister of Finland has informed the Acting Secretary of State that the full amount due on account of the Finnish debt to the United States will be paid in the ordinary routine at the Federal Reserve Bank in New York on December 15th. This installment amounts to \$229,623.["]

I assume that you are keeping Mr. Bell of the Treasury informed.

WILLIAM PHILLIPS

## FRANCE

800.51W89 France/801 : Telegram

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

PARIS, January 5, 1933—8 p. m.

[Received 9:45 p. m.]

8. For the Secretary. M. Laval<sup>69</sup> on his own initiative called on me this afternoon in view of the inferences in the newspapers following the Borah speech<sup>70</sup> with regard to the understanding with the President arising out of his visit in America last year.<sup>71</sup> Marriner<sup>72</sup> was present.

The salient points in support of talk which was frank and cordial were:

1. That there was no understanding or commitment of any kind between him and President Hoover that was not contained in the communiqué.<sup>73</sup>

<sup>69</sup> Pierre Laval, former French Prime Minister and Minister for Foreign Affairs; Independent Senator for Department of Seine.

<sup>70</sup> See *Congressional Record*, vol. 76, pt. 2, pp. 1284-1294, especially pp. 1291-1294.

<sup>71</sup> October 22-26, 1931; see *Foreign Relations*, 1931, vol. II, pp. 237 ff.

<sup>72</sup> J. Theodore Marriner, Counselor of Embassy in France.

<sup>73</sup> Issued by President Hoover and Prime Minister Laval, October 25, 1931, *Foreign Relations*, 1931, vol. II, p. 252.

2. That the whole discussion had proceeded on the basis of a moratorium past or future and that no commitment had been made or even been envisaged as to final settlements of the questions of "inter-governmental obligations" whether by annulation or reduction or otherwise.

3. That the very fact that the Young Plan <sup>74</sup> was mentioned by implication in the communiqué was to be taken as an indication that there had never been envisaged at that time any complete cancellation of debts or reparations.

Laval proceeded, however, to say that he did consider that the Lausanne agreements <sup>75</sup> in so far as they provided for a continued moratorium of payments from Germany were entirely within the scope of his understanding with the President as expressed in the communiqué and that it was on the basis of this fact that he himself was opposed to the French payment of the December 15th installment believing a further moratorium should have been granted.

He felt that it would be very difficult to obtain the consent of the French Parliament to this payment and he deplored the fact that the Lausanne agreements had been put into effect without a prior understanding with the United States.

While Laval indicated his willingness to have this information transmitted to the President he expressed a desire that he should not be quoted publicly.

EDGE

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800.51W89 France/835

*The Secretary of State to President-elect Roosevelt*

[WASHINGTON,] January 22, 1933.

DEAR GOVERNOR: You will remember that at our talk at the Mayflower <sup>76</sup> I suggested that it might become advisable and necessary to send a note to the French Government on the subject of the non-payment of their December installment. We did not have the time then to finish our talk on that subject, and further reflection has tended to impress upon me the necessity of taking some such action, although perhaps not by formal note and certainly in a friendly manner.

For some time after December 15 there seemed to be a fair chance of the French reconsidering their decision with respect to the payment

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<sup>74</sup> Great Britain, Cmd. 3343 (1929) : *Report of the Committee of Experts on Reparations*.

<sup>75</sup> Great Britain, Cmd. 4126, Misc. No. 7 (1932) : *Final Act of the Lausanne Conference, Lausanne, July 9, 1932*; see also Great Britain, Cmd. 4129, Misc. No. 8 (1932) : *Further Documents relating to Settlement reached at the Lausanne Conference*; and *Foreign Relations, 1932*, vol. 1, pp. 636 ff.

<sup>76</sup> At the Mayflower Hotel, Washington, January 19.

of that installment. It seemed, therefore, wise to urge the payment informally rather than by continuing a formal correspondence. Such a reconsideration by France has not taken place, and there may be a real danger that the French Government and people will feel that the United States in not taking any formal action since December 15 does not take very seriously the French failure to pay.

It is with this thought in mind and in the hope that if such a statement as I have drafted is made by our Ambassador in Paris to the French Government, the chances of payment will be definitely increased, thereby simplifying the question of the later handling of the French debt problem, as well as other matters which may require cooperation between the two countries.

I am enclosing a tentative draft of a proposed statement which I think states the American position in an entirely friendly spirit yet with clearness. We do not wish to take this step if you feel it would be injurious to any plan for handling the situation which you may have in mind.

Sincerely yours,

HENRY L. STIMSON

[Enclosure]

#### DRAFT

The United States Government has patiently deferred protest at the failure of the French Government to make the payment due on December 15th last under the terms of the Debt Settlement of April 29, 1926,<sup>77</sup> in the hope and expectation that the decision of the French Government would be reconsidered. That hope has not to date been realized.

The United States Government now desires formally to protest at the failure of the French Government to meet the terms of its obligations. It wishes in all friendliness to point out the great importance to the world of maintaining international obligations as an essential element of stability and in order to form the basis for the intimate understanding and cooperation among friendly nations which are so necessary to the solution of many difficult questions which now confront the world, and which require common effort.

Accordingly the United States Government trusts that the French Government will take prompt steps to correct the present situation, the continuation of which must necessarily increase misunderstanding and form an obstacle to cooperation between the nations.

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<sup>77</sup> *Combined Annual Reports of the World War Foreign Debt Commission, 1922-1926*, p. 257.

800.51W89 France/819a : Telegram

*The Secretary of State to the Ambassador in France (Edge)* <sup>78</sup>

WASHINGTON, January 23, 1933—8 p. m.

19. For your information and guidance through the tangle of inaccurate newspaper stories, the Department wishes to give you the main outline of the events of the past few days.

The President-elect and the President met in recognition of the need of the promptest possible action to remedy existing conditions. They agreed that the Department should, in the name of the incoming administration, invite the British Government to begin discussions, as soon after March 4 as might be practicable, of the debt question and of various monetary and economic matters that would enter into the coming world Conference. The result was made known in a joint Roosevelt-Hoover communiqué <sup>79</sup> which you have no doubt seen.

That afternoon the Secretary called in Sir Ronald Lindsay and informed him of this action. At the end of the conversation he gave the Ambassador an *aide-mémoire* <sup>80</sup> of the conversation which contained the invitation to the British to send representatives to enter into two sets of connected discussions, one dealing with debts, the other with monetary and economic questions already touched upon. The next step is therefore up to the British. The conduct of the meetings which will take place after March 4 will be in the hands of the new administration.

This morning the Italian Ambassador saw the Secretary and the Secretary, in agreement with Governor Roosevelt, informed him that promptly after the termination of the discussions with the British, this Government will be ready to enter into discussions of a similar scope with the Italian Government.<sup>81</sup> Similar statements will be made to each of the governments that have met their December 15 payments when and as they may raise the question with the Department.

No new move has been made in regard to those governments which did not meet their December 15 payment.

The Department would be interested to have from you by cable your judgment as to the effect which our discussions with the British have had in France and how they may affect French action as regards the debt.

STIMSON

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<sup>78</sup> The same, except for final paragraph, on the same date to the Ambassador in Germany as telegram No. 9; to the Ambassador in Great Britain as No. 19; to the Ambassador in Italy as No. 5.

<sup>79</sup> See press release issued by the White House, January 20, 1933, p. 827.

<sup>80</sup> *Ante*, p. 828.

<sup>81</sup> See memorandum by the Secretary of State dated January 23, p. 888.

800.51W89 France/827: Telegram

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

PARIS, January 25, 1933—8 p. m.

[Received 10:50 p. m.]

33. Your 19, January 23, 8 p. m. In order to obtain the best possible information on the effect which the conversations on the debt question with England and other nations would have on France I called this afternoon on the Prime Minister in accordance with his suggestion at our last conversation that we exchange views on this subject whenever any new fact arose.

Boncour seemed very much preoccupied with his parliamentary and budgetary difficulties although he said that nothing was nearer to his desire than to find some solution for this equally pressing question of the debts.

In reply to a direct question as to what effect these conversations would have on France he said that they gave rise to the hope that something would come out of them which would permit a new approach to the problem and at the same time to the fear that as other nations than England were also being invited to the conversations it might appear that France was being discriminated against on account of the deferred payment. I asked him if he did not feel that the very fact that the nations which had paid their installment in accordance with their debt agreements were being invited to Washington to confer on the debts and related subjects, monetary and economic, was not to a considerable extent the fulfillment of the resolution of the French Chamber of Deputies at the time of the refusal of payment, namely, an assurance to the nations paying their installments that they would have the opportunity of discussing their debts and even enlarging that discussion to related monetary and economic questions.

Boncour studiously refused to answer this question which I put at two or three different times in slightly different forms coming back every time to his statement that the suggestion of any discrimination between those nations which had paid their installments and those which had not would badly affect public opinion in France and make it impossible to change parliamentary opinion at present. The only reason he gave for this feeling was that in permitting certain nations facilities for discussing their debts they were refusing France the same facility which she desired very much to discuss the debts and related subjects merely because the payment of a very small amount involved in the whole discussion had been deferred and which action would leave France isolated. I suggested it was hardly a case of the United States isolating France but rather of France isolating herself. He made no additional comment on this observation.

The whole tenor of his conversation and his frequent insistence on the undesirability of excluding France from these conversations because of its failure to pay the December 15th installment was on exactly the same lines which I had yesterday afternoon with Monique, the French Financial Attaché in Washington, who has been seeing many of the French Government officials here for the last few days and the only conclusion to be drawn from it is that the present attitude of mind seems to be that France is becoming even more sensitive on the subject and ever more stubborn.

EDGE

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800.51W89 France/835 : Telegram

*President-elect Roosevelt to the Secretary of State*

WARM SPRINGS, GA., January 27, 1933.

[Received January 27—4:14 p. m.]

On further reflection <sup>82</sup> I am more than ever of the thought that a more informal oral suggestion would be more effective in permitting France to arrive at the reconsideration of their failure to pay. We are both fully and equally desirous of obtaining such payment and in my judgment this is possible if we use the more temperate methods.

FRANKLIN D. ROOSEVELT

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800.51W89 France/835

*The Secretary of State to President-elect Roosevelt*

WASHINGTON, January 30, 1933.

DEAR GOVERNOR: This will acknowledge your telegram of January twenty-seventh with regard to the French situation.

In view of the informal suggestions which have already been made by Ambassador Edge urging the December fifteenth payment, which I described to you by telephone, I understand that you do not think it advisable to send any further communication to the French. I shall act accordingly.

Sincerely yours,

HENRY L. STIMSON

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800.51W89 France/855 : Telegram

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

PARIS, March 15, 1933—7 p. m.

[Received 9:04 p. m.]

93. Referring to the Embassy's No. 79, March 8, noon,<sup>83</sup> the efforts to induce the Chamber of Deputies to reverse its decision on the De-

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<sup>82</sup> See memorandum of telephone conversation of January 25 between President-elect Roosevelt and the Secretary of State, p. 833.

<sup>83</sup> Not printed.

ember 15 payment are continuing. Prime Minister Daladier has even made it known confidentially that he would be willing to risk his government on the question but his friends and in particular the Foreign Office have dissuaded him from any such gesture on the basis that it would be far worse to have a second failure than to let matters rest. However, Herriot,<sup>85</sup> Painlevé<sup>86</sup> and others have all been using their influence among the deputies and, according to most reliable information, there is only lacking for the necessary majority the votes of a certain group of the Socialist Party upon which at present the efforts of all those interested in this result are being concentrated.

Léger<sup>87</sup> informs me late this afternoon that every effort is being made for the success of this gesture and it is his earnest hope that it can be accomplished in order to remove any impediment to the realization of a solidarity between the United States, Great Britain and France which, in view of the news from Geneva, is, from information received, becoming more and more essential. He felt that if this were done spontaneously and of free will there could be no implication that it was an effort of France to purchase the support it desires.

MARRINER

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S00.51W89 France/901 : Telegram

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

PARIS, May 27, 1933—noon.

[Received May 27—9 a. m.]

241. During a debate in the Chamber of Deputies yesterday on the French Government's policy at the forthcoming Economic Conference Deputy Laurent, Radical Left, protested against the omission of the war debt question from the agenda of this Conference and insisted that the popular sentiment of France was that as Germany had ceased to pay reparations, France is not called upon to pay the United States. Further, that as America had intervened to liberate Germany debtor of France it had by this act also discharged France in the same measure.

Herriot challenged such an interpretation of the Hoover moratorium.<sup>88</sup> He further explained that President Roosevelt had told him that the condition of any later arrangement whatever was that France should first of all pay the December 15 annuity and that as far as the President was concerned such a payment would be accepted as a setoff against a final settlement.<sup>89</sup>

<sup>85</sup> Édouard Herriot, member of the Chamber of Deputies.

<sup>86</sup> Paul Painlevé, member of the Chamber of Deputies.

<sup>87</sup> Alexis Léger, Secretary General of the Foreign Office.

<sup>88</sup> See *Foreign Relations*, 1931, vol. I, pp. 1 ff.

<sup>89</sup> See memorandum by the Under Secretary of State of a conversation between President Roosevelt and M. Herriot, April 27, p. 497.

Deputy Franklin Bouillon, the fiery leader of the Nationalists, insisted that President Roosevelt's good will in the matter would receive no support from Congress and invited the attention of the Chamber to the effect that the President had decided not to ask full powers to settle the debt question.

An examination of the official report of the discussion leaves the impression that the sentiment of the Chamber has not changed since December last when it voted against payment of the war debt.

MARRINER

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800.51W89 France/909

*Memorandum by the Acting Secretary of State*

[WASHINGTON,] May 31, 1933.

At the request of the President, I called upon the French Ambassador yesterday afternoon and told him to set his mind at rest regarding the reports appearing in to-day's and yesterday's press to the effect that the President was considering some new movement on the debt question. Mr. de Laboulaye had previously told me that such reports had reached his government, which had caused a certain amount of bewilderment and uncertainty as to whether the next move was to be made by the French or American governments. I explained to de Laboulaye that the President did not regard France as in the same category as England, since the latter had made the December payments. If France should now make her December payments, the President would be only too happy to regard France in the same category as England. I said that M. Herriot's speech of two days ago expressed directly the President's viewpoint. As he knew, our position with regard to the British is that, if the British desire to make some concrete proposition regarding the June payments, it would be received with careful consideration.

WILLIAM PHILLIPS

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800.51W89 France/914½

*The French Ambassador (De Laboulaye) to the Acting Secretary of State*

WASHINGTON, June 7, 1933.

MY DEAR MR. PHILLIPS: You will recall that a few days ago you expressed to me the hope to receive some data concerning the French point of view on the debt question. With documents at my disposal at the Embassy, I have drafted the enclosed note for your personal and confidential information.

I sincerely hope that it will be of some help to you.

Very truly yours,

A. DE LABOULAYE



[Enclosure]

Since the end of the War, it has been the constant opinion, not only of the succeeding French Governments, but of the Parliament and the country, that the settlement of interallied debts ought to be made in relation with the reparations settlement. Such an opinion, reaffirmed in the Resolution passed by the French Parliament on the occasion of the ratification of the Mellon-Bérenger agreement<sup>90</sup> conditioning the payments to the United States to the German reparations, was based upon the principle of the capacity of payment which was applied by the Government of the United States in its agreements with foreign debtors.

On several occasions, American statesmen admitted that reparations and debts were intimately connected. For example:

a) In a letter dated January 29th, 1919 and addressed to Mr. Edouard de Billy, at the time French High Commissioner in the United States, the Secretary of the Treasury Mr. Carter Glass wrote:

"I fully agree in the principle that the settlement of the debts should take into consideration payments on reparations to be received from Germany by your Government."<sup>91</sup>

b) When the Senate was discussing the agreement between the United States and Italy, Senator Smoot, on March 25th, 1926, said:

"Nobody can contest that German reparations will furnish Italy with a great part of the means of payment she will need for her payments toward the United States and Great Britain. It is a fact, whether we admit it or not."<sup>92</sup>

c) In a memorandum sent on July 4th, 1925 to the French Ambassador, Mr. Garrard Winston, Undersecretary of the Treasury wrote:

"The payment will not be contingent upon receipt of reparations by the debtors, but the probability of such payments will be taken into consideration in order to fix the capacity of payment."<sup>93</sup>

Although the Young plan did not establish an official connection between debts and reparations, it was drafted in such a manner that, in the opinion of the experts, a *de facto* bond was created between those two problems. The duration of the reparation payments was identical with that of the payments to the United States and the vari-

<sup>90</sup> Signed April 29, 1926, and ratified by France on July 27, 1929. For text, see *Combined Annual Reports of the World War Foreign Debt Commission, 1922-1926*, p. 257; see also *Foreign Relations, 1926*, vol. II, pp. 91-108.

<sup>91</sup> For texts of letters exchanged between Mr. Glass and the French High Commissioner, see *Combined Annual Reports of the World War Foreign Debt Commission, 1922-1926*, pp. 64-65.

<sup>92</sup> *Congressional Record*, vol. 67, pt. 6, p. 6244.

<sup>93</sup> For text of letter, see Lucien Petit, *Histoire des Finances Extérieures de la France: Le Règlement des Dettes Interalliées (1919-1929)* (Paris, Éditions Berger-Levrault, 1932), p. 569.

able portion of the annuities covered the payments to be made by the Allies.

When on June 19th [20th], 1931, President Hoover asked for a general suspension of intergovernmental obligations, he carefully asserted that the reparations problem was purely a European one. Nevertheless the initiative he took resulted in the rupture of the Young plan machinery. Mr. Hoover admitted that the "fabric of intergovernmental debts, supported in normal times, weighs heavily in the midst of the depression." He opposed the cancellation of the debts but expressed the conviction that the American people had "no desire to attempt to exact any sum beyond the capacity of any debtor to pay" and added: "It is our view that broad vision requires that our Government should recognize the situation as it exists."<sup>94</sup>

During the conversations which took place in Paris at the time of Mr. Hoover's proposal for a moratorium, great pressure was made by members of the American Government who were in Europe at the time, Mr. Stimson and especially Mr. Mellon, in order to convince their colleagues of the French Government to include in the suggested suspension the unconditional part of the reparations payments from Germany as fixed by the Young plan. After a long resistance, the French Government accepted. But, while making that important concession, it pointed out that, in spite of constant affirmations on the part of the American Government that no official connection existed between reparations and debts, the Hoover moratorium had really established such a connection between those two problems and that all intergovernmental obligations were interdependent.<sup>95</sup> Such was also the opinion of the Wiggin Committee appointed by the Bank of International Settlements which recalled that "the German problem is but a part of a wider problem which affects many other countries in the world."<sup>96</sup>

Such also was the meaning of the Hoover-Laval communiqué of October 25th which reads in part:

"As far as intergovernmental obligations are concerned, we are agreed that before the expiration of the Hoover year of suspension, an arrangement covering the period of economic depression may be necessary, as to the terms and conditions of which our two governments make our reserves. The initiative of this arrangement will have to be taken by the European powers concerned, within the framework of the existing agreements before July 1st, 1931."<sup>97</sup>

<sup>94</sup> For text of the proposal, see telegram No. 262, June 20, 1931, 8 p. m., to the Ambassador in France, *Foreign Relations*, 1931, vol. I, p. 33.

<sup>95</sup> For correspondence concerning negotiations to secure French acceptance of the moratorium proposal, see *ibid.*, pp. 42 ff. A basis of agreement was reached on July 6, 1931.

<sup>96</sup> Bank for International Settlements, *Report of the Committee Appointed on the Recommendation of the London Conference, 1931* (New York, privately reprinted, n. d.) p. 1.

<sup>97</sup> *Foreign Relations*, 1931, vol. II, pp. 252, 253.

Although when Mr. Laval returned to France he did not take with him a promise from President Hoover that a reduction of the debt equivalent to the possible reduction on reparations would be acceptable to the United States, he had been led to understand that after the reparations question had been settled among European powers, the American Government would be willing to cooperate in a revision of other intergovernmental obligations.

On November 27th, 1931, speaking before the French Chamber of Deputies, Mr. Laval said: "We shall accept arrangements for a limited period, but we shall not consent to a revision of reparations unless reductions *at least* equivalent are consented on the debts." When Mr. Stimson read that statement, he called in his office the French Ambassador in Washington, Mr. Paul Claudel, on December 3rd, 1931<sup>98</sup> and handed him an *aide-mémoire*<sup>99</sup> in which it was stated that the American Government did not consider Mr. Laval's declarations as representing in any manner an agreement or an arrangement between the French Prime Minister and the American Government. Mr. Stimson accompanied the remittance of that document by the following remarks which are taken from Mr. Claudel's own memorandum after his conversation:

"The American Government does not agree that the reduction of interallied debts might be greater than the reduction of reparations as the words "at least" used by Mr. Laval might indicate. All that was said in the conversations between President Hoover and Mr. Laval is that if the Allied Powers reached an agreement on the reduction of reparations from Germany, the United States on their part would not refuse, provided Congress gives its consent, to negotiate a reduction on debts. But such a reduction should not exceed the reduction on reparations."

In his message to Congress concerning foreign affairs, on December 10th, 1931, Mr. Hoover spoke of the intergovernmental debts and very likely having in mind his conversations with Mr. Laval, said:

"As we approach the new year, it is clear that a number of the Governments indebted to us will be unable to meet further payments to us in full pending recovery in their economic life. It is useless to blind ourselves to an obvious fact. Therefore, it will be necessary in some cases to make still further temporary adjustment."<sup>1</sup> He recommended the reconstitution of the Debt Funding Commission.

The next day, December 12th, the Secretary of the Treasury, Mr. Mellon, in a public statement endorsed vigorously President Hoover's

<sup>98</sup> For memorandum by the Secretary of State of this conversation with the French Ambassador, see *Foreign Relations*, 1931, vol. I, p. 352.

<sup>99</sup> *Ibid.*, p. 353.

<sup>1</sup> *Ibid.*, pp. xxiii, xxv.

proposal for a re-examination of the European debt to the United States, saying: "The situation of our debtors has been immensely altered during the course of the last two years. New questions in relation to these debts are bound to arise in the course of the next few months. The Congress should be in a position through a Commission created by it and composed in part of its own members, to ascertain what the facts actually are and to deal with the new problems as they arise."

In an *aide-mémoire* forwarded on December 29th, 1931 by the Secretary of State Mr. Stimson to the French Ambassador, Mr. Claudel, he expressed himself as follows:

"Only after the extent of Germany's capacity or incapacity to pay has been fairly determined and the manner and extent in which the resulting sacrifice will be borne by the nations who are entitled to receive reparations are also determined, would it be possible to bring such a question before the people of this country with anything but a certainty of failure."<sup>2</sup>

These words clearly indicate that in the opinion of the Republican administration, the debts question would have to be re-examined after the settlement of the reparations question.

It was in those circumstances that the Lausanne Conference<sup>3</sup> was prepared and took place. As it is outlined above, that Conference was the logical issue of the Hoover moratorium and of the Hoover-Laval conversations. Europe was following the advice given by Washington to settle reparations first, with the conviction that concessions on debts would be made later on by the United States toward their debtors in a manner equivalent to the concessions to Germany. The result of Lausanne was a cut of 90% of German reparations. In the opinion of France, such immense concessions were to be followed by a corresponding revision of her debts to the United States. Consequently, it was logical on her part to approach the United States. This was done on the 11th of November, 1931 [1932]<sup>4</sup> and the French position was fully explained by a subsequent Note sent by the French Ambassador to the Secretary of State on December 1, 1932,<sup>5</sup> as well as in a speech made by Mr. Herriot to the French Chamber of Deputies on December 14th, and also in the resolution<sup>6</sup> by that same body on the same date.

<sup>2</sup> *Foreign Relations*, 1932, vol. I, pp. 636-637.

<sup>3</sup> See *ibid.*, pp. 636 ff.

<sup>4</sup> *Ibid.*, p. 727.

<sup>5</sup> *Ibid.*, p. 734.

<sup>6</sup> For English text of resolution, see *ibid.*, p. 744.

800.51W89 France/909a

*The Acting Secretary of State to the French Ambassador  
(De Laboulaye)*

WASHINGTON, June 9, 1933.

EXCELLENCY: I am requested by the Secretary of the Treasury to notify you that the following amounts are due and payable on June 15, 1933, on account of the indebtedness of your Government to the United States pursuant to the debt agreement of April 29, 1926:

Amount due June 15, 1933, under debt agreement:		Principal	\$21, 477, 135. 00
		Interest	\$19, 261, 432. 50
		Total . . . . .	\$40, 738, 567. 50
Amount due December 15, 1932, but not paid:		Interest . . . . .	\$19, 261, 432. 50
		Total amount due June 15, 1932 [1933] . .	\$60, 000, 000. 00

The debt agreement of April 29, 1926, requires thirty days advance notice in case your Government desires to make payment in obligations of the United States issued since April 6, 1917, but I am requested by the Secretary of the Treasury to advise you that he will be glad to waive the requirement of thirty days advance notice if your Government wishes to pay in that manner.

Accept [etc.]

WILLIAM PHILLIPS

800.51W89 France/913

*Memorandum by the Acting Secretary of State*

[WASHINGTON,] June 15, 1933.

The French Ambassador left with me this morning the accompanying note,<sup>6a</sup> in which his Government states that it is compelled to postpone payment on its debt. The important point in the note is the statement that "it by no means intends to break, unilaterally, engagements freely entered into and desires to renew to the Federal Government the assurance that it is always ready to bring in all appropriate ways its most active cooperation in seeking a satisfactory solution."

M. de Laboulaye called attention to this phraseology and felt that it was "something at least."

The Ambassador asked me to explain to the President the genuine efforts which he made to elicit part payment. He had, he said, some

<sup>6a</sup> *Infra.*

days ago urged upon his Government the idea of part payment to cover the December and June instalments due; he had received a reply saying that the proposal was an interesting one and was being carefully studied; he had, therefore, for several days hopes that the French Government would reconsider its former position, but apparently, after sounding out the leading members of the Chamber, his Government had come to the conclusion that it could not face the Chamber with such a proposal.

The Ambassador said he would be glad to make this explanation to the President personally. I explained that the President was getting ready to leave town, that he was overwhelmed with various matters to be disposed of and that, in the circumstances, I would ask M. de Laboulaye to allow me to carry forward his message. The Ambassador said he understood perfectly.

WILLIAM PHILLIPS

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800.51W39 France/918

*The French Ambassador (De Laboulaye) to the Acting Secretary of State*

[Translation]

WASHINGTON, June 15, 1933.

MR. SECRETARY OF STATE: In reply to your letter of June 9, my Government has instructed me to address to you the following communication:

"The French Government had hoped that the due date of June 15 would not arrive before the conclusion of an arrangement on the settlement of the war debts, responding to the considerations set forth in the resolution voted by the Chamber of Deputies on December 13.

"Circumstances, unfortunately, have not yet permitted the realization of that hope, but the French Government still thinks that in the nearest future a solution ought to be found for the problem of intergovernmental debts in the interest of world economic recovery and particularly for the purpose of maintaining as well as of developing the results already obtained, which results are due in so large a measure to the sacrifices of France with respect to her own claims.

"The French Government therefore finds itself obliged to postpone the payment due on June 15. But it by no means intends to break, unilaterally, engagements freely entered into and desires to renew to the Federal Government the assurance that it is always ready to bring in all appropriate ways its most active cooperation in seeking a satisfactory solution."

Please accept [etc.]

ANDRÉ DE LABOULAYE

800.51W89 France/913

*The Acting Secretary of State to the French Ambassador  
(De Laboulaye)*

WASHINGTON, June 17, 1933.

EXCELLENCY: The Government of the United States acknowledges receipt of the note of the French Government setting forth its attitude concerning the debt obligation due on June 15th to this Government. It notes that the French Government has failed to meet in whole or in part the installment due on existing debt agreement between the French Government and the Government of the United States.

The Government of the United States must, in all frankness, call attention to the problems raised by the failure of the French Government to meet the payment due on December 15th, 1932 which have not yet been solved or even discussed between the two nations.

Accept [etc.]

WILLIAM PHILLIPS

800.51W89 France/916: Telegram

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

PARIS, June 19, 1933—1 p. m.

[Received June 19—12: 45 p. m.]

286. When Monsieur Paul-Boncour returned my call this morning he brought up the question of the nonpayment of debt installment on June 15 saying that he wanted to emphasize to me as had already been done by Ambassador Laboulaye in Washington that this however did not in any way change the French point of view with respect to their recognition of their obligations and their intentions of settling them in connection with a discussion of the entire debt question. He said that the fact that the reply from the White House to the French note on this subject had stated that the nonpayment of the installment of December 15th and June 15th had not even as yet been discussed, made him feel that now was the time to undertake such discussion and that if certain principles of payment of the debt question could be agreed on these principles would enable the Government to go to Parliament with some hope of obtaining a reversal of their previous attitude on the former installment. It was his belief that before some discussions of this character and before some agreements in principle there would be no possibility of changing the French parliamentary attitude which he said was even more opposed to payment now than at the time of the December 15 nonpayment when the Radical Socialists Party had supported Herriot out of personal loyalty but at present he was convinced that for the most part they would vote against payment.

I outlined to him the bad effects on American public opinion of these nonpayments and the difficulties with our Congress and he said

that we were of course each faced with parliamentary difficulties and the necessity for obtaining parliamentary authorizations for regulation of the question. He said that to his mind the worst thing that could take place at the moment would be another refusal by the French Parliament to make payments and therefore that new facts and in particular some indications of the general line of an ultimate agreement on the whole debt question would be necessary. He touched upon the old arguments that the moratorium had put a new factor into the debt situation of the world which would have to be taken into account in any form of regulation. He expressed his own good will and that of his Government to make earnest efforts to find a solution.

Repeated American delegation, London.

STRAUS

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800.51W89 France/921

*Memorandum by the Acting Secretary of State*

[WASHINGTON,] June 19, 1933.

The French Ambassador came in this morning and took up the question of the French debt to the United States. He said that there was to be a debate in the Chamber tomorrow and he wished he could do something to help the situation by suggesting on his own volition, again, the desirability of a part payment in acknowledgment of the debt. Inasmuch as the amount due on the December and June instalments came to about \$60,000,000, he would like, he said, to make the suggestion that a payment of \$6,000,000 be made now. De Laboulaye then went on to say that he did not, of course, want to take such a step unless it would be agreeably received at this end. I said that I would give an answer a little later during the day. After he had gone, I spoke to Mr. Moley<sup>1</sup> and asked him to see Monsieur de Laboulaye and discuss this point with him. The Ambassador called on Mr. Moley at three o'clock.

WILLIAM PHILLIPS

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800.51W89 France/946a

*The Acting Secretary of State to the French Ambassador  
(De Laboulaye)*

WASHINGTON, November 28, 1933.

EXCELLENCY: I am requested by the Acting Secretary of the Treasury to transmit to you a statement of the amount due from your Government December 15, 1933, under the provisions of the debt agreement of April 29, 1926, and the moratorium agreement of June

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<sup>1</sup>Raymond Moley, Assistant Secretary of State, March 6–September 7, 1933.



10, 1932,<sup>8</sup> including the amounts due on December 15, 1932, and June 15, 1933, which were not paid, and the interest accrued on the principal amount due and unpaid, and to request that payment of the amount due be made either at the Treasury in Washington or at the Federal Reserve Bank of New York.

While the debt agreement requires thirty days' advance notice in case your Government desires to make payment in obligations of the United States issued since April 6, 1917, the Acting Secretary of the Treasury states that he will be glad to waive the requirement if your Government wishes to pay in that manner. The annuities due under the moratorium agreement may not be paid with obligations of the United States.

Following is the Treasury's statement of the amount due:

PRINCIPAL AND INTEREST DUE FROM THE GOVERNMENT OF FRANCE,  
DECEMBER 15, 1933

Amounts due prior to December 15, 1933, but not paid.....	\$60,000,000.00
Amounts due December 15, 1933:	
Under debt funding agreement of April 29, 1926:	
Semi-annual interest.....	\$19,154,046.82
Semi-annual installment due under moratorium agreement of June 10, 1932....	\$3,046,879.72
Interest accrued to December 15, 1933, on principal payments due and not paid....	\$107,385.68
	<u>\$22,308,312.22</u>
Total amount due and payable December 15, 1933.....	<u>\$82,308,312.22</u>

Accept [etc.]

WILLIAM PHILLIPS

800.51W89 France/949

*Memorandum by the Acting Secretary of State*

[WASHINGTON,] December 15, 1933.

The French Ambassador left with me this morning under instructions his Government's reply in connection with the installment on the French debt due to-day. It was a statement of inability to pay.

The Ambassador went on to say that his Government had advised him that his (the Ambassador's) urgent representations with respect

<sup>8</sup> *Annual Report of the Secretary of the Treasury, 1932*, p. 301.

to a "token payment" had been carefully considered, but that the Government had reached the conclusion that, as there had been no change in the situation since last June,—that is, that no new factor had been introduced into the situation,—the Government did not find it possible to ask of a hostile Assembly any appropriation for this purpose. The Ambassador said that, if the United States had come to some definite solution of the debt problem with the British Government, a new important factor would have occurred and that in all likelihood the French Cabinet would have found itself in a position to request of the Assembly payment on account. I made no comment and in reply to inquiries from the Ambassador as to the nature of our reply to his note, I assured him that it would merely be a brief acknowledgment.

WILLIAM PHILLIPS

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800.51W89 France/948

*The French Ambassador (De Laboulaye) to the Acting Secretary of State*

[Translation]

WASHINGTON, December 15, 1933.

MR. SECRETARY OF STATE: I have the honor to acknowledge the receipt of your letter of November 28 last, and in reply to transmit herewith the following communication from my Government:

"Inasmuch as no new factor has developed with respect to war debts since the resolution voted by the Chamber of Deputies on December 13, 1932, the French Government regrets that it is not in a position usefully to initiate a new debate on the question, and is obliged to postpone the payments due December 15 next.

"Nevertheless, in order to remove any possibility of misunderstanding it desires to recall the tenor of this resolution.

"The French Chamber has never contemplated the unilateral violation of undertakings freely entered into, which would have been contrary to the invariable traditions of France. But it judged that the decisions which were taken on both sides in 1931 and 1932 in the hopes of facilitating the economic recovery of the world had modified conditions which formerly existed, and justify new arrangements which take into account the changes thus brought about.

"The French Government cannot of course fail to recognize the difficulties which the achievement of such a new arrangement would involve. Nevertheless it hopes that such difficulties may be overcome and that in the near future a solution of the problem of war debts acceptable to both countries may be anticipated.

"For its part it will consider it a duty not to neglect any of the possibilities which may arise in order to attain this end."

Accept [etc.]

ANDRÉ DE LABOULAYE

## HUNGARY

800.51W89 Hungary/90

*The Hungarian Chargé (De Végh) to the Secretary of State*

296/Res

WASHINGTON, May 29, 1933.

SIR: I have been instructed by my Government to advise the Government of the United States that in view of Hungary's continued unfavorable economic situation, the Hungarian Government regrets exceedingly that it will be unable to pay the \$28,260.08 representing the semi-annual interest due on June 15, 1933, under the Funding Agreement of April 25, 1924.<sup>9</sup>

However, in accordance with the provisions of the Hungarian Article of Law II of 1933, the Hungarian Government on June 15th will deposit a Hungarian Treasury Certificate in the pengö equivalent of the above sum, bearing interest at four per centum, to the "Foreign Creditors' Account" at the Hungarian National Bank.

In bringing the foregoing to your attention, I have the honor to renew to you the assurances of my highest consideration.

VÉGH

800.51W89 Hungary/92

*The Hungarian Chargé (De Végh) to the Secretary of State*

491/Res

WASHINGTON, October 2, 1933.

SIR: I am referring to Count Széchenyi's *Aide-Mémoire* of November 1, 1932,<sup>10</sup> and to my note of May 29, 1933, No. 296/Res, relative to the funded indebtedness of the Government of Hungary to the Government of the United States. I now have the honor, upon instructions from my Government, to bring the following to your attention:

The Hungarian Government has caused two Treasury Certificates (*Bon du Trésor*) to be issued and deposited to the Foreign Creditors' Account at the Hungarian National Bank, viz:

1. Serial III, No. 17, amounting to 233,787 pengös being the equivalent of \$40,729.35 at the rate of \$1=P. 5.74 representing the payment of principal and semi-annual interest which was due on December 15, 1932, and
2. Serial III, No. 77, amounting to 135,366 pengös being the equivalent of \$28,260.08 at the rate of \$1=P. 4.79 representing the semi-annual interest due on June 15, 1933.

The Treasury Certificates bear earned interest at the rate of four per centum per annum and the date of their maturity for the time being

<sup>9</sup> *Combined Annual Reports of the World War Foreign Debt Commission, 1922-1926*, p. 132.

<sup>10</sup> *Foreign Relations, 1932*, vol. I, p. 780.

has been fixed to correspond with that of the staying in force of the transfer moratorium, that is, December 23, 1933.

My Government wishes to point out that the depositing of the Treasury Certificates serves solely as a means of giving security and has no bearing upon the rights of the creditors in regard to the amount of their claim.

My Government desires at the same time to advise the Government of the United States that since, in accordance with the Governmental Declaration of July 15, 1933, issued on the ground of the negotiations with the Loan Committee of the League of Nations in London in connection with the service of the State Loan of 1924 of the Kingdom of Hungary, the non-transferable pengö amounts may be loaned for budgetary purposes against Treasury Certificates bearing interest at the rate of two per centum per annum, therefore, on the basis of equal treatment, beginning with July, 1933, in place of the pengö amounts payable into the Foreign Creditors' Account, Treasury Certificates bearing earned interest at this rate (two per centum per annum) will be issued.

Accept [etc.]

VÉGH

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800.51W89 Hungary/92

*The Acting Secretary of State to the Hungarian Chargé (De Végh)*

WASHINGTON, November 28, 1933.

SIR: I am requested by the Acting Secretary of the Treasury to transmit to you a statement of the amount due from your Government December 15, 1933, under the provisions of the debt agreement of April 25, 1924, and the moratorium agreement of May 27, 1932,<sup>11</sup> including the amounts due on December 15, 1932, and June 15, 1933, which were not paid, and the interest accrued on the principal amounts due and unpaid, and to request that payment of the amount due be made either at the Treasury in Washington or at the Federal Reserve Bank of New York.

While the debt agreement requires thirty days' advance notice in case your Government desires to make payment in obligations of the United States issued since April 6, 1917, the Acting Secretary of the Treasury states that he will be glad to waive the requirement if your Government wishes to pay in that maner. The annuities due under the moratorium agreement may not be paid with obligations of the United States.

Following is the Treasury's statement of the amount due:

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<sup>11</sup> *Annual Report of the Secretary of the Treasury, 1932, p. 294.*

PRINCIPAL AND INTEREST DUE FROM THE GOVERNMENT OF HUNGARY,  
DECEMBER 15, 1933

Amounts due prior to December 15, 1933, but not paid . .	\$68, 989. 42
Amounts due December 15, 1933:	
Under debt funding agreement of April 25, 1924:	
Annual installment of principal . . . . .	\$12, 785. 00
Semi-annual interest . . . . .	\$28, 260. 08
Semi-annual installment due under moratorium agreement of May 27, 1932.	\$4, 225. 58
Interest accrued to December 15, 1933, on principal payments due and not paid . . . . .	\$368. 56
	<hr/>
	\$45, 639. 22
Total amount due and payable December 15, 1933 . . . . .	\$114, 628. 64
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Accept [etc.]

WILLIAM PHILLIPS

800.51W89 Hungary/94

*The Hungarian Chargé (De Végh) to the Acting Secretary of State*

617/R

WASHINGTON, December 12, 1933.

SIR: With reference to your note of November 28, 1933, I have the honor to inform you that I have been instructed by my Government to advise the Government of the United States that owing to continued unfavorable economic conditions, the Hungarian Government regrets exceedingly its inability to pay the amount due on December 15th. However, on that date my Government will deposit to the Foreign Creditors' Account at the Hungarian National Bank a Hungarian Treasury Certificate in the pengö equivalent of the dollar amount due bearing interest at the rate of two per centum per annum.

I wish to add that my Government's figures show the amount due on December 15th to be \$114,260.09.

Accept [etc.]

VÉGH

800.51W89 Hungary/95

*The Acting Secretary of State to the Hungarian Chargé (De Végh)*

WASHINGTON, December 28, 1933.

SIR: Your notes No. 491/Res, dated October 2, 1933, and 617/R, dated December 12, 1933, bringing to the attention of the Government of the United States certain arrangements made by the Hungarian Government in connection with the amounts due on account of its in-

debtedness to the United States, were duly transmitted to the Treasury Department. I have now received and transmit for the attention of your Government the following communication from the Treasury Department concerning them :

“The Chargé d’Affaires in his note of October 2, 1933, refers to previous correspondence with respect to Hungary’s continued unfavorable economic condition which is causing insurmountable difficulties in procuring the necessary foreign exchange for the service on Hungary’s foreign loans. He also states that the Hungarian Government has issued and deposited to the Foreign Creditors’ Account at the Hungarian National Bank two 4% Hungarian Treasury Certificates, one, No. 17, representing principal and semiannual interest due December 15, 1932, amounting to 233,787 pengös being equivalent to \$40,729.35 and the other, No. 77, representing semiannual interest due June 15, 1933, amounting to 135,366 pengös, being equivalent to \$28,260.08.

“In his note dated December 12, 1933, the Chargé d’Affaires states that the Hungarian Government will on December 15, 1933, deposit to the Foreign Creditors’ Account at the Hungarian National Bank a Hungarian Treasury Certificate bearing interest at 2% per annum in the pengö equivalent of the dollar amount due on that date to the United States.

“The Hungarian Government points out that the depositing of Treasury certificates in the Foreign Creditors’ Account serves solely as a means of giving security and has no bearing upon the rights of creditors in regard to the amount of their claims.

“The Treasury has taken due note of the Hungarian Government’s action in this respect, but the attention of that Government should be directed to the provisions of its debt funding agreement dated April 25, 1924, and its agreement dated May 27, 1932, under which the amounts payable to the United States from the Hungarian Government are expressed in terms of dollars payable at the Treasury of the United States in Washington or at the Federal Reserve Bank of New York. The Hungarian Government should also be notified that the issuance and deposit of the Hungarian Treasury certificates as above indicated can not in any way alter the provisions of its debt agreements with the United States or prejudice the rights of the United States Government.

“It is noted that the Hungarian Government calculates the amount due to the United States on December 15, 1933, as \$114,260.09 instead of \$114,628.64 as set forth in the statement communicated to the Hungarian Chargé d’Affaires on November 28, 1933. It should be pointed out to the Hungarian Government that the principal payments due under the agreement of April 25, 1924, bear interest until paid at 3% per annum to December 15, 1933, and thereafter at 3½% per annum. The difference between the Hungarian Government’s figures and the Treasury’s figures, aside from an odd penny, is \$368.56, representing interest at 3% on the principal of bonds maturing on December 15, 1932, amounting to \$12,285, for which payment has not been received.”

Accept [etc.]

WILLIAM PHILLIPS

## ITALY

800.51W89 Italy/209

*Memorandum by the Secretary of State*

[WASHINGTON,] January 23, 1933.

The Italian Ambassador came in and broached the subjects of debts, saying that he came for information. He told me he had been instructed by Mr. Mussolini to bring up the subject in as friendly and delicate a way as possible; that he had looked through the records of the Embassy and found that some time in December the Embassy had sent us a copy of the Resolution of the Fascist Grand Council on this subject.<sup>12</sup> I said I had received a similar copy through our Embassy, though I did not recollect the one that had come from his Embassy; that ours had come on December 6th. I told him I had been authorized by Mr. Roosevelt to invite the representatives of the six nations who had paid their December debt installments to send representatives to Washington one after another for the purpose of discussion. I said I was a little puzzled by the order in which to take them but I thought it would probably be best to take them in the order in which their requests had been presented to this Government, and for that reason I had invited the British first, as they had made the first request. I said it was a little difficult to tell exactly what time the Italians had made their request, but that if we took the notification which we had received in the Resolution of the Grand Council as such a request, Italy would still be behind Czechoslovakia and Latvia, and I mentioned that I did not yet know on what date Finland's had been received.

The Ambassador was very agreeable to the suggestion and said there might possibly be some advantage in not being the first one. I told him that if he desired it I would take the cable of December 6th to which I had alluded, as such a request, and that I would now convey a formal invitation to come in the order mentioned and would send him an *aide-mémoire* of our talk and that invitation as soon as prepared. He said that was perfectly agreeable to him.

On the question of publicity, he agreed to leave that in my hands. I told him that I saw some advantages in having it all given out at once, rather than piecemeal.

H[ENRY] L. S[TIMSON]

800.51W89 Italy/209

*The Secretary of State to the Italian Ambassador (Rosso)*

## AIDE-MÉMOIRE

The Italian Government has inquired with reference to the possibility of a discussion in the near future of the debts owed by that

<sup>12</sup> Dated December 5, 1932; not printed.

Government to the United States. You will have observed that an announcement has already been made that this Government is prepared to enter with the British Government upon a discussion of its debt, which must be concurrent with and conditioned upon a discussion of the world economic problems in which the two Governments are mutually interested. I am authorized by Mr. Roosevelt, the President-Elect, to say that he will be glad to receive separately at Washington a representative or representatives of the Italian Government for discussions having a similar scope and purpose after the proposed discussions with the British Government have been completed.

Inasmuch as requests for similar discussions have been made to this Government by several other governments, the order in which these discussions will separately take place will be determined later, and appropriate notice of the date for discussion with your Government will be suggested in due course.

WASHINGTON, January 24, 1933.

800.51W89 Italy/211

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*Memorandum by the Under Secretary of State (Phillips)*

[WASHINGTON,] March 10, 1933.

The Italian Ambassador asked me to bear in mind that he stood ready to take up the question of debt negotiations whenever this Government was inclined to do so. He understood that the debt situation vis-à-vis Great Britain was far more important than that vis-à-vis Italy and that he was merely biding his time until the proper moment. Inasmuch as he was not going to press for any debt negotiations, he did not wish to convey the impression that he was indifferent to the subject. He asked me to give him a tip whenever the right moment had arrived for him to open up the subject.

WILLIAM PHILLIPS

800.51W89 Italy/214a

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*The Acting Secretary of State to the Italian Ambassador (Rosso)*

WASHINGTON, June 9, 1933.

EXCELLENCY: I am requested by the Secretary of the Treasury to notify you that the following amounts are due and payable on June 15, 1933, on account of the indebtedness of your Government to the United States pursuant to the debt agreement of November 14, 1925:<sup>13</sup>

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<sup>13</sup> For negotiations and text of agreement, see *Combined Annual Reports of the World War Foreign Debt Commission, 1922-1926*, pp. 217-241; see also *Foreign Relations, 1925*, vol. I, pp. 162-164.



Amount due June 15, 1933,  
under debt agreement:

Principal	\$12,300,000	
Interest	1,245,437.50	
Total		\$13,545,437.50

The debt agreement of November 14, 1925, requires thirty days advance notice in case your Government desires to make payment in obligations of the United States issued since April 6, 1917, but I am requested by the Secretary of the Treasury to advise you that he will be glad to waive the requirement of thirty days advance notice if your Government wishes to pay in that manner.

Accept [etc.]

WILLIAM PHILLIPS

800.51W89 Italy/217

*Memorandum by the Acting Secretary of State*

[WASHINGTON,] June 13, 1933.

The Italian Ambassador left with me this afternoon the accompanying text of a resolution voted by the Fascist Great Council today,<sup>13a</sup> in which the decision was taken to make a payment of \$1,000,000 to show the "good will of the Italian Government." The Ambassador assumes that he will be instructed to deliver a note, possibly tomorrow, along the following lines, that the payment will be made as an acknowledgment of the debt due, showing the incapacity of the Italian Government to meet its full payment and that he will make a request to start negotiations for a final solution of the problem as soon as possible.

After the Ambassador had left, I called up the President and told him of the decision of the Italian Government. He asked me to say to the Ambassador that the payment of \$1,000,000 seemed to him very poor psychology, it was more like "tipping the waiter" than an "expression of good will" of the Italian Government.

I communicated by telephone at once with Mr. Rosso, explained to him the President's reaction repeated his words and expressed the hope that a higher sum would be named; I cautioned him about using the words "good will of the Italian Government" in his formal communication if he could not succeed in raising the amount of the payment; the \$1,000,000, I thought, would be regarded by the public at large, in the circumstances, as rather an unsatisfactory expression of good will.

WILLIAM PHILLIPS

<sup>13a</sup> See *infra*.

800.51W89 Italy/218

*The Italian Ambassador (Rosso) to the Acting Secretary of State*

[WASHINGTON,] June 14, 1933.

SIR: With reference to your Note of the 9th of this month, concerning the amounts due on June 15th by the Italian Government to the Government of the United States in accordance with the debt agreement of November 14th, 1925, I have been instructed to inform you that on June 13th the Fascist Great Council has passed the following Resolution:

"In view of the payment due to the United States on June 15th and of the opening of the Economic Conference in London, the Fascist Great Council decides that a payment of one million dollars shall be made in order to show the goodwill of the Italian Government and at the same time the limitations imposed upon it by the existing situation. The Council invites the Minister of Foreign Affairs to start negotiations for the final solution of this problem before the payment of next December falls due as provided by the existing debt agreement".

I am also instructed to inform you that, in accordance with the above Resolution and in view of the representations already made by Finance Minister Signor Jung during his recent visit to Washington in regard to Italy's capacity to pay,<sup>14</sup> the Italian Government propose to make an immediate payment of one million dollars as an acknowledgment of the debt pending a final settlement and that they would be glad to enter upon negotiations for such a final settlement of the war debt question at the earliest date convenient to the Government of the United States.

Accept [etc.]

Rosso

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800.51W89 Italy/218

*The Acting Secretary of State to the Italian Ambassador (Rosso)*

WASHINGTON, June 17, 1933.

EXCELLENCY: In reply to Your Excellency's note of June 14th, the President directs me to say that the Government of the United States notes that the payment of one million dollars has been made on account and as an acknowledgment by your Government of the debt due the United States. This Government notes also the request of the Italian Government for an opportunity to present representations concerning the entire debt question and in reply desires to inform you that it will be glad to confer with you in regard to this matter.

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<sup>14</sup> During the April and May conversations preliminary to the Monetary and Economic Conference, the subject of intergovernmental debts was the one topic not handled by the Department of State.

Furthermore it is noted that the Italian Government has not made full payment at this time for the reasons which were presented to this Government by Finance Minister, Mr. Jung, during his recent visit to Washington, at which time he discussed Italy's capacity to pay.

The Government of the United States, however, would not be entirely candid if it did not express its thought that a payment of one million dollars on a total payment due of \$13,545,437.50 may be regarded in the United States as unsubstantial, and may occasion disappointment on the part of the Congress and the people of the United States.

Accept [etc.]

WILLIAM PHILLIPS

800.51W89 Italy/222

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*Memorandum by the Acting Secretary of State*

[WASHINGTON,] June 22, 1933.

The Italian Ambassador discussed at some length the Department's reply to the Italian note transmitting \$1,000,000 in acknowledgment of the Italian debt, due the United States. He expressed regret that the Department had found it necessary to mention figures. He said that, so far as the Italian Government was concerned, it was a question of the payment of a round sum and also the desirability of avoiding a payment of 10%, which Mr. Moley had asked them to avoid. The payment of \$2,000,000 would have been beyond Italy's capacity to pay. The payment of a million and a half would have looked somewhat curious, so that his Government decided upon the figure of one million.

The Ambassador then referred to our offer to discuss the entire debt question with him and said he would be glad to know when this would be convenient. He assumed that we would want to open first such a debt discussion with the British. I said that we had not felt it necessary to begin with the British, that Sir Ronald Lindsay had himself suggested the possibility of the month of September. On the other hand, I had seen from the press that the British were considering a date at the end of July. I asked whether a date in the first part of August would be agreeable to him. The Ambassador replied that, so far as he was concerned, it would be agreeable, but he would have to communicate with his Government before he fixed the date.

WILLIAM PHILLIPS

800.51W89 Italy/239

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*The Italian Ambassador (Rosso) to the Acting Secretary of State*

WASHINGTON, December 7, 1933.

I have been instructed to inform you that, referring to the contents of the communication which this Embassy has addressed to the Depart-

ment of State on the 14th of June last, with regard to the war debt, the Italian Government proposes to make on the 15th of December next a further payment of one million dollars in acknowledgment of the debt pending a final settlement.

Accept [etc.]

Rosso

800.51W89 Italy/240

*The Acting Secretary of State to the Italian Ambassador (Rosso)*

WASHINGTON, December 12, 1933.

**EXCELLENCY:** In reply to Your Excellency's note of the seventh instant, and to your previous oral communications dealing with the question of the indebtedness of the Italian Government to the United States, I am directed by the President to say that due note has been taken of the intention of your Government to make a further payment on December 15 next, as on June 15 last, in acknowledgment of the debt pending a final settlement, in the sum of \$1,000,000.

The President points out that it is not within his discretion to reduce or cancel the existing debt owed to the United States, nor is it within his power as President to alter the schedule of debt payments contained in the existing settlement. Such power rests with the Congress. The President states, however, that in view of your representations, of the payment, and of the acknowledgment of the debt, he has no personal hesitation in saying that he does not regard the Italian Government as in default.

Accept [etc.]

WILLIAM PHILLIPS

#### LATVIA

800.51W89 Latvia/118a

*The Secretary of State to the Latvian Consul General at New York (Lule)*

#### AIDE-MÉMOIRE

In our previous correspondence on this subject the Latvian Government has expressed a desire for the discussion in the near future of the debts owed by that Government to the United States. You will have observed that an announcement has already been made that this Government is prepared to enter with the British Government upon a discussion of its debt, which must be concurrent with and conditioned upon a discussion of the world economic problems in which the two Governments are mutually interested. I am authorized by Mr. Roosevelt, the President-Elect, to say that he will be glad to receive separately at Washington a representative or representatives of the Latvian Government for discussions having a similar scope and purpose after the

proposed discussions with the British Government have been completed.

Inasmuch as requests for similar discussions have been made to this Government by several other governments, the order in which these discussions will separately take place will be determined later, and appropriate notice of the date for the discussion with your Government will be suggested in due course.

WASHINGTON, January 26, 1933.

800.51W89 Latvia/123a

*The Acting Secretary of State to the Latvian Consul General at New York (Lule)*

WASHINGTON, June 9, 1933.

SIR: I am requested by the Secretary of the Treasury to notify you that the following amounts are due and payable on June 15, 1933, on account of the indebtedness of your Government to the United States pursuant to the debt agreement of September 24, 1925:<sup>15</sup>

Amount due June 15, 1933,  
under debt agreement:

	Interest	\$118,961.50
Interest accrued since December 15, 1932, on principal payment due that date:	Postponed under agreement	647.50
	Total amount due June 15, 1933	\$119,609.00

The debt agreement of September 24, 1925, requires thirty days advance notice in case your Government desires to make payment in obligations of the United States issued since April 6, 1917, but I am requested by the Secretary of the Treasury to advise you that he will be glad to waive the requirement of thirty days advance notice if your Government wishes to pay in that manner.

Accept [etc.]

WILLIAM PHILLIPS

800.51W89 Latvia/130

*The Latvian Consul General at New York (Lule) to the Acting Secretary of State*

NEW YORK, June 15, 1933.

SIR: Under instructions from my Government, I have the honor to refer to the viewpoint of the Government of Latvia, concerning the

<sup>15</sup> For negotiations and text of agreement, see *Combined Annual Reports of the World War Foreign Debt Commission*, pp. 182-193; see also *Foreign Relations, 1925*, vol. I, p. 164.

indebtedness of Latvia to the United States of America, as expressed in the note of the Minister of Foreign Affairs of Latvia to the American Minister to Latvia, dated December 15, 1932,<sup>16</sup> and in my note of the same date to the Secretary of State of the United States,<sup>17</sup> to which a reply, dated December 22, 1932,<sup>18</sup> was received from the then Secretary of State, indicating the willingness of the President of the United States to survey the entire debt situation. Further I have the honor to call your attention to the *Aide-Mémoire* handed me by the Honorable Henry L. Stimson, on January 26, 1933, concerning a discussion of the debt question, and containing a statement to the effect that an appropriate date for such discussion would be suggested by the United States Government. The willingness of the Latvian Government to send a delegate or delegates to participate in these discussions was expressed by the note of the Minister of Foreign Affairs of Latvia to the American Minister to Latvia, dated February 9th, as well as by my note of the same date to the Secretary of State of the United States.<sup>19</sup> However, up to the present time, no notice proposing a date for the said discussions has been received by the Government of Latvia. My Government state with regret that no opportunity for a survey of the debt situation has been given them, to the present date, June 15th, when a new interest payment has become due under the Debt-Funding Agreement of September 24, 1925.

I am directed, Sir, to inform you that the Government of Latvia still adhere to the motivation and viewpoint as contained in their note of December 15, 1932. Inasmuch as the international situation has become even more complicated and involved since that date, due to exchange and transfer difficulties, and inasmuch as the foreign trade of Latvia has suffered a further, considerable decline, and the budget problem presents increasing difficulties, the Government of Latvia is faced with the necessity, which they sincerely regret, of refraining from payment of interest due on June 15, 1933, until the proposed negotiations concerning a revision of the Debt-Funding Agreement, have been brought to a conclusion.

However, I have the honor to advise you, Sir, that my Government has not the slightest intention of interfering with or barring the negotiations which they anticipate with the Government of the United States, regarding Latvia's indebtedness, by an unilateral decision or action. It is to avoid such an impression that the Government of Latvia has this day transferred to the United States Treasury, the amount of \$6,000 (six thousand dollars), constituting approximately 5% (five per cent) of the interest payment due June 15, 1933, with

<sup>16</sup> *Foreign Relations*, 1932, vol. I, p. 788.

<sup>17</sup> Not printed.

<sup>18</sup> *Foreign Relations*, 1932, vol. I, p. 789.

<sup>19</sup> Neither printed.

the same reservation, however, as was made in connection with the last payment, that of December 15, 1932, to the effect that the Government of Latvia do not consider this transfer as resumption of payments under the Agreement of September 24, 1925.

May I request, Sir, that the Department of the Treasury of the United States, be advised accordingly.

Please accept [etc.]

ARTHUR B. LULE

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800.51W89 Latvia/130

*The Acting Secretary of State to the Latvian Consul General at New York (Lule)*

WASHINGTON, June 21, 1933.

SIR: The President directs me to acknowledge the receipt of your note of June 15, in which you set forth the decision of the Latvian Government to pay the Government of the United States the sum of \$6,000, an amount which you point out represents approximately five per cent of the interest payment due on June 15, as a payment on account and as an acknowledgment by the Latvian Government of the debt due the United States.

In accordance with your request, the representations of the Government of Latvia with regard to the entire debt question between our two countries will be gladly heard at a date to be agreed upon between us.

Accept [etc.]

WILLIAM PHILLIPS

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800.51W89 Latvia/137

*The Latvian Minister for Foreign Affairs (Salnais) to the American Chargé in Latvia (Cole)*<sup>20</sup>

[RIGA,] November 22, 1933.

MONSIEUR LE CHARGÉ D'AFFAIRES: With reference to the correspondence exchanged between our Governments concerning the indebtedness of Latvia to the United States, I have the honour to inform you that my Government have followed with the closest attention the negotiations between the American and the British Governments on the question of war debts, which were temporarily suspended on November 6th, last. From the Notes exchanged on this occasion between the United States Secretary of State and the Ambassador of Great Britain it results that "the present unsettled economic and financial situations" have "made an adjournment advisable".

In this connection I should like to point out that, so far, the Latvian Government have had no opportunity for discussing with the United

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<sup>20</sup> Transmitted to the Department by the Chargé in Latvia as enclosure to his despatch No. 1725, November 24; received December 5.

States Government the revision of the Debt Funding Agreement of September 24th, 1925, which was proposed in the correspondence between our Governments and confirmed in the *Aide-Mémoire* of January 26th, 1933, in which the United States Secretary of State announced that "the President would be glad to receive separately at Washington a representative or representatives of the Latvian Government for discussions having a similar scope and purpose (as those conducted with the British Government) after the proposed discussions with the British Government had been completed."

These latter negotiations having now been suspended in the circumstances described above, my Government are of the opinion that the negotiations between Latvia and the United States must of necessity be postponed, since they were made dependent on the completion of the discussions between the United States and Great Britain.

In view of the foregoing, I am authorized by my Government to propose to the American Government to accept on December 15th, next, a "token payment" of \$8500.—, constituting approximately 5% of the payment due on that date, in acknowledgment of the debt pending the revision of the existing Agreement, in which respect my Government maintain the point of view exposed in the previous correspondence on this subject.

Please accept [etc.]

M. V. SALNAIS

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800.51W89 Latvia/139

*The Latvian Consul General at New York (Lule) to the Acting Secretary of State*

NEW YORK, December 13, 1933.

SIR: I am authorized and directed by my Government to advise you that by order of the Government of Latvia \$8,500 (eight thousand five hundred dollars) have been transferred to the Federal Reserve Bank of New York, for the Account of the Treasury of the United States. My Government requests the Government of the United States of America to accept the said amount in token of acknowledgment of the indebtedness of Latvia to the United States, in connection with the payment due on December 15, 1933, pending the revision of the existing Agreement.

On behalf of my Government, I beg, Sir, to express sincere regret that the financial situation of the country and the actual state of the Treasury of Latvia, do not permit of a larger, partial payment at this time.

I have permitted myself to forward a similar notification to The Secretary of the Treasury of the United States.

Please accept [etc.]

ARTHUR B. LULE



## LITHUANIA

800.51W89 Lithuania/98a

*The Secretary of State to the Lithuanian Minister (Balutis)*

## AIDE-MÉMOIRE

In our previous correspondence on this subject the Lithuanian Government has expressed a desire for the discussion in the near future of the debts owed by that Government to the United States. You will have observed that an announcement has already been made that this Government is prepared to enter with the British Government upon a discussion of its debt, which must be concurrent with and conditioned upon a discussion of the world economic problems in which the two Governments are mutually interested. I am authorized by Mr. Roosevelt, the President-Elect, to say that he will be glad to receive separately at Washington a representative or representatives of the Lithuanian Government for discussions having a similar scope and purpose after the proposed discussions with the British Government have been completed.

Inasmuch as requests for similar discussions have been made to this Government by several other governments, the order in which these discussions will separately take place will be determined later, and appropriate notice of the date for the discussion with your Government will be suggested in due course.

WASHINGTON, January 24, 1933.

800.51W89 Lithuania/114

*Memorandum by the Acting Secretary of State*

[WASHINGTON,] June 20, 1933.

The Lithuanian Minister called this afternoon and referred to the "blunder" which he had made in advising his Government that part payment on the debt would not be accepted; he said he had made this recommendation following a conversation last January with Mr. Mills of the Treasury, who indicated that the Executive had no authority to do anything "except to accept full payment." When he had discovered that the British, Italians and others were making payments in acknowledgment of their debt, he realized that he had put his Government in a false position; the Minister asked me whether I could withhold our note in acknowledgment of his note announcing inability to pay<sup>21</sup> until he had communicated with his Government; he would be glad, he said, to know from me whether a payment within a day or two would so alter the situation that there would be no default on the part of his Government.

<sup>21</sup> Dated June 15, 1933; not printed.

I referred, in reply, to the case of Rumania, that Rumania had addressed a note to the Department which had been cancelled and substituted by another note accompanying a cash payment. The Minister said he understood and would communicate at once with his Government.

WILLIAM PHILLIPS

800.51W89 Lithuania/111

*The Lithuanian Minister (Balutis) to the Acting Secretary of State*

No. 660

WASHINGTON, June 23, 1933.

SIR: In my *Note Verbale* of June 15, 1933,<sup>22</sup> I had the honor to make a brief statement of the situation which confronted the Lithuanian Government and which was created, on one hand, by the requirements of the Debt Funding Agreement entered into by our respective Governments on September 22, 1924,<sup>23</sup> and, on the other hand, by the distressing general economic and financial conditions of today.

In the above mentioned note I ventured to point out that the Lithuanian Government was and is sincerely desirous of honoring its international obligations up to the limit of its ability and capacity; that in proof of its good faith it made an extraordinary effort to meet its obligations in full on December 15th last,<sup>24</sup> but that, in face of the increasingly adverse economic and financial conditions, it regrets that it is no longer in a position to continue the payments in full compliance with the terms set forth in the said agreement of September 22, 1924.

In the light of subsequent events, some elucidation of the attitude of the Lithuanian Government seems to be desirable. The Lithuanian Government, having in mind the attitude of the Government of the United States clearly declared during conversations relating to the payment of December 15th last,—the attitude according to which the Government of the United States felt it was not in a position to change the terms of the Agreement in any form or manner whatsoever and, consequently, was unable to grant any relief from the strict observance of the terms of the said Agreement,—had logically come to the conclusion that nothing less than a strict and full compliance with the terms of the said Agreement would be satisfactory and acceptable to the United States Government in June when the next payment was due. This assumption on the part of my Government seemed to become a certainty in view of the fact that the results of the inquiry made by me as late as May 17th—as to the possible attitude of the Government of

<sup>22</sup> Not printed.

<sup>23</sup> *Combined Annual Reports of the World War Foreign Debt Commission, 1922-1926*, p. 144.

<sup>24</sup> See note of December 15, 1932, from the Lithuanian Minister, *Foreign Relations, 1932*, vol. I, p. 798.

the United States,—did not indicate any change in the existing situation.

Being thus confronted with the situation which seemingly required the payment of the June instalment of this year in full, and being unable to do so because of adverse economic and financial conditions, the Lithuanian Government deemed to have no choice in the matter and, consequently, was compelled to inform the Government of the United States that it “sincerely regrets that it is unable to meet the payment due to the United States Government on June 15, 1933.”

Subsequent development of events has since demonstrated that a part payment on account of the instalments due and payable to the Government of the United States by various debtor nations is acceptable to the United States Government.

In view of the above, the Lithuanian Government, desiring to give proof of its good faith and determination to meet its obligations in the best way possible, has instructed me to pay to the Government of the United States, as a part payment of the June 15th instalment due from Lithuania to the United States of America, the sum of Ten Thousand Dollars.

Bringing the above information to your knowledge, I have the honor to inform you that proper steps were taken by me to have the said sum of Ten Thousand Dollars, payable to the order of the Secretary of the Treasury of the United States, paid to the Assay Office in New York City on this 23rd day of June.

At the same time I am instructed also to repeat the expression of hope entertained by my Government that an opportunity for a discussion of the debt problem with a view of its proper readjustment to the existing economic conditions, may be offered as soon as possible.

Please accept [etc.]

BRONIUS K. BALUTIS

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800.51W89 Lithuania/111

*The Acting Secretary of State to the Lithuanian Minister (Balutis)*

WASHINGTON, June 26, 1933.

SIR: The President directs me to acknowledge the receipt of your note of June 23, 1933, in which you set forth the decision of the Lithuanian Government to pay the Government of the United States the sum of \$10,000, as a payment on account and as an acknowledgment by the Lithuanian Government of the debt due to the United States. The statement contained in your notes of June 15 and June 23, 1933, as to the inability of your Government to pay the entire amount due has been noted.

In accordance with your request, the Government of the United

States will be glad to receive the representations of the Government of Lithuania with regard to the entire debt question between the two countries at a date to be agreed upon.

Accept [etc.]

WILLIAM PHILLIPS

800.51W89 Lithuania/115a

*The Acting Secretary of State to the Lithuanian Minister (Balutis)*

WASHINGTON, November 28, 1933.

SIR: I am requested by the Acting Secretary of the Treasury to transmit to you a statement of the amount due from your Government December 15, 1933, under the provisions of the debt agreement of September 22, 1924, and the moratorium agreement of June 9, 1932,<sup>25</sup> including the amounts due on June 15, 1933, which were not paid, and the interest accrued on the principal amount due and unpaid, and to request that payment of the amount due be made either at the Treasury in Washington or at the Federal Reserve Bank of New York.

While the debt agreement requires thirty days' advance notice in case your Government desires to make payment in obligations of the United States issued since April 6, 1917, the Acting Secretary of the Treasury states that he will be glad to waive the requirement if your Government wishes to pay in that manner. The annuities due under the moratorium agreement may not be paid with obligations of the United States.

Following is the Treasury's statement of the amount due:

PRINCIPAL AND INTEREST DUE FROM THE GOVERNMENT OF LITHUANIA,  
DECEMBER 15, 1933

Amounts due prior to December 15, 1933, but not paid..	\$122, 100. 65
Amounts due December 15, 1933:	
Under debt funding agreement of Sep-	
tember 22, 1924:	
Semi-annual interest.....	\$91, 790. 43
Semi-annual installment due under mora-	
torium agreement of June 9, 1932..	\$13, 683. 26
Interest accrued to December 15, 1933,	
on principal payments due and not	
paid:.....	<u>\$595. 58</u>
	<u>\$106, 069. 27</u>
Total amount due and payable December	
15, 1933.....	<u>\$228, 169. 92</u>

Accept [etc.]

WILLIAM PHILLIPS

<sup>25</sup> *Annual Report of the Secretary of the Treasury, 1932*, p. 297.

800.51W89 Lithuania/120

*The Lithuanian Minister (Balutis) to the Acting Secretary of State*

No. 1293

WASHINGTON, December 14, 1933.

SIR: I have the honor to acknowledge the receipt of your note, dated November 28, 1933, transmitting a statement of the Acting Secretary of the Treasury relative to the amount due from the Government of Lithuania to the Government of the United States of America under the provisions of the Debt Funding Agreement of September 22, 1924, and the Moratorium Agreement of June 9, 1932.

I wish to express my Government's appreciation of the information submitted by the Acting Secretary of the Treasury regarding his readiness to waive the required thirty days' advance notice in case my Government desires to make payment in obligations of the United States issued since April 6, 1917.

In order to make clear my Government's position on the subject of debt payments, it may be opportune and desirable to review briefly the chain of events which lead to the present situation.

1. It will be recalled that in December of last year my Government submitted to the Government of the United States a Memorandum describing in detail the economic and financial conditions in Lithuania and giving the reasons which compelled my Government to request for a reexamination of the Debt Funding Agreement of September 22, 1924. My Government requested the opportunity for a mutual discussion of the problem with a view of bringing the provisions of the said Debt Funding Agreement in line with the changed economic conditions (Note and Memorandum of December 10, 1933 [1932]).<sup>26</sup>

2. On January 24, 1933, the Government of the United States was good enough to inform the Government of Lithuania of the following:

a) that the Government of the United States of America "is prepared to enter with the British Government upon a discussion of its debt which must be concurrent with and conditioned upon a discussion of the world economic problems in which the two Governments are mutually interested";

b) that the representative of the Lithuanian Government would be offered an opportunity for discussions having "a similar scope and purpose";

c) that the said discussions were to take place "after the proposed discussions with the British Government have been completed",—and

d) that the appropriate notice of the date for discussions with the Lithuanian Government was to be suggested in due course.

3. The above indicated discussions between the representatives of the Lithuanian and the United States Governments took place at the State Department in Washington, D. C., on May 17, 1933. The dis-

<sup>26</sup> Note not printed; for memorandum, see *Foreign Relations*, 1932, vol. I, p. 790.

cussions covered, however, only a part of the program originally proposed: the economic and financial aspects of the problems (which were to be examined at the International Economic Conference soon to be held in London) were discussed and the views of the respective Governments upon them were exchanged, but the problem of the debt readjustment did not constitute a part of these discussions.

The Lithuanian Government, pressed by the continuous economic difficulties at home and by the necessity of meeting the approaching debt payment of June 15th, was eager to ascertain the prospects of an early reexamination of the entire debt problem. Accordingly, during the said discussions the Lithuanian Minister took the opportunity to inquire orally as to whether it would be possible for the Government of the United States to indicate its attitude regarding this subject. A statement by the Secretary of State, received in reply to this inquiry, was substantially to the effect that the Government of the United States was not prepared as yet to give any definite indication of its attitude upon this matter and that no change in the debt situation had taken place.

4. Confronted by the above situation, the Lithuanian Government, being unable to meet its obligation in full, yet wishing to give proof of its good faith and a demonstration of its desire to discharge its obligations in the best way possible under the circumstances, made a part payment on the instalment due June 15th, and again requested for an opportunity "as soon as possible" to discuss the debt problem "with a view of its proper readjustment to the existing economic conditions" (Note of June 23, 1933).

5. The Government of the United States, in reply to the above request, was good enough to inform me, by its note of June 26, 1933, that it "will be glad to receive the representations of the Government of Lithuania with regard to the entire debt question between the two countries at the date agreed upon."

6. It was understood that the said "date to be agreed upon" was to be in conformity with the desire previously expressed by the Government of the United States in its note of January 24, 1933,—that is to say, the date was to be set only "after the proposed discussions with the British Government have been completed."

In view of the above, the Lithuanian Government deemed it proper to wait until the discussions with the British Government were completed and an appropriate date for the discussion of the debt problem with the Lithuanian Government could thereafter be suggested by the Government of the United States.

7. On November 7, 1933, a public statement by the President of the United States of America<sup>27</sup> was made to the effect that the conversa-

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<sup>27</sup> See press release issued by the White House, November 7, 1933, p. 845.

tions with the representatives of the British Government had been concluded; that they had demonstrated "the great difficulty, if not impossibility, of reaching sound conclusions upon the amounts of international payments practicable over any considerable period of time in the face of the unprecedented state of the world economic and financial conditions"; that, therefore, it was decided "to adjourn the discussions until certain factors in the world situation—commercial and monetary—become more clarified." The statement further said that the British Government continues to acknowledge its debt; that on December 15, 1933, it will give tangible expression of its acknowledgment by the payment of a certain sum; and that in view of these representations the President had no personal hesitation in saying that he "shall not regard the British Government as in default."

8. Taking into consideration the above circumstances, and in the absence of any notice from the Government of the United States indicating its readiness to enter upon similar discussions of the debt problem with the Government of Lithuania, it became clear to the Lithuanian Government that no reasonable hope could be entertained for a definite solution of the debt problem or for formal discussions regarding this problem in the near future.

9. The situation, as described above, placed the Lithuanian Government in an increasingly difficult position. The economic and financial situation of the country, serious as it was in December of last year, became even more unfavorable during the present year; no signs of any material improvement are now visible, nor can any reasonably be expected in the near future.

The State budget had to be repeatedly and drastically reduced, thus augmenting the difficulties in the discharge of the normal fiscal functions of the Government and still further reducing its capacity to meet its outstanding international obligations.

10. The Lithuanian Government, after a thorough and careful survey of the entire situation facing it at this time, was obliged reluctantly to come to the conclusion that it will not be able to meet the payment due to the Government of the United States on the 15th day of December, 1933, as provided under the terms of the Debt Funding Agreement of September 22, 1924, and the Moratorium Agreement of June 9, 1932.

11. Sincerely regretting the necessity of arriving at the above decision, the Lithuanian Government desires at the same time to give the assurance that it continues to acknowledge its debt and that, in order to give tangible expression of the said acknowledgment, it is ready to make a good will payment commensurate with its present ability.

12. I am, therefore, instructed by my Government to inform you that on December 15, 1933, a payment in the sum of Seven Thousand Dollars

will be made by me to the Government of the United States. I am also instructed to express my Government's sincere belief that, pending such time as will be necessary for the reexamination and final readjustment of the debt problem, the Government of the United States, in view of the above presentations and payment, will not regard the Lithuanian Government as in default, and will offer, at its earliest convenience, an opportunity for the discussion and reexamination of the entire debt problem.

Please accept [etc.]

BRONIUS K. BALUTIS

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800.51W89 Lithuania/120

*The Acting Secretary of State to the Lithuanian Minister (Balutis)*

WASHINGTON, December 20, 1933.

SIR: In reply to your note of the fourteenth instant, I am directed by the President to say that due note has been taken of the payment by your Government of seven thousand dollars which you state is a tangible expression of the Lithuanian Government's acknowledgment of its debt and is commensurate with its present ability to pay.

The President points out that it is not within his discretion to reduce or cancel the existing debt owed to the United States, nor is it within his power as President to alter the schedule of debt payments contained in the existing settlement. Such power rests with the Congress. The President states, however, that in view of your representations, of the payment, and of the acknowledgment of the debt, he has no personal hesitation in saying that he does not regard the Lithuanian Government as in default.

Accept [etc.]

WILLIAM PHILLIPS

#### POLAND

800.51W89 Poland/111

*The Polish Embassy to the Department of State*

#### MEMORANDUM

Referring to the Note addressed to the Government of the United States by the Polish Government on December 8th, 1932,<sup>28</sup> concerning the postponement of the payment of the consolidated debt instalment due on December 15th, 1932, the Polish Government declares that the factual situation set forth in the above mentioned Note has not in any way improved in the course of the last six months and that the premises therein adduced continued to remain in force.

<sup>28</sup> *Foreign Relations*, 1932, vol. I, p. 801.



In view of the above, the payment by the Polish Government of the interest instalment due on June 15th, 1933 has unfortunately also become impossible.

Under these circumstances the Polish Government is compelled to request the Government of the United States to take the above under advisement and to defer similarly the payment of the instalment due on June 15th.

The Polish Government declares its readiness to communicate all the data and information which might be found necessary and, referring to the declaration made by the Ambassador in Washington on January 18th, 1933, is ready to consider with the Government of the United States the matter of the aforesaid debt in its entirety.

WASHINGTON, June 14, 1933.

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800.51W89 Poland/111

*The Acting Secretary of State to the Polish Ambassador (Patek)*

WASHINGTON, June 17, 1933.

EXCELLENCY: The Government of the United States acknowledges receipt of the note of the Polish Government setting forth its attitude concerning the debt obligation due on June 15th to this Government. It notes that the Polish Government has failed to meet in whole or in part the installment due on existing debt agreement between the Polish Government and the Government of the United States.

The Government of the United States must, in all frankness, call attention to the problems raised by the failure of the Polish Government to meet the payment due on December 15th, 1932 which have not yet been solved or even discussed between the two nations.

The Government of the United States notes further that the failure to pay this installment is based by the Polish Government upon the principle of inability to pay.

Accept [etc.]

WILLIAM PHILLIPS

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800.51W89 Poland/113

*Memorandum by the Acting Secretary of State*

[WASHINGTON,] June 24, 1933.

The Polish Ambassador left the accompanying memorandum<sup>29</sup> with me this morning. I said I did not wholly understand the last paragraph and would be very glad to have a further explanation; was I right in thinking that his Government was prepared to include in the budget a provision for a debt payment. The Ambassador said

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<sup>29</sup> *Infra.*

that he could not give me any further information than that given in his instructions; at the same time he gave me the impression that this was the meaning of the final paragraph of his memorandum.

The Ambassador spoke about the importance of debt settlement and said that it was his ambition to arrive at some settlement; he emphasized the importance of it.

WILLIAM PHILLIPS

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800.51W89 Poland/114

*The Polish Embassy to the Department of State*

MEMORANDUM

In acknowledging the receipt of the Acting Secretary's Note of June 18th [17<sup>th</sup>] last, the Polish Government note with regret that their readiness to negotiate with the Government of the United States the entire question of the War Debt, as expressed in their Note of December 8th, 1932,<sup>30</sup> as well as in their subsequent declarations made to the Department of State on December 22nd [21<sup>st</sup>], 1932,<sup>31</sup> and January 18th, 1933,<sup>32</sup> and finally in their memorandum of the 14th instant, has not been taken into account in the reply of the Government of the United States.

On this occasion the Polish Government also have the honor to record that, in accordance with Polish Constitutional provisions, all items of the National Budget must be established before the month of October of each year.

WASHINGTON, June 24, 1933.

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800.51W89 Poland/116a

*The Acting Secretary of State to the Polish Chargé (Sokolowski)*

WASHINGTON, November 28, 1933.

SIR: I am requested by the Acting Secretary of the Treasury to transmit to you a statement of the amount due from your Government December 15, 1933, under the provisions of the debt agreement of November 14, 1924,<sup>33</sup> and the moratorium agreement of June 10, 1932,<sup>34</sup> including the amounts due on December 15, 1932, and June 15, 1933, which were not paid, and the interest accrued on the principal amount due and unpaid, and to request that payment of the amount due be

<sup>30</sup> *Foreign Relations*, 1932, vol. I, p. 801.

<sup>31</sup> *Ibid.*, p. 807.

<sup>32</sup> Not printed.

<sup>33</sup> *Combined Annual Reports of the World War Foreign Debt Commission*, 1922-1926, p. 156.

<sup>34</sup> *Annual Report of the Secretary of the Treasury*, 1932, p. 302.

made either at the Treasury in Washington or at the Federal Reserve Bank of New York.

While the debt agreement requires thirty days' advance notice in case your Government desires to make payment in obligations of the United States issued since April 6, 1917, the Acting Secretary of the Treasury states that he will be glad to waive the requirement if your Government wishes to pay in that manner. The annuities due under the moratorium agreement may not be paid with obligations of the United States.

Following is the Treasury's statement of the amount due :

PRINCIPAL AND INTEREST DUE FROM THE GOVERNMENT OF POLAND  
DECEMBER 15, 1933

Amounts due prior to December 15, 1933, but not paid.....	\$6, 862, 042. 50
Amounts due December 15, 1933:	
Under debt funding agreement of November 14, 1924:	
Annual installment of principal .	\$1, 393, 000. 00
Semi-annual interest.....	\$3, 559, 062. 50
Semi-annual installment due under moratorium agreement of June 10, 1932.....	\$456, 229. 71
Interest accrued to December 15, 1933, on payments postponed under funding agreement....	\$39, 375. 00
Interest accrued to December 15, 1933, on other principal payments due and not paid.....	\$8, 120. 00
	\$5, 455, 787. 21
Total amount due and payable December 15, 1933.....	\$12, 317, 829. 71

Accept [etc.]

WILLIAM PHILLIPS

800.51W89 Poland/117

*The Polish Chargé (Sokolowski) to the Acting Secretary of State*

MEMORANDUM

The Chargé d'Affaires ad interim of Poland has been instructed by his Government to inform the Government of the United States that for reasons analogous to those stated in the Embassy's note of December 8, 1932,<sup>35</sup> and confirmed by later declarations, they are

<sup>35</sup> *Foreign Relations*, 1932, vol. I, p. 801.

obliged to request similarly a deferment of payment of the instalment of capital and interest payable on December 15th. The Polish Government are still not in a position to resume, towards the United States, the service of the debt.

Referring to their previous memoranda, the latest of which is dated June 24th, 1933, the Polish Government confirm their readiness to negotiate this matter.

WASHINGTON, December 14, 1933.

## RUMANIA

800.51W89 Rumania/152

### *Memorandum by the Secretary of State*

[WASHINGTON,] January 26, 1933.

The Rumanian Minister came to bring up the case of his country in respect to its debt to us. He pointed out that Rumania had no installment coming due in December as it made only one payment a year and consequently was not in default, but neither had it made a December payment; that hitherto, Rumania had not made any request for a readjustment of its debt, but was now anxious to do it and he had been authorized to make the request. I told him that I had no instructions yet as to how to treat that case, but on his request I said I would write and ask Mr. Roosevelt whether an invitation could be extended to them. He told me that he thought Yugoslavia was in the same situation.

The Minister then inquired about the British answer,<sup>88</sup> asking whether that would foreclose discussion of the economic questions. I told him I could not speak as to Mr. Roosevelt's attitude but that if he would read the British reply carefully he would see that the British did not refuse to discuss these questions simultaneously with the debt questions but only refused to make decisions on them until the Economic Conference was held. I pointed out that in such a case it would be quite possible for Mr. Roosevelt to refuse to make a decision as to the debts until he was assured of the results of the Economic Conference on these other questions.

H[ENRY] L. S[TIMSON]

800.51W89 Rumania/155

*The Secretary of State to the Rumanian Minister (Davila)*

### AIDE-MÉMOIRE

The Rumanian Government has inquired with reference to the possibility of a discussion in the near future of the debts owed by that

<sup>88</sup> Note of January 25, 1933, from the British Embassy, p. 832.

Government to the United States. You will have observed that an announcement has already been made that this Government is prepared to enter with the British Government upon a discussion of its debt, which must be concurrent with and conditioned upon a discussion of the world economic problems in which the two Governments are mutually interested. I am authorized by Mr. Roosevelt, the President-Elect, to say that he will be glad to receive separately at Washington a representative or representatives of the Rumanian Government for discussions having a similar scope and purpose after the proposed discussions with the British Government have been completed.

Inasmuch as requests for similar discussions have been made to this Government by several other governments, the order in which these discussions will separately take place will be determined later, and appropriate notice of the date for the discussion with your Government will be suggested in due course.

WASHINGTON, February 8, 1933.

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800.51W89 Rumania/157

*The Rumanian Legation to the Department of State*

AIDE-MÉMOIRE

The Roumanian Government takes pleasure in acknowledging the invitation of President-Elect Roosevelt forwarded through the *Aide-Mémoire* of the Department of State, dated February 8, 1933, and in stating that it is ready to make, at the proper moment, the necessary arrangements with the Government of the United States as to further developments and as to the date most convenient to receive a Roumanian representative or representatives in Washington.

WASHINGTON, February 23, 1933.

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800.51W89 Rumania/164

*Memorandum by the Acting Secretary of State*

[WASHINGTON,] May 31, 1933.

The Rumanian Minister reminded me that he had spoken to the Secretary on various occasions in regard to the debt situation; that he had continually asked for advice as to how he should proceed; June 15th was drawing near and he would like to be able to send some sort of telegram to his Government. He went on to explain the impoverished condition of Rumanian finances and that it would probably not

be possible for Rumania to make its June 15th payment. I pointed out that all such matters were in the hands of the President and that he alone could speak authoritatively. Inasmuch as Rumania had not defaulted on its December payment, I assumed that Rumania and Great Britain were in the same category. I told him that the British had been informed that, while we had no communication to make with them on the subject in connection with the June 15th payment, we would be glad to receive from them any proposition which they would care to make. I explained that the French and the other defaulting nations were in a different category and that we had already informed them that we could not even receive from them a communication regarding June 15th until they had paid their December installments. The Minister said he would send a telegram to his Government along these lines.

WILLIAM PHILLIPS

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800.51W89 Rumania/164a

*The Acting Secretary of State to the Rumanian Minister (Davila)*

WASHINGTON, June 9, 1933.

SIR: I am requested by the Secretary of the Treasury to notify you that \$1,000,000 principal is due and payable on June 15, 1933, on account of the indebtedness of your Government to the United States pursuant to the debt agreement of December 4, 1925.<sup>37</sup>

The debt agreement of December 4, 1925, requires thirty days advance notice in case your Government desires to make payment in obligations of the United States issued since April 6, 1917, but I am requested by the Secretary of the Treasury to advise you that he will be glad to waive the requirement of thirty days advance notice if your Government wishes to pay in that manner.

Accept [etc.]

WILLIAM PHILLIPS

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800.51W89 Rumania/169

*Memorandum by the Chief of the Division of Near Eastern Affairs (Murray)*

[WASHINGTON,] June 15, 1933.

Mr. Nano, Counselor of the Rumanian Legation, called me by telephone at 4:30 p. m. today to say that he had just received a telegram from his Government stating that it had reversed its earlier decision

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<sup>37</sup> For negotiations with the World War Foreign Debt Commission and text of agreement, see *Combined Annual Reports of the World War Foreign Debt Commission, 1922-1926*, pp. 52, 241-253; see also *Foreign Relations, 1925*, vol. I, pp. 165 ff.

to default on the payment due today on the Rumanian debt to this Government and now intended to make a "token" payment, the exact amount of which would be communicated to the Legation shortly by the Rumanian National Bank.

Mr. Nano said that it was his understanding that the payment would amount substantially to 3% of the instalment due today and that it would be between \$24,000 and \$25,000 silver. He said an understanding approximately in this sense had been worked out between Mr. Davila and Mr. Moley.<sup>38</sup>

Mr. Nano asked whether the note left by Mr. Davila with Mr. Phillips this morning,<sup>39</sup> announcing Rumania's intention to default, could be withheld from publication and whether we desired to announce to the press the fact that Rumania intended to make the above mentioned "token" payment.

WALLACE MURRAY

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800.51W89 Rumania/170

*The Rumanian Minister (Davila) to the Acting Secretary of State*

WASHINGTON, June 15, 1933.

SIR: In reply to your note of June 9, permit me to emphasize, in the name of my Government, the following part of the note which I had the honour to address to you today:

" . . . In the course of these conferences I have also shown that although the limits of taxation have been reached and every possible economy made, the expected revenue of Roumania, with a population of almost 19,000,000, is equivalent to only 139,500,000 gold dollars, of which \$35,000,000 are due on account of interest on the external public debt service, the statutory amortization of which has had to be practically suspended for the next years, with the consent of the bondholders; that the national income of Roumania in 1932 has fallen to 56.96% of the figures for 1929 and that this situation compelled Roumania to enforce severe foreign exchange restrictions, this being, under the circumstances, the only means of maintaining the legal parity of the national currency. I have, therefore, been compelled to request that the instalment due by Roumania to the United States of America on June 15, 1933, be postponed until after the re-examination of the entire problem and that a date should be set for this purpose. Unfortunately, for reasons which I well understand, this request of my Government could not so far be complied with."

It results from the above that the Roumanian Government, at present, has not the capacity to pay the instalment due on June 15th to the Government of the United States, as it has likewise, as previously

<sup>38</sup> Raymond Moley, Assistant Secretary of State, March 6–September 7, 1933.

<sup>39</sup> Not printed.

quoted, been compelled to suspend the sinking fund payment on the other governmental debts. Nevertheless, as a token of good-will, the Roumanian Government wishes to pay in advance 3% interest, as calculated in the Roumanian-American debt agreement, on the installment due June 15th, which it hopes will be considered as a payment on account. This represents 29,100 dollars. By this the Roumanian Government desires to acknowledge the debt, pending a final settlement, and trusts that a date for the rediscussion of the whole problem will be set at your earliest convenience.

Please accept [etc.]

DAVILA

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800.51W89 Rumania/171½

*Memorandum by the Chief of the Division of Near Eastern Affairs  
(Murray)*

[WASHINGTON,] June 19, 1933.

The Rumanian Minister came to see me on Saturday to say that he had already made the purchase of the necessary amount of silver to make the 3% interest payment on the \$1,000,000 installment on the Rumanian debt to the United States falling due June 15, last. The Minister seemed to be very much pleased with the solution which he and Mr. Moley had worked out in this matter, and he said that the Czechoslovak Minister, when he heard of it, greatly regretted that he had not suggested the same solution of his country's debt.

WALLACE MURRAY

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800.51W89 Rumania/170

*The Acting Secretary of State to the Rumanian Minister (Davila)*

WASHINGTON, June 21, 1933.

SIR: The President directs me to acknowledge receipt of your note of June 15, 1933, in which you set forth the decision of the Rumanian Government to pay the Government of the United States the sum of \$29,100.00, an amount which you state is equivalent to three per cent. advance interest on the installment which fell due on June 15, as a payment on account and as an acknowledgment by the Rumanian Government of the debt due the United States. The presentation made in your note as to the inability of your Government to pay the entire amount due has been noted.

In accordance with your request, the representations of the Government of Rumania with regard to the entire debt question between our two countries will be gladly heard at a date to be agreed upon between us.

Accept [etc.]

WILLIAM PHILLIPS



800.51W89 Rumania/184

*The Acting Secretary of State to the Rumanian Chargé (Nano)*

WASHINGTON, November 28, 1933.

SIR: I am requested by the Acting Secretary of the Treasury to transmit to you a statement of the amount due from your Government December 15, 1933, under the provisions of the debt agreement of December 4, 1925, and the moratorium agreement of June 11, 1932,<sup>40</sup> including the amount due on June 15, 1933, which was not paid, and to request that payment of the amount due be made either at the Treasury in Washington or at the Federal Reserve Bank of New York.

While the debt agreement requires thirty days' advance notice in case your Government desires to make payment in obligations of the United States issued since April 6, 1917, the Acting Secretary of the Treasury states that he will be glad to waive the requirement if your Government wishes to pay in that manner. The annuities due under the moratorium agreement may not be paid with obligations of the United States.

Following is the Treasury's statement of the amount due:

PRINCIPAL AND INTEREST DUE FROM THE GOVERNMENT OF  
RUMANIA, DECEMBER 15, 1933

Amounts due prior to December 15, 1933, but not paid.....	\$1, 000, 000. 00
Amounts due December 15, 1933:	
Semi-annual installment due under moratorium agreement of June 11, 1932.....	\$48, 750. 08
	<hr/>
Total amount due and payable December 15, 1933.....	\$1, 048, 750. 08
	<hr/> <hr/>
Accept [etc.]	WILLIAM PHILLIPS

800.51W89 Rumania/190

*Memorandum by the Assistant Economic Adviser (Livesey) of a Conversation With the Rumanian Chargé (Nano) and the Financial Counselor (Boncesco)*

[WASHINGTON,] December 2, 1933.

Mr. Nano said he had received a note regarding payments due December 15. In fact, however, Rumania had no payments due December 15. I said there was at least the payment due under the Hoover moratorium. Mr. Nano brought out the moratorium agreement and

<sup>40</sup> *Annual Report of the Secretary of the Treasury, 1932*, p. 305.

showed me it provided that the first payment was due January 2, 1934. I said that the note had been sent out on the basis of a Treasury request enclosing a table showing payments due by many States, including Rumania. I regretted the mistake in overlooking the fact that the first Rumanian payment was not due until January 2, 1934.

Mr. Nano inquired why the sum stated to be due prior to December 15, 1933, but unpaid, was \$1,000,000 whereas Rumania paid \$29,061.46 as a token payment in respect of the \$1,000,000 sum due June 15, 1933. I said the Rumanian Government having stated that the \$29,061.46 was payment in advance of 3% interest on the \$1,000,000, the Treasury in preparing a statement of the amount due and payable December 15 had been confronted with the question of mentioning the amounts due prior to December 15 but unpaid and had elected to state the amount as \$1,000,000. Mr. Nano said that if the \$29,000 were interest paid in advance, and Rumania were to pay the \$1,000,000 on December 15, it should have a refund of at least six months of the interest paid in advance. I said that the Treasury naturally had perceived all the elements of the matter but had simply been confronted with the necessity of deciding on some figure to include in its statement. Mr. Nano remarked that the matter seemed rather academic.

Mr. Nano said interrogatively he supposed that a token payment by Rumania would be acceptable to the United States. He had discussed the matter this summer on vacation at Bucharest but the Government had since changed. He must take the matter up with his Government but would hesitate to advise his Government to offer a token payment if it was likely to be rejected by the United States.

I said he knew of the British token payment. Other countries which made token payments in June were again tendering such payments. The Acting Secretary was referring each proposal to the President. There had apparently been some dissatisfaction with tenders small in absolute amount and this had been reflected in newspaper articles. In the circumstances it was very difficult for me to say anything and it would be better if Mr. Nano would see Mr. Phillips.

Mr. Nano said that he could hardly see Mr. Phillips until Monday, the Rumanian Minister is returning to Washington next Thursday or Friday, and he perhaps should leave the whole matter over for the Minister to handle. Mr. Boncesco suggested that he arrange a tentative engagement to see Mr. Phillips Friday, December 8.

Mr. Nano remarked that his Government's payment due under the moratorium was small (\$48,750.08) so that a token payment would naturally be small. In June Rumania had tendered 3% of the amount due and had stated that this was interest in advance at 3% on the unpaid amount due and that Mr. Moley had expressed considerable satisfaction at this form of payment. I said that it seemed to me

personally that as Rumania had adopted a formula which seemed to furnish a reasonable, businesslike basis for determining its token payment, his Government might naturally wish to adhere to that basis of payment. I said that of course insofar as I understood these token payments they were all supposed to move from the debtor Governments, the United States Government having no Constitutional authority to alter the existing debt schedules or to say that it accepted the payments.

Mr. Nano finally indicated that he would probably telegraph his Government that a token payment would probably be welcome to the United States Government although it would be necessary to submit the matter to the President before this could be ascertained.

Mr. Nano did not suggest that any action be taken to withdraw or amend our note purporting to inform him of sums due December 15.

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800.51W89 Rumania/195

*The Rumanian Minister (Davila) to the Acting Secretary of State*

WASHINGTON, December 29, 1933.

SIR: I have the honor to refer to your communication of November 28 on the subject of the amount due by my Government under the provisions of the debt agreement of December 4, 1925, and the moratorium agreement of June 11, 1932, including the amount due on June 15, 1933, which was not paid.

In so far as the latter amount is concerned, I wish to refer to my note of June 15, 1933, in which I stated the reasons why Roumania was obliged to ask for a postponement of this instalment and to your reply of June 21 acknowledging it.

With regard to the payment of the moratorium instalment,—due January 2, 1934, and not December 15, 1933, as stated in your above-mentioned note,—I considered myself justified in assuming that there would be no objection if the procedure which my Government adopted on the occasion of the last payment made on June 15, 1933, were followed as long as the present provisional situation lasts pending the reexamination of the entire debt problem.

On December 28, I was informed by you that the President objected to the application of the same principle to this payment, as it would result in the tender of such a small amount as to invite unfavorable comment.

Under the circumstances, and in order to allow sufficient time to find a solution that would satisfy both the principle adopted at the last payment and the President's above-mentioned practical objection, I have the honor to suggest that the matter be left open until my report will have reached Bucharest and I shall have received a reply.

Please accept [etc.]

DAVILA

800.51W89 Rumania/195

*The Secretary of State to the Rumanian Minister (Davila)*

WASHINGTON, January 24, 1934.

SIR: I have the honor to acknowledge the receipt of your note of December 29, 1933, in which you suggest that the matter of the payment due to this Government by your Government on January 2, 1934, be left open pending the arrival in Bucharest of your further report on the subject and the receipt by you of a reply thereto.

I shall be glad to discuss the matter of this payment again with you when the time necessary for the receipt of a reply from your Government shall have elapsed.

Accept [etc.]

CORDELL HULL

## YUGOSLAVIA

800.51W89 Yugoslavia/154a

*The Acting Secretary of State to the Yugoslav Minister (Pitamic)*

WASHINGTON, June 9, 1933.

SIR: I am requested by the Secretary of the Treasury to notify you that the following amounts are due and payable on June 15, 1933, on account of the indebtedness of your Government to the United States pursuant to the debt agreement of May 3, 1926:<sup>41</sup>

Amount due June 15, 1933, under debt agreement:	Principal	\$275, 000. 00
Amount due June 15, 1932, but not paid:	Principal	250, 000. 00
Interest accrued since June 15, 1932, on principal payment due that date (computed at the rate of 4 per cent per annum as au- thorized by Act of Congress, approved December 23, 1931).		10, 000. 00
	Total amount due June 15, 1933	<u>\$535, 000. 00</u>

The debt agreement of May 3, 1926, requires thirty days advance notice in case your Government desires to make payment in obligations of the United States issued since April 6, 1917, but I am re-

<sup>41</sup> *Combined Annual Reports of the World War Foreign Debt Commission, 1922-1926*, p. 280.

quested by the Secretary of the Treasury to advise you that he will be glad to waive the requirement of thirty days advance notice if your Government wishes to pay in that manner.

Accept [etc.]

WILLIAM PHILLIPS

800.51W89 Yugoslavia/155

*The Yugoslav Minister (Pitamic) to the Acting Secretary of State*

WASHINGTON, June 15, 1933.

SIR: Referring to your note of June 9th, 1933, and our conversation of yesterday concerning the payments on War Debts due in 1932 and 1933, I beg to state the views of my Government.

The Royal Yugoslav Government is financially unable to make these payments on account of the following reasons:

1) The chief reason is the non-payment of the German reparations due to Yugoslavia, which have not been paid to us, in spite of the fact that we did not accept the moratorium proposed by President Hoover.<sup>42</sup> This situation was continued by virtue of the Lausanne Agreement.<sup>43</sup> Yugoslavia was inequitably and harder hit than any other country by this moratorium and was placed in quite singular a situation, for if the annuities due by Yugoslavia on her debts are deducted from the reparation payments due to her by Germany, she is a loser to the extent of sixteen millions dollars per annum.

This money was devoted to carrying out the obligations imposed upon the country by the expenses of war and the enemy occupation, such as the payments to war invalids, war damage to property, etc. In addition the reparation money was used for the repayment of the foreign debts contracted for the restoration of the country devastated by war operations and enemy occupation.

The grave consequences of the moratorium for Yugoslavia were recognized publicly by the Committee of Experts in London in August 1931.<sup>44</sup>

In view of the absence of German reparation payments and, consequently, in absence of considerable receipts in cash, the Yugoslav Government finds itself absolutely unable, from a merely budgetary standpoint and also in so far as its capacity of exporting foreign exchange is in question, to meet its obligations concerning War Debts regularly and on time.

<sup>42</sup> See *Foreign Relations*, 1931, vol. I, pp. 230 ff.

<sup>43</sup> Great Britain, Cmd. 4126, Misc. No. 7 (1932): *Final Act of the Lausanne Conference, Lausanne, July 9, 1932*; see also *Foreign Relations*, 1932, vol. I, pp. 636 ff.

<sup>44</sup> See Great Britain, Cmd. 3947, Misc. No. 19 (1931): *Report of International Committee of Experts Respecting Suspension of Certain Inter-Governmental Debts*, pp. 5-6.

2) In addition, this very unfavorable situation has been aggravated by the general world crisis, and particularly by the agricultural crisis under which Yugoslavia, which is chiefly an agricultural country, is particularly suffering. The budgetary consequence thereof is that, on account of the fall of agricultural prices, the revenues of the State are lowered. As additional consequences of this crisis in Central Europe, foreign capital was withdrawn and on account of the dropping of foreign trade, all commerce has to be carried on by making use of the clearing system.

Accept [etc.]

DR. L. PITAMIC

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800.51W89 Yugoslavia/155

*The Acting Secretary of State to the Yugoslav Minister (Pitamic)*

WASHINGTON, June 21, 1933.

SIR: The Government of the United States acknowledges receipt of the note of the Yugoslav Government setting forth its attitude concerning the debt obligation due on June 15 to this Government. It notes that the Royal Yugoslav Government has failed to meet in whole or in part the instalment due on the existing debt agreement between the Yugoslav Government and the Government of the United States.

The Government of the United States must, in all frankness, call attention to the problems raised by the failure of the Yugoslav Government to meet the payment due on June 15, 1932, which have not yet been solved or even discussed between the two nations.

The Government of the United States notes further that the failure to pay the present instalment is based by the Royal Yugoslav Government upon the principle of inability to pay, which it alleges to be due to special conditions not applying to other Governments.

Accept [etc.]

WILLIAM PHILLIPS

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800.51W89 Yugoslavia/159

*The Acting Secretary of State to the Yugoslav Minister (Pitamic)*

WASHINGTON, November 28, 1933.

SIR: I am requested by the Acting Secretary of the Treasury to transmit to you a statement of the amount due from your Government December 15, 1933, under the provisions of the debt agreement of May 3, 1926, including the amounts due on June 15, 1932, and June 15, 1933, which were not paid, and to request that payment of the amount due be made either at the Treasury in Washington or at the Federal Reserve Bank of New York.

While the debt agreement requires thirty days' advance notice in case your Government desires to make payment in obligations of the

United States issued since April 6, 1917, the Acting Secretary of the Treasury states that he will be glad to waive the requirement if your Government wishes to pay in that manner.

Following is the Treasury's statement of the amount due:

PRINCIPAL AND INTEREST DUE FROM THE GOVERNMENT OF  
YUGOSLAVIA, DECEMBER 15, 1933

Amounts due prior to December 15, 1933, but not paid. . . \$525, 000. 00

Total amount due and payable December 15,  
1933..... \$525, 000. 00

Accept [etc.]

WILLIAM PHILLIPS

800.51W89 Yugoslavia/160

*Memorandum by the Chief of the Division of Near Eastern Affairs  
(Murray)*

[WASHINGTON,] December 4, 1933.

The Yugoslav Minister called on me Saturday to say that he thought the Department had made a mistake in sending him its note of November 28 concerning the amounts due from the Yugoslav Government on its war debt to the American Government, since no new payment would fall due on December 15th.

I replied that no error had been made: that as I understood it, since payments would fall due on December 15 from a number of countries and notices were accordingly being sent to them, the Treasury considered it an appropriate time to send the Yugoslav Government also a reminder of the amounts overdue from it. The Minister observed that notices of these amounts had been presented when they fell due on June 15, 1932, and June 15, 1933, and that his Government had explained in detail why it could not pay them; he considered that those payments should therefore be considered as disposed of and that no further notice ought to be sent him until the next instalment falls due on June 15, 1934. In answer to this I pointed out that the payments in question could not be considered as "disposed of", so long as they remained unpaid, except by mutual agreement.

The Minister then turned to the note and said he thought the phrasing "including the amounts due on June 15, 1932 and June 15, 1933", in the first paragraph, misleading, as it implied that there were other payments due whereas actually there are none. I said that if he wished I would look into the possibility of changing the word "including" to read "namely". He said he would like to think it over.

WALLACE MURRAY

## INITIATION OF THE RECIPROCAL TRADE AGREEMENTS PROGRAM

611.0031/431

*The Secretary of State to the Secretary of Commerce (Roper)*<sup>1</sup>

WASHINGTON, March 6, 1933.

DEAR MR. ROPER: Shortly before March fourth, at my request, one of the officials of this Department invited representatives of the Department of Commerce, the Department of Agriculture, the Department of the Treasury, the Department of Labor, and the United States Tariff Commission, to meet here for the purpose of initiating plans and action looking toward negotiations with other countries for agreements reciprocally reducing customs barriers.

The group held a meeting on February 27,<sup>2</sup> attended by representatives of all of the above-mentioned branches of the Government except the Department of Labor, and a sub-group met on March 3. These meetings fulfilled their task of beginning the work assigned to them. Indeed, I am informed that most of the individuals participating in the meetings had for some time been giving attention to these matters.

I should now like to reconstitute the group as an Inter-Departmental Committee and, if you and the others whom I am addressing on the subject, are disposed to give approval, I shall be grateful if you will designate such members of your staff as you may wish to be members. I shall instruct one of the representatives of the Department of State to call the Committee together in the near future to continue its work.

Sincerely yours,

For the Secretary of State:  
WILLIAM PHILLIPS  
*Under Secretary*

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<sup>1</sup> The same letter was sent on March 9 to the Secretaries of Labor, Agriculture, and Treasury, and to the Chairman of the United States Tariff Commission.

<sup>2</sup> Present at this meeting were: Department of State—Wallace McClure, Chairman; Herbert Feis, Economic Adviser; Frederick Livesey, Assistant Economic Adviser; Henry L. Deimel, Jr., Division of Near Eastern Affairs; Harry C. Hawkins, of the Treaty Division; Treasury Department—J. D. Nevius; Department of Agriculture—Nils A. Olsen; L. R. Edminster; Department of Commerce—John Matthews, Jr.; Louis Domeratzky; United States Tariff Commission—E. Dana Durand; Benjamin B. Wallace.



611.0031/428

*The Chairman of the Subgroup of the Interdepartmental Reciprocity Group (McClure) to the Secretary of State*

[WASHINGTON,] March 6, 1933.

In accordance with the recommendation of the Sub-group<sup>3</sup> of the Inter-Departmental Reciprocity Group which has been considering the question, there are attached hereto copies of draft bills,<sup>4</sup> for possible presentation to Congress, authorizing the President (1) to enter into a multilateral agreement for a horizontal ten per centum reduction in tariff duties and (2) to enter into bilateral reciprocity arrangements for such reductions in the tariffs of the contracting countries as may be agreed upon.

The two bills may preferably be put together as a single bill if such course would not make it more difficult to obtain enactment in Congress. It seems possible, indeed, that the form of a single bill would facilitate passage through Congress. It will be noted that the two bills have precisely the same stated objective.

In each case it is presupposed that the action of the President shall be by Executive Agreement. It seems desirable that such enabling legislation should be enacted as soon as possible in preparation for the forthcoming monetary and economic conference, as a substantial means of resuming international trade, and as a gesture calculated to improve the international economic atmosphere.

The bill authorizing a horizontal reduction presupposes that the monetary and economic conference will take appropriate action with reference to grosser evils, such as quota restrictions, prohibitions, and exchange control. As drafted, it leaves wide discretion with the President. This seems necessary because of the uncertainty of the future of the most-favored-nation clause. Should the obligations of the clause, by general agreement, be cancelled with reference to the reciprocal favors of general conventions, it would seem feasible for the United States to enter into a horizontal reduction agreement with a few important countries. Should the obligations of the most-favored-nation clause remain as at present, however, such horizontal reduction agreement would scarcely be feasible unless substantially all countries should become parties.

The draft bill authorizing bilateral reciprocity agreements presupposes the continued maintenance of the unconditional most-favored-nation clause, asks for wide discretion for the President and, lest

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<sup>3</sup> The group that met on March 3 to consider the draft bills consisted of: Department of State—Wallace McClure (Chairman), Herbert Feis, Frederick Livesey, Harry C. Hawkins, Henry L. Deimel, Jr.; Department of Commerce—Thomas R. Taylor, Louis Domeratzky; United States Tariff Commission—Benjamin B. Wallace.

<sup>4</sup> Not printed.

Congress should consider the authorization to cut existing duties by as much as fifty per cent too high without some Congressional supervision, provides also that the Congress may, by affirmative action, veto a particular agreement within a limited time. If the latter provision is not necessary, it may appropriately be omitted, but it seems preferable to have a wide margin of reduction with the veto than to omit the veto and leave the President with only a narrow margin of reduction.

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550.S1/906 : Telegram

*The Chairman of the American Delegation to the World Monetary and Economic Conference (Hull) to the Acting Secretary of State*

S. S. "PRESIDENT ROOSEVELT," June 7, 1933—4 p. m.  
[Received June 7—1:20 p. m.]

10. Please deliver the following strictly confidential message to the President.

"I earnestly trust reports are unfounded that Congress will not be asked for executive authority to negotiate reciprocal commercial treaties based on mutual tariff concessions with right of congressional veto included as per State Department draft of bill. My deliberate judgment is that in addition to most seriously handicapping the mission of our delegation to the London Economic Conference it would be a major error to defer until 1934 any authority thus to negotiate this type of commercial treaty. My profound belief is that by the end of the first year of your administration the American accomplishments possible at the London Conference even if only moderately successful at this first session will constitute the most outstanding single achievement of your administration. The attitude of your Government on this vital matter will naturally greatly affect the nature of my address at the opening of the Conference.<sup>5</sup> Furthermore it seems to me that such an eventuality would necessitate serious alterations in your instructions to the delegation and that delegation would be reduced to a passive role at the Conference rather than the active role contemplated."

HULL

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550.S1/916 : Telegram

*The Acting Secretary of State to the Chairman of the American Delegation (Hull)*

WASHINGTON, June 7, 1933—6 p. m.

9. Your 10, June 7, 4 p. m. The President sends you the following confidential message.

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<sup>5</sup> For text of address, see Department of State, *Press Releases*, June 17, 1933, p. 445.

"I wholly understand and approve your anxiety for tariff action at this session. The situation in these closing days of the session is so full of dynamite that immediate adjournment is necessary. Otherwise bonus legislation, paper money inflation, etc., may be forced. The Veterans' Amendment alone may upset whole situation if I cannot straighten it out in next 3 days. Therefore, tariff legislation seems not only highly inadvisable, but impossible of achievement.

You have full authority to negotiate in London general reciprocal commercial treaties based on mutual tariff concessions. Negotiation requires no prior congressional authorization. In addition, there is no reason why you cannot arrange for conferences to be held in Washington looking to definite reciprocal agreements with individual nations. All such agreements, both general and bi-lateral, would be submitted for approval as soon as Congress reassembles.

Furthermore, I shall start at once conferring with Tariff Commission to discover where trade promoting reductions can be made by Executive order under existing law, and will keep you advised of result.

Best regards to all of you."

PHILLIPS

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550.81/1044 : Telegram

*The Acting Secretary of State to the Chairman of the American Delegation (Hull)*

WASHINGTON, June 24, 1933—1 p. m.

65. Department's 15, June 9.<sup>6</sup> I understand that, apart from the conference, and notwithstanding no legislation was sought, the President may wish to begin negotiations for tariff reciprocity with certain countries, and I should appreciate the advice of the Secretary regarding the proposal at an early date of negotiations, within the limits of the draft bill prepared for the President to send to Congress, to Sweden, Portugal, Brazil, Colombia<sup>7</sup> and perhaps Chile. It is believed that reductions of duties on principal imports from these countries will not affect products the subject of probable action under section 3 (e) of the Industrial Recovery Act,<sup>8</sup> that such reductions present relatively few difficulties of negotiation and promise considerable benefit in the event of success. If favorably advised, I shall recommend to the President the opening of such negotiations.

PHILLIPS

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<sup>6</sup> Not printed.

<sup>7</sup> For correspondence concerning trade agreement negotiations with Sweden and Portugal, see vol. II, pp. 719 ff. and 640 ff., respectively; for similar correspondence with Brazil and Colombia, see vol. V, pp. 13 ff. and pp. 217 ff.

<sup>8</sup> 48 Stat. 195.

550.S1/1075 : Telegram

*The Chairman of the American Delegation (Hull) to the Acting Secretary of State*

LONDON, July 2, 1933—11 p. m.

[Received July 2—10 p. m.]

92. Your 65, June 24, 1 p. m. I approve the proposal to institute negotiations along the lines indicated. It is difficult at this distance to make any useful suggestions as to the countries with which negotiations should first be undertaken. This is a matter which can best be decided on the basis of data available in Washington. However, I judge from the list of countries set forth in your telegram that you have in mind postponing negotiations with countries which discriminate against the United States. This seems advisable for reasons indicated in Culbertson's memorandum of June 16,<sup>9</sup> a copy of which has been sent informally to a member of the delegation. In selecting countries with which negotiations would be instituted you also have in mind the nature of the products on which concessions would be granted. In this connection it seems advisable to consider not only section 3 (e) of the Industrial Recovery Act but also to avoid in the early stages at least the submission to Congress of proposals of a too highly controversial character.

So far as I am able to judge the list of countries mentioned in your telegram is a satisfactory one.

HULL

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611.0031/524

*Press Release Issued by the Department of State, July 17, 1933*

A meeting was held at 10 o'clock Monday morning in the Department of State to organize the Board which is to undertake the exploratory study of the possibilities of our negotiating various trade agreements.

The following named persons attended the meeting:

*For the Department of State*

Charles M. Barnes, Chairman.

Melvin L. Leap, Secretary.

Edwin C. Wilson, Chief, Division of Latin American Affairs.

Orme Wilson, Assistant Chief, Division of Latin American Affairs.

Laurence Duggan, Division of Latin American Affairs.

John D. Hickerson, Assistant Chief, Division of Western European Affairs.

Paul T. Culbertson, Division of Western European Affairs.

Dr. Wallace McClure, Assistant Chief, Treaty Division.

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<sup>9</sup> Not printed.

*For the Department of Agriculture*

Lynn R. Edminster, Foreign Agriculture Service Division, Bureau of Agricultural Economics.

*For the Department of Commerce*

Walter J. Donnelly, Acting Chief, Foreign Tariff Division.  
Louis Domeratzky, Chief, Regional Information Division.  
Clarence C. Brooks, Chief, Latin American Section.

*For the Industrial Recovery Administration*

John H. Matthews.

*For the Tariff Commission.*

Dr. Herman J. Brauer, Acting Chief, Division of International Relations.

Mr. Jefferson Caffery, Assistant Secretary of State also attended part of this meeting.

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611.0031 Executive Committee/3

*The Secretary of State to President Roosevelt*

WASHINGTON, November 2, 1933.

MY DEAR MR. PRESIDENT: I understand that you are giving thought to the idea of assigning to the Department of Agriculture the duty of regulating imports of wines and spirits during the period prior to the enactment of permanent legislation. I believe it is also your further idea that admission to the American market during this period should be exchanged for opportunities for American products in foreign markets, particularly for American agricultural products. As you know, I am in thorough accord with this policy.

The Department of State is of course continually engaged in the conduct of commercial relations with the rest of the world and is the treaty-negotiating agency. If it is to carry out its duties effectively, it must be in a position to be able to deal with all elements in the import and export trade. I therefore respectfully suggest in order to avoid possible misunderstanding and the crossing of wires that the Department of Agriculture be informed that the negotiations dealing with entry of wines and spirits will, like all other international trade questions, be executed through this Department. I have drafted a suggested letter<sup>11</sup> for this purpose.

May I take this occasion to follow up one of the thoughts expressed in the memorandum which I have already forwarded to you dealing with the question of policy in this field of wines and spirits?<sup>11</sup> When permanent legislation is passed dealing with the whole subject, would

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<sup>11</sup> Not printed.

it not be advisable to have first a tariff scheme that will make bargaining possible and second, to have the power reserved to the Executive to make use of other means of regulation of the import trade? When this is done, may I suggest that in the law this reserved power be assigned to you directly rather than to the Department of Agriculture? My thought is that as our whole idea for the coordination of the commercial policy work of this Government is developed and applied, the conduct of negotiations in this field will be one branch of the work of the chairman of the interdepartmental Executive Committee.

I hope that shortly we shall be able to carry out the appointment to the Department which has already met with your approval. The individual in question, if he accepts, might well act as Chairman of this interdepartmental Executive Committee. However, as there should be no delay in setting up the contemplated machinery, Mr. Phillips could, if you approve, undertake the duties as temporary Chairman.

I enclose a draft of a circular letter<sup>12</sup> which you might care to use in connection with a communication to the heads of departments and Government organizations on this subject.

It would be of great help to me to know whether this general idea meets with your approval.

Faithfully yours,

CORDELL HULL

611.0031 Executive Committee/5

*President Roosevelt to the Secretary of State*<sup>13</sup>

WASHINGTON, November 11, 1933.

MY DEAR MR. SECRETARY: It appears to me that the growing complexity of American commercial relations with foreign countries requires a new step in the systemization of the handling of these relations. This new step in systemization is dictated by two sets of circumstances:

(1) Under the Administration's program of recovery, numerous departments are assigned powers or duties which directly touch upon trade relations with other countries. It is plain that the acts of each of the separate branches of the Government must be brought into a coherent policy system with the acts of all the rest.

(2) The changing policies of other governments and the changing methods of regulating international trade greatly complicate the Government's task of proper direction of American trade.

<sup>12</sup> For letter as ultimately circularized, see *infra*.

<sup>13</sup> The same letter was sent to the Secretaries of Treasury, Commerce, and Agriculture; the Chairman of the United States Tariff Commission; the Administrator of the National Recovery Administration; and the Administrator of the Agricultural Adjustment Administration.

I therefore have decided to designate one officer in the Department of State to carry the primary responsibility of supervising the international commercial policy of this Government into a coherent whole. Hereafter, may I ask that you give the necessary instructions in your Department that before any acts are taken under legislation or otherwise which directly affect the export and import trade in this country, this official should be consulted concerning the action and his approval secured.

It is my idea that this official should be the chairman of an Executive Committee<sup>14</sup> for the coordination of commercial policy and the negotiation of commercial treaties and trade agreements, and that in his decisions he would be very largely carrying out the judgment of the Committee. Upon this Committee your Department will be represented.

It is my further expectation that as this Committee develops its work, all subordinate interdepartmental committees engaged in the work of negotiating commercial treaties, the elaboration of trade agreements, et cetera, will report to the responsible official and through him to the governing Committee.

I also request that you instruct your Department that this official, as chairman of the coordinating Committee, should be the regular channel of communication with all foreign governments on all policy matters affecting American export and import trade.

The arrangements contemplated in this order will be elaborated in further directions which will be transmitted later.

I have asked Mr. Phillips, Under Secretary of State, to undertake these duties as chairman of the coordinating Committee until such time as a permanent selection is made. Therefore, pending further notice, he will be chairman pro tem.

Sincerely yours,

FRANKLIN D. ROOSEVELT

611.2131/136½

*Memorandum by Mr. Ray Atherton of the Division of Western European Affairs*

[WASHINGTON,] November 29, 1933.

COLOMBIA<sup>15</sup>

The negotiations on this treaty have been definitely terminated on all points of substance although the Colombian Minister has raised the

<sup>14</sup> For personnel of the Executive Committee on Commercial Policy, see letter from the Assistant Secretary of State to the Administrator of the Agricultural Adjustment Administration, December 18, p. 931.

<sup>15</sup> See vol. v, pp. 217 ff.; for text of agreement signed December 15, see *ibid.*, p. 249.

question of increasing the duty on hog lard in the schedules from \$.15 to \$.20, which the committee as such have absolutely refused to consider.

The committee is now working with the Colombians on textual changes in the draft agreement in an endeavor to eliminate any exchange of notes between the two Governments supplementing the treaty or any protocols attached to the treaty. The Colombian Legation will advise the Department of State when they are prepared to continue this discussion.

#### ARGENTINA <sup>16</sup>

The Argentine proposal has been received by the Department of State and studied, and referred to an interdepartmental committee. This committee in turn decided certain factual information was necessary and a request was made of the appropriate Government departments for information. This information, involving as it does a possible question of policy, is now on the desk of the Secretary of Agriculture awaiting his return from Warm Springs.

#### BRAZIL <sup>17</sup>

The American proposal was handed to the Brazilian Government on October 30, 1933, and is still under consideration by the Brazilian authorities in Rio de Janeiro. The Brazilian expert in Washington has on one or two occasions recently asked for supplementary information of the Department's committee.

#### SWEDEN <sup>18</sup>

The possibilities of an American proposal are being studied at the present time by an interdepartmental committee. These preliminaries have almost reached a conclusion.

#### PORTUGAL <sup>19</sup>

The American proposal to Portugal has been completed and drafted and is awaiting the determination of policy in regard to alcoholic beverages by the United States Government in order that the final conclusions may be drawn.

#### CUBA

The American proposal to Cuba is under study by an interdepartmental committee. An immediate draft is unlikely.

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<sup>16</sup> See vol. iv, pp. 642 ff.

<sup>17</sup> See vol. v, pp. 13 ff.

<sup>18</sup> See vol. ii, pp. 719 ff.

<sup>19</sup> See *ibid.*, pp. 640 ff.



600.119/3217a : Telegram

*The Acting Secretary of State to the Chairman of the American Delegation to the Seventh International Conference of American States (Hull)*

WASHINGTON, December 12, 1933—noon.

67. President yesterday afternoon informed a small group representing various Departments concerned that as far back as last March he had in his discussions of agricultural policy discussed with Mr. Peek the possibility and advisability of reopening foreign markets for agricultural surpluses. It was decided at that time that the immediate domestic supply should be restricted in view of the fact that foreign markets were closed temporarily by tariffs, quotas, and so forth, so that the immediate task was to restrict production until machinery for limitation of burdensome surpluses could be put in operation. President explained that now the time has come to initiate second part of program and to correlate the two parts, the internal adjustment of production with such effective foreign purchasing power as may be developed by reciprocal tariffs, barter, and other international arrangements. He designated Mr. Peek to head a temporary committee to recommend permanent machinery to coordinate Government relations to American foreign trade. The committee is to include members of the inter-departmental advisory board on reciprocal treaties and the executive committee on commercial policy and such other individuals as Mr. Peek may select. Mr. Peek will head the new organization when it is created. I may add that relationship of the proposed committee with already existing committee on commercial policy was left somewhat uncertain.

PHILLIPS

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611.0031 Executive Committee/54

*The Administrator of the Agricultural Adjustment Administration (Peek) to the Assistant Secretary of State (Sayre)*

WASHINGTON, December 15, 1933.

MY DEAR MR. SAYRE: Confirming our conversation this morning, I would appreciate it if you would summarize for me the activities and recommendations of the Executive Committee on Commercial Policy and the Interdepartmental Advisory Board on Reciprocity Treaties, of which you are Chairman.

If it is at all feasible, I should like to have this not later than Tuesday, December 19.

Very truly yours,

GEORGE N. PEEK

611.0031 Executive Committee/57

*The Assistant Secretary of State (Sayre) to the Administrator of the Agricultural Adjustment Administration (Peek)*

WASHINGTON, December 18, 1933.

MY DEAR MR. PEEK: In accordance with your request I beg to send you herewith a statement concerning the two Committees named in your letter of December 15.

(1) *Executive Committee on Commercial Policy.*

Under authority of the President this Committee was organized "for the purpose of coordinating the commercial policy of this Government with a view to centralizing in the hands of one agency supervision of all Government action affecting our import and export trade". The composition of the Committee is as follows:

Department of State:  
Francis B. Sayre, *Chairman.*  
Treasury Department:  
Mr. Walter J. Cummings.  
Department of Commerce:  
Assistant Secretary John Dickinson.  
Dr. Willard L. Thorp.  
Department of Agriculture:  
Assistant Secretary Rexford G. Tugwell.  
Agricultural Adjustment Administration:  
General William I. Westervelt.  
National Recovery Administration:  
Mr. Oscar B. Ryder.  
United States Tariff Commission:  
Chairman Robert L. O'Brien.  
Commissioner Thomas Walker Page.

The functions of the Committee are, as I see it, twofold:

(1) To consider concrete problems of commercial policy which arise in the various Departments in connection with particular cases and to determine what course to follow. For instance, the question of bargaining for wine and liquor quotas during the temporary four months' period has arisen for frequent consideration during the meetings of the Committee. Mr. Ray Miller<sup>20</sup> has reported and asked for guidance by the Committee in determining the policy to be followed and the nature of the bargains to be made with the various countries concerned. Similarly, questions of underlying policy concerning the negotiation of reciprocal bargaining treaties, questions of financing American exports, questions of tariff adjustment, et cetera, are discussed and in so far as possible settled by the Committee. I am inclosing herewith copies of the minutes of the Committee's meetings.<sup>21</sup>

<sup>20</sup> Raymond C. Miller, Chief of the Foreign Trade Section of the Agricultural Adjustment Administration.

<sup>21</sup> Not printed.

(2) A second and more important function of the Committee, which was organized "for the purpose of coordinating the commercial policy of this Government", is to think through and formulate fundamental principles and an integrated comprehensive plan resulting therefrom to guide the economic and commercial policy of the Government exercised through its various Departments. There is a danger that each separate Department of the Government, determining problems of policy from its own viewpoint, will follow divergent and often conflicting courses unless some unifying and integrated comprehensive plan of economic and commercial policy is agreed upon and established. The Committee has been engaged in this all important work and a sub-committee on policy planning has now submitted its report. The Committee expects to submit to the President shortly a statement setting forth its recommendations concerning the putting into effect of a comprehensive plan of commercial policy for consideration and action by the President.

The existing flexibility of the present Committee and the smallness of its membership seem to me highly desirable. Additional officials from the various Government Departments can be brought in from time to time as problems of particular importance to such Departments are discussed; and the smallness of the membership makes possible a speedier concurrence of minds and resulting decision and action than could be possible in a larger group.

The Committee is meeting regularly twice a week and thus far has been functioning smoothly and well.

(2) *Inter-Departmental Advisory Board on Reciprocity Treaties.*

The Inter-Departmental Advisory Board on Reciprocity Treaties consists of representatives of the State Department, the Department of Commerce, the Tariff Commission, the Department of Agriculture and the Treasury Department. The National Recovery Administration designated an employee to cooperate with the Board, but did not specifically designate a representative on the Board.

Mr. Charles M. Barnes, Chief of the Treaty Division of the Department of State, is Chairman of the Inter-Departmental Advisory Board.

The Inter-Departmental Board has been divided into two committees: one to assemble data relating to the countries of Latin America with which it is proposed to negotiate (Argentina, Brazil, Colombia, Cuba), called the Latin American Committee: the other to assemble data with respect to the countries of Europe with which it is proposed to negotiate (Portugal and Sweden), called the European Committee. Another committee called the Statistical Committee, consisting of representatives of the Department of State, the Department of Commerce, the Tariff Commission and the Department of Agriculture, has been appointed for the purpose of correlating the statistical work and avoiding duplication in the statistical work which is done by the several Departments.

The Board serves in an advisory capacity only. It makes recommendations which are submitted through the Chairman to the Secretary of State or an Assistant Secretary of State for decision.

The work of the Board and its committees is to prepare (a) lists of products on which concessions should be asked of each country with which negotiations are to be undertaken; (b) lists of concessions to be offered by the United States to such countries. This work involves a detailed statistical analysis of the trade of each country and a detailed analysis of their tariffs and other restrictions as they affect products of interest to the United States. Basic statistical data used as a basis of discussion by committees of the Board are prepared in the Department of Commerce as are also the data regarding foreign tariffs and trade restrictions. Data regarding the lists of products on which concessions might be offered by the United States are prepared in the Tariff Commission. The Treasury Department furnishes advice regarding questions of classification and other provisions of the American tariff law and regulations which need to be considered. The Department of Agriculture furnishes information and advice regarding American trade in agricultural products.

After the committee of the Board has considered these data its conclusions are submitted to the Board for approval. A draft agreement embodying these conclusions is then drawn up in the Treaty Division and submitted to the Secretary of State or an Assistant Secretary of State, and if approved by him, is submitted to the foreign Government concerned as a basis for negotiations.

Up to the present, studies or negotiations have been begun with six countries—Argentina, Brazil, Colombia, Cuba, Portugal and Sweden. The negotiations with Colombia have been completed and the reciprocity agreement was signed by the Acting Secretary of State and the Minister of Colombia on December 15, 1933. Negotiations have been begun with Brazil and Portugal. The studies preparatory to negotiations with the other three countries have been advanced to different steps of completion.

The work of the committees, particularly the frequent association at committee meetings of experts of the different Departments and exchange of views and discussions among them, has resulted in a great improvement in the technique of assembling in one place the different kind of data and knowledge in regard to foreign trade in the several Departments.

Very truly yours,

FRANCIS B. SAYRE

## ORGANIZING THE FOREIGN BONDHOLDERS PROTECTIVE COUNCIL

800.51/788

*The Economic Adviser (Feis) to the Secretary of State*

[WASHINGTON,] March 15, 1933.

MR. SECRETARY: AS SOON AS various issues of foreign securities held by American investors entered into default, the Department of State was faced with the question of how most effectively to render assistance to the investors without constant political interposition or intervention disturbing to the general foreign relations of this country; in the case of defaults by foreign public authorities, the individual investor has no recourse at law. Further, it was speedily observed that all sorts of committees and associations without especial standing and frequently without representing all interests involved, and sometimes with mixed purposes came into existence and threatened to confuse and make difficult the whole question of the proper handling of these foreign default situations.

It was decided, after many talks between this Department, the Treasury Department and the Commerce Department, that the matter could only be satisfactorily handled if there came into existence a body similar to the British Council of Foreign Bondholders. This body, it was conceived, would be a broadly representative national body. Further, according to the conception, it would be one that was definitely not under the control of the bankers or any other group in the community (though on its sub-committees handling special situations, banking interests undoubtedly would have to be represented). It would have to command the full confidence of all holders of foreign securities. It should be independently financed during the first few years of its existence so that it would not have to call for deposits of bonds or any other payments from the bondholders that it served. Lastly, when created it should have an independent existence (perhaps incorporated under law), and conduct its own negotiations with foreign authorities. The Department of State would not be committed to any action in regard to any situation. In fact, it was hoped that the existence of the council would perhaps lessen the necessity under which the Department of State might have to take cognizance of default situations.

It was found after study of the question, that the groups and interests that would have to cooperate in forming such a council were badly divided and sometimes in conflict. It was seen that unless some branch of the Government gave the whole movement impetus and encouragement, it would never progress and that more and more partial or insufficiently influential bodies would come into existence.

The rough model before everyone's eyes was the British Council of Foreign Bondholders, which has been in existence for 65 years, and which commands and combines the services of many eminent and capable English leaders.

In accordance with these ideas, the Departments of State and Treasury asked five people in whom it had trust to come to Washington on April 15, 1932. These individuals were: Mr. Charles P. Howland, Mr. Pierre Jay, Professor Edwin W. Kemmerer, Mr. Thomas Nelson Perkins, and Mr. George Rublee. This small group was asked to study the question of what form of organization was most suitable, and how it could be brought into existence. At the end of the meeting the attached communiqué was issued to the press.<sup>1</sup>

After several months, the group reported back on the results of their study, and made recommendations as to the nature of the organization required and prepared the statutes and by-laws of such an organization. The Department reviewed the matter with them and agreed with the work done. It then asked them as a public service to undertake the task of seeing all individuals and interests that ought to take a part in the affair and then to bring the Council into existence.

This group, distinctly as a public service, has undertaken this task. About three months ago they reported progress. A meeting was held in the Treasury with the Chairman of the Banking and Industry Committees that had been set up by the Federal Reserve Board, and this group of individuals promised to help our organizing group to make the right connections in their communities.

The two chief tasks left before the council could be organized have been those of personnel and of finance. It was essential that the governing body of the council be a widely trusted group of men from outside the banking world and somewhat geographically representative. As for finance, the sums necessary to carry the new organization through three or five years were required.

Mr. George Rublee, who was one of the committee, and Mr. Allan Dulles, who has been assisting the committee, reported to me yesterday that they believed they could see the end of the road. The personnel of their general board was being settled and for chairman of

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<sup>1</sup> Department of State, *Press Releases*, April 16, 1932, p. 362.

the board (who would also be permanent director), an offer had been made to Mr. Norman Davis and he had accepted.

As for finance, some foundation had promised to meet part of the burden and it was hoped that certain institutions, such as the Stock Exchange, would meet the rest.

Mr. Rublee and Mr. Dulles are coming to the Department today to report the make-up of the committee and to try to assure themselves that these plans and personalities are entirely agreeable to the Government. They seek this assurance for two reasons; first, because the organizing committee was asked to undertake the task by the Government, and second, because it is hoped that there will be established between the council and the Department friendly relationships.

I intend to tell them that the Government does not feel that it has any veto power over either plans or personalities, and that the new council must consider itself as a private organization. However, informally, it may be said that the plans and personalities seem to us excellent and that we trust that the council will come into actual existence very shortly.

Because of the importance of the amounts involved (the council may well have to handle default situations amounting up to several billions of dollars), and because of the fact that in many situations this Government will desire to work intimately with the council, it may be that this matter should be called to the attention of the President.

H[ERBERT] F[EIS]

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800.51/806

*Memorandum by the Under Secretary of State (Phillips)*

[WASHINGTON,] May 17, 1933.

I discussed this matter with the President this afternoon. He agrees entirely that it would be wise to have the personnel appointed by outside associations and so avoid giving the impression in foreign countries that the personnel represented the Government of the United States. He did say, however, that the salaries and fees of the personnel should be approved by the Trade Commission. I told him that word had got about that he was beginning to favor Senator Johnson's amendment,<sup>2</sup> which allegation he denied explicitly.

WILLIAM PHILLIPS

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<sup>2</sup>The amendment was passed as Title II of the Securities Act of 1933, 48 Stat. 74, 92.

800.51/813½

*Mr. Laurence Duggan of the Division of Latin American Affairs to the Assistant Secretary of State (Caffery)*

[WASHINGTON,] July 24, 1933.

Title II of the Securities Act takes no notice of the existence of bondholders' committees. At one time there was a proposal to insert in the law a provision authorizing the Corporation of Foreign Security Holders to negotiate with the existing bondholders' committees. This proposal was dropped, since its acceptance would have indicated official recognition of these private committees.

Title II seems to indicate that the existing committees will be absorbed. Paragraph 3, section 204, authorized the Board of Directors of the Corporation of Foreign Security Holders to "appoint committees from the directors of the Corporation and/or all other persons to represent holders of any class or classes of foreign securities". However, there is no direct prohibition against the existence of other committees. I understand that in France, where there is a semi-official body, private committees spring up from time to time if it does not appear that the semi-official body is doing the most that can be done for the bondholders.

I have discussed the above with Mr. Livesey,<sup>3</sup> who concurs.

800.51/912

*The Chairman of the Meeting for Organizing Foreign Bondholders Protective Council (Lowden) to the Acting Secretary of State*

WASHINGTON, December 18, 1933.

SIR: I have the honor to advise you that at a meeting of the gentlemen who were requested by the Secretary of State, the Secretary of the Treasury, and the Chairman of the Federal Trade Commission, to organize a corporation for the protection of American holders of foreign bonds, held in Washington today, the organization of such a corporation was effected under the laws of the State of Maryland, known as Foreign Bondholders Protective Council, Inc.

The names of those who will act as directors of the corporation until the first annual meeting to be held in February, 1935, are as follows:

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<sup>3</sup> Frederick Livesey, Assistant Economic Adviser.



Charles Francis Adams  
 Newton D. Baker  
 Laird Bell  
 J. Reuben Clark  
 Hendon Chubb  
 William L. Clayton  
 John Cowles  
 Herman Ekern  
 Ernest M. Hopkins

Pierre Jay  
 Philip La Follette  
 Mills B. Lane  
 Frank O. Lowden  
 Orrin K. McMurray  
 Roland S. Morris  
 Thomas D. Thacher  
 Raymond B. Stevens  
 John C. Traphagen

Quincy Wright

Upon the incorporation of the corporation the first meetings of the members and of the directors were held and the following officers were elected:

*President*

Raymond B. Stevens

*Vice Presidents*

Ernest M. Hopkins  
 and Laird Bell

*Treasurer*

Mills B. Lane

*Members of the Executive Committee:*

Laird Bell  
 Hendon Chubb  
 Ernest M. Hopkins  
 Pierre Jay  
 Raymond B. Stevens  
 Thomas D. Thacher  
 John C. Traphagen

*Counsel*

J. Reuben Clark.

The corporation will establish offices in Washington, D. C., and in New York City. For the present correspondence may be addressed to the President, Raymond B. Stevens, at 48 Wall Street, New York City.

The corporation is a non-stock, non-profit organization. It will be supported by contributions of its members and initially by advances of banks and banking firms which will be repayable if and when the corporation is able to repay them without prejudice to its ability to serve the interests of security holders. It is expected that these advances will ultimately be repaid from fees earned in connection with settlements negotiated in behalf of security holders. For the present no charges will be made against any bondholders and no deposits of bonds will be asked.

The corporation will be managed by the directors above named and their successors to be chosen by themselves. The non-voting membership of the corporation will be composed of contributing members and founders. Such membership will be open to any person interested in supporting the corporation. It is hoped that this membership may be broadly extended among banks and financial institutions throughout the United States, producers, manufacturers and merchants in-

terested in foreign trade, and to individuals interested in the success of the corporation.

For your information there is inclosed herewith a report of the Organizing Committee.<sup>5</sup>

Respectfully,

FRANK O. LOWDEN

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800.51/910a

*The Acting Secretary of State to Diplomatic and Consular Officers*

Diplomatic Serial No. 2386

WASHINGTON, January 3, 1934.

SIRS: In view of the fact that many default situations are arising, that American holders of foreign securities are suffering great losses, and that there did not exist any adequate body to represent their general interest, the Administration took the initiative to bring a suitable and competent body into existence. The Department of State and the Treasury, and the Federal Trade Commission, called to Washington on October 20, 1933, a group of disinterested individuals which had been asked to undertake the task.

The Organizing Committee for the group on December 18, 1933, reported to the full group plans for the organization, and after receiving the necessary approval from the whole group the organization applied for and received a charter from the State of Delaware [*Maryland*]. It will, within the next few weeks, establish its offices and proceed to the study of various situations of great and immediate interest to American holders of foreign securities. This organization is to be independent of the Government in the conduct of its affairs and is to act solely on its own responsibility. The Department understands that it plans gradually to establish working relationships with all interested American parties, and that it will very largely operate through subordinate groups and committees. The Department hopes that the existence of this organization will increase the ability of American holders of foreign securities to protect equitable interests. Towards the organization and such subordinate agencies as may be created, the Government has reserved full liberty of action and expects to cooperate within the proper limits of international law and fairness in the circumstances of each situation.

There are attached for your information copies of the press releases given out by the White House after the meeting of October 20, 1933,<sup>6</sup> and by the Foreign Bondholders Protective Council after its organizing meeting on December 18, 1933.<sup>5</sup>

Very truly yours,

WILLIAM PHILLIPS

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<sup>5</sup> Not printed.

<sup>6</sup> Department of State, *Press Releases*, October 20, 1933, p. 227.

THIRD INTERNATIONAL CONFERENCE ON PRIVATE  
AERIAL LAW, ROME, MAY 15-29, 1933<sup>1</sup>

579.6L1A/294 : Telegram

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

WASHINGTON, July 12, 1932—2 p. m.

247. Clarence M. Young, Assistant Secretary of Commerce, and John C. Cooper, junior, member of Aeronautical Committee of American Bar Association, have been designated to represent United States on International Technical Committee of Aerial Legal Experts<sup>2</sup> but will be unable to attend Stockholm meetings beginning July 20. So inform Secretary General and communicate to him before his departure from Paris following comment of American members on Draft Convention Relative to Precautionary Attachment of Aircraft approved First Commission April 7, 1932,<sup>3</sup> which will be considered at Stockholm:

“We have carefully considered the foregoing draft and respectfully submit the following comments:

*Article 2.* In defining aircraft exempt from precautionary attachment, sub-paragraph (1) purports to exempt aircraft assigned exclusively to a Government service, including postal service, but excluding commerce. Sub-paragraph (2) exempts aircraft placed in service on a regular line of public transportation, et cetera. Interstate and foreign United States mail is handled under contracts entered into between the Post Office Department of the United States and aircraft operators. Under sub-paragraph (1) such aircraft might not be exempt from precautionary attachment because in some cases such aircraft operators carry passengers as well as mail. Such aircraft

<sup>1</sup> At the First Conference held at Paris, October 27–November 6, 1925, an Assistant Military Attaché and an Assistant Naval Attaché from the American Embassy in Paris attended as unofficial observers. Also as an observer, John Jay Ide, European representative of the National Advisory Committee for Aeronautics, followed the proceedings of the Second Conference held at Warsaw, October 4–12, 1929. (*Foreign Relations*, 1929, vol. 1, pp. 540–541, and footnotes.)

For proceedings of the Conference and related documents, see *IIIeme Conference Internationale de Droit Privé Aérien, Rome, Mai 1933* (Roma, Tipografia del Ministro degli Affari Esteri, 1933, 2 vols.).

<sup>2</sup> This Committee, frequently referred to by the initials C.I.T.E.J.A., was established by a resolution adopted at the First International Conference on Private Air Law held at Paris, October 27, 1925. In May of 1926, the Committee held its first session; subsequently annual sessions were held (579.6L1A/297).

<sup>3</sup> For report of the First Commission, see Comité International Technique d'Experts Juridiques Aériens (C.I.T.E.J.A.), *Rapport et Avant-Projet de Convention relatifs à la saisie conservatoire des aéronefs, etc.* (Document No. 163, Juin 1932).

carrying mail would not be exempt from attachment under sub-paragraph (2) unless mail happened to be carried upon an aircraft included within the definition 'on a regular line of public transportation'. We therefore respectfully suggest that either sub-paragraph (1) or sub-paragraph (2) be amended to exempt from attachment aircraft carrying mail under Governmental contracts.

"With further reference to sub-paragraph (2) we realize that the terminology 'regular line of public transportation' was carefully discussed at the meeting of the First Commission. Nevertheless we respectfully suggest that this terminology is not yet clear to us, and perhaps might be further clarified if the words 'regular line of public transportation' were further defined by reference to lines 'operating on fixed schedules,' or some such similar terminology. It is assumed that the words 'public transportation' would include only aircraft operating as common carriers. In that connection we call attention to the fact that almost all American Companies operating aircraft insist that they are not doing business as common carriers, but have a right to limit and select business to be accepted, either passenger, baggage or freight. Perhaps, therefore, it would be better to further define the words 'public transportation' so as to include all commercial carriers, whether or not they be technically common carriers.

"With further reference to sub-paragraph (2) and sub-paragraph (3), we are not clear as to the exact effect of the words 'ready to depart.' It is not clear to us as to when an aircraft is considered 'ready to depart.' This definition might be limited only to such aircraft as are on a runway with engines warmed up, or it might refer to aircraft generally prepared for departure on its next ordinary or customary schedule. We understand that the purpose of the contemplated exemptions is to prevent interruption of commercial air navigation. Therefore, with reference to sub-paragraph (2) governing regular lines of public transportation, we suggest that aircraft ought not to be subject to seizure within a fixed time, for example, twenty-four (24) hours of the next scheduled departure of such aircraft. This provision is almost necessary to carry out the purpose of the exemption, and to give the carrier time to provide substitute equipment for the attached aircraft.

"With reference to sub-paragraph (3), this free time prior to departure is not so necessary, but we would prefer, as above stated, if the words 'ready to depart' were defined with somewhat more technical accuracy with particular reference to the manner of preparing commercial aircraft for departure.

"*Article 3.* Sub-paragraph (1) provides that in case attachment is not forbidden by reason of the preceding article, a sufficient bond shall prevent attachment. We are not clear as to the situation with reference to threatened attachment of aircraft included within the classification of aircraft exempt from attachment. If a creditor threatens attachment of an aircraft which should be exempt, the present sub-paragraph (1) does not apparently authorize giving of a bond so as to prevent such attachment. If bond is given by the owner or operator to prevent attachment, it might thereafter be said that by giving such bond the owner or operator had admitted that his aircraft was subject to attachment. We therefore respectfully suggest that provision be made for giving bond in every case of threatened attachment.

"With further reference to sub-paragraph (2), we suggest that more definite provision should be made as to the terms and conditions of the bond. The present paragraph covers only what shall be a sufficient amount of the bond without the customary statements of the condition of a sufficient bond.

"*Article 5.* We have considered with interest the discussion at the meeting of the First Commission on April 7, 1932, where the language of the present article was adopted. We are inclined to believe that attachments should be discouraged. Nevertheless we respectfully suggest that the language of the article as now drafted be clarified so that it will definitely state whether or not the burden of proof is upon the attaching creditor to establish that the aircraft is not exempt from seizure. Ordinarily, and in most States of the United States, the burden is upon the owner of attached property to prove that it was exempt from attachment at the time of the seizure. In the United States the matter of exemption is always a matter of defense, which must be raised by and proved by the owner of attached property.

"*Article 7.* We suggest that the words 'international transportation' be more exactly defined, as for example, in the Warsaw Convention, signed on October 12, 1929."<sup>4</sup>

American members have no comment to make on draft convention on the guaranties to be furnished by the operator for damage caused third parties on the surface, to be considered at Stockholm. This draft supplements a draft convention adopted at the fifth session of the Committee held in Budapest before the designation of American members. Both drafts will be studied with a view to possible representation by the United States at the Third International Conference on Private Air Law to which these drafts will presumably be referred.

Request Secretary General to have assignments on commissions made for American members.

Legation at Stockholm being instructed by telegraph to designate member of the Legation staff to attend Stockholm meetings as observer to report on proceedings.<sup>5</sup>

Mail copy of this telegram to Stockholm.

STIMSON

579.6L1A/307

*The Chargé in Sweden (Crocker) to the Secretary of State*

[Extract]

No. 550

STOCKHOLM, August 3, 1932.

[Received August 17.]

SIR: In compliance with the Department's telegraphic instruction No. 30 of July 13 [12], 1932, and the Department's instruction No. 134

<sup>4</sup> 49 Stat. 3000.

<sup>5</sup> Edward Savage Crocker 2d, Second Secretary of Embassy in Sweden, attended the meetings as observer.

of July 7, 1932,<sup>6</sup> I have the honor to report that I attended the sessions of the International Technical Committee of Aerial Experts held in Stockholm from July 21-23, inclusive.<sup>7</sup>

With regard to the points<sup>8</sup> raised by the American members on the draft convention and which were communicated by the Embassy at Paris to the Secretary General, M. Sudre, on July 13, 1932, the following comments were made by the Committee:

*Article 2, sub-paragraph (1) and (2):* The American proposal to exempt from attachment aircraft carrying mail under contract was not acceptable to the majority of the Committee which felt that it would be undesirable to exempt an airplane which might be carrying only a letter or two and that the question was more academic than practical in that an airplane carrying mail under contract would in any case probably be regarded as exempt under the term "regular line of public transportation".

As to the clarification of the words "regular line of public transportation", suggested in the second paragraph of the American comment, it was the desire of the Committee to leave the words in the text as they stood but in order to meet our wishes they agreed to include in the procès-verbal a statement that it is the sense of the Committee to define the words "public transportation" so as to include all common carriers whether or not they are technically common carriers.

*Article 2, sub-paragraph 3:* With regard to the American desire to have the words "ready to depart" defined with somewhat more technical accuracy the Committee pointed out that it was the sense of all the delegates that maritime law should apply and that an aircraft would be considered ready to depart according to the definition applicable under maritime law.

*Article 3, sub-paragraph 1:* The American point of view regarding the situation with reference to threatened attachment of aircraft included within the classification of aircraft exempt from attachment was accepted and that article was amended to read as follows, in translation: (Exempt from precautionary attachment) "All other aircraft ready to leave for the purpose of transporting passengers or goods for a remuneration, excepting in the case where it is a question of a debt contracted for the trip which it is about to make".

*Article 3, sub-paragraph 2:* The Committee decided to leave it to each country to determine what shall be the terms and conditions of a sufficient bond and amended it to read as follows, in translation: "The bond is sufficient if it cover the amount of the debt and expenses and if it be devoted solely to the payment of the creditor, or if it cover the value of the aircraft if the latter be less than the amount of the debt and expenses".

<sup>6</sup> Neither printed.

<sup>7</sup> For the proceedings of these sessions, see Comité International Technique (l'Experts Juridiques Aériens (C. I. T. E. J. A.), *Compte Rendu Provisoire de la 7 Session* (Document No. 179, Septembre 1932). For English texts of the draft conventions adopted at these sessions, see Department of State, *Treaty Information*, Bulletin No. 36, September 30, 1932, pp. 13-18.

<sup>8</sup> See *supra*.

*Article 5:* The suggestion of the American members as set forth in the eighth paragraph of their communication of July 13, 1932, above mentioned that the language of the article be clarified so that it will definitely state whether or not the burden of proof is upon the attaching creditor to establish that the aircraft is not exempt from seizure met with the reply from the Committee that the question will be left wholly to the law of procedure in each country.

*Article 7:* The American suggestion that the words "international transportation" be more exactly defined was met by the action of the Committee in amending the article to exclude the words; it now reads as follows, in translation: "The present Convention shall apply on the territory of all the contracting states to all aircraft registered in another contracting state".

It will be observed that on the whole the Committee gave full consideration to the observations and suggestions of the American members of the draft convention as set forth in their communication under reference.

The Committee adopted the amended draft on July 23, 1932, and proceeded with the order of the day. It was decided that the several Commissions should remain as at present constituted.

No definite decision was reached as to the fixing of the time and place for the meeting of the Eighth Session but tentatively it was agreed to meet in Rome, probably in May, 1933.

Respectfully yours,

EDWARD SAVAGE CROCKER

579.6L3/46

*The Secretary of State to the Chairman of the American Delegation to the Third International Conference on Private Aerial Law (Cooper)*

WASHINGTON, May 1, 1933.

SIR: With reference to your designation as a delegate<sup>o</sup> of the United States to the Third International Conference on Private Aerial Law to be convened in Rome, Italy, on May 15, 1933, the Department makes the following observations for your guidance in the efforts which you will make to have the drafts as finally adopted in Rome conform as nearly as possible to the viewpoint of the Government of the United States. There will be considered at the Rome Conference draft conventions relating to (1) precautionary attachment of aircraft and (2) liability for damages caused to third

<sup>o</sup>The American delegation was as follows: Chairman of the delegation: John C. Cooper, Jr., Chairman of the Committee on Aeronautical Law of the American Bar Association; delegates: Theodore Jaeckel, Consul General at Rome; John Jay Ide, Technical Assistant in Europe for the National Advisory Committee for Aeronautics; alternate delegate: Harold H. Tittman, First Secretary of Embassy, Rome.

parties on the surface. These draft conventions were adopted at the Seventh Annual Session of the International Technical Committee of Aerial Legal Experts held in Stockholm, Sweden, in July, 1932. Copies of the French text and the English translation of the draft conventions adopted at Stockholm which are to be considered at the forthcoming conference in Rome are hereinafter referred to in the list of enclosures to the present communication.<sup>10</sup> This international committee on which the United States is represented by experts is engaged in the preparation of draft conventions on subjects of private aerial law for consideration at international conferences called for the purpose of taking final action on the drafts as adopted by this committee. The Conference to be held in Rome will be the third in a series of general international conferences called for the purpose of taking action on draft conventions adopted by the international committee mentioned.

The following observations have been prepared by the Department after consultation with the American experts on the International Technical Committee of Aerial Legal Experts.

#### DRAFT CONVENTION RELATIVE TO THE PRECAUTIONARY ATTACHMENT OF AIRCRAFT

Prior to the Seventh Session of the International Technical Committee of Aerial Legal Experts held in Stockholm in July, 1932, the American experts on that Committee made certain observations with respect to the draft convention relative to the precautionary attachment of aircraft which had been perfected by the appropriate subcommittee of the International Technical Committee of Aerial Legal Experts and referred to that Committee for consideration at Stockholm. The observations of the American experts are contained in telegram No. 247 of July 12, 1932, to the American Embassy in Paris, the contents of which were forwarded to Stockholm. The views of the American experts were given due consideration at the Stockholm meeting and were, in part, met by the Committee in the adoption of its final draft of the convention relative to the precautionary attachment of aircraft which will be on the Agenda of the Rome Conference. The extent to which the views of the American experts prevailed at Stockholm is shown in despatch No. 550 of August 3, 1932, from the American Legation at Stockholm. The telegram to the Embassy in Paris and the despatch from Stockholm, mentioned above, are hereinafter referred to in the list of enclosures to the present communication. The draft convention relative to the precautionary attachment of aircraft as adopted at Stockholm is comparatively brief.

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<sup>10</sup> For English translations of the draft conventions on the agenda of the Conference at Rome, see Department of State, *Treaty Information*, Bulletin No. 36, September 30, 1932, pp. 13-18.



You should keep in mind the observations of the American experts to the extent to which they were not adopted in Stockholm and endeavor to have the draft convention as finally adopted in Rome conform as nearly as possible to the views of the American experts as shown in the telegram to the American Embassy in Rome [*Paris?*] referred to above. In addition the Department calls attention to the following matters pertaining to this draft convention.

*Article 1.*

Article 1 in its present form is objectionable in that it is apparently sought to make it mandatory upon the governments that legislation be enacted to give effect to the convention. The American delegates should seek to have this article so amended as to provide that the contracting parties shall agree to recommend to their legislative bodies that they adopt the legislative measures referred to in the article.

*Article 2.*

As there would appear to be some doubt whether this Government could properly legislate by treaty or by federal statute regarding matters of attachment of property within a state and not used in interstate or foreign commerce, the American delegates to the Rome Conference should seek to have such language used in article 2 of the convention as to make it clear that its terms shall apply only to aircraft of a contracting state in the territory of another contracting state. While article 7 of the convention provides that the convention shall apply on the territory of a contracting state to any aircraft registered in another contracting state, it is not clear whether it is intended that the provisions of the convention shall be applied *only* to such aircraft.

DRAFT CONVENTION RELATIVE TO LIABILITY FOR DAMAGES CAUSED TO  
THIRD PARTIES ON THE SURFACE

The American experts have not heretofore commented on this draft or assisted in its preparation. The present draft convention which was adopted at the Seventh Session of the International Technical Committee of Aerial Legal Experts held in Stockholm in July, 1932, includes the provisions of the draft convention relative to liability for damages caused to third parties on the surface as adopted at the Fifth Session of the International Technical Committee of Aerial Legal Experts held at Budapest in October, 1930, as well as provisions concerning the guaranties to be furnished by the operator adopted by the Committee at its Seventh Session in Stockholm. The American experts were not appointed until after the meeting at Budapest and were unable to take part in the meeting at Stockholm, although appointed just prior to that time.

## GENERAL OBSERVATIONS

The convention in its present form has to do particularly with damages caused to third persons and to their property on the ground resulting from the flight of aircraft. The status of such liability has never been clearly determined in the United States. It has been contended that under the common law and without statute the rule in the United States is and should be that the owner or operator of aircraft is responsible for damages caused to third persons on the ground by the falling of an aircraft only when it is proven by the injured person that the injury was caused through the negligence of such owner or operator of such aircraft. On the other hand, in approximately twenty States of the United States, the rule has been changed by statute and the liability of the owner of the aircraft has been held to exist from the mere fact that the injury was caused to third persons on the ground through the flight of such aircraft or because of some object being thrown from or falling from such aircraft. During the last two years the entire question has been actively discussed by lawyers interested and at this time the Air Law Committee of the Commissioners on Uniform State Laws, as well as the Committee on Aeronautical Law of the American Bar Association, are engaged in seeking to agree upon the form of a new statute to be offered to the several States to cover this question.

These comments are made for the benefit of the delegates to the Third International Conference on Private Aerial Law to be held in Rome in May, 1933, so that the delegates will understand that the rule of absolute liability for damages to third parties on the ground has never been finally and definitely accepted in the United States as the proper rule of damages. The draft convention which will be considered at Rome is based primarily upon the acceptance of that rule. The experts representing the United States on the International Technical Committee of Aerial Legal Experts understand from a careful consideration of prior minutes of that Committee that this question was fully and thoroughly discussed over a number of years and that the members of that Committee who took part in these discussions finally agreed upon accepting the rule of absolute liability for damages caused to third persons or to their property on the surface and that all discussions and all draft conventions on the subject thereafter were based upon this theory. In the present status of the statute law and the common law of the United States, it is not clear that this theory can be said to have been accepted in the United States as a basis for liability to third persons and their property on the surface, although it is understood that at this time a majority of the two legal Committees, above mentioned, are in favor of the adoption

of this rule. Less than half of the States of the United States as above indicated have adopted this rule in their statutes. This American position should be borne in mind by the American delegates at Rome in the discussions which will there take place.

Ostensibly the draft as now submitted was prepared to make aircraft operators absolutely liable, except in case of contributory negligence, for any damage to persons or property on the surface and in return for this liability to provide a reasonable limitation for the operator's protection. It appears, however, that in the latter purpose the draft fails due to the following provision in Article XI:

"The operator shall not be entitled to avail himself of the provisions of the present convention which limit his liability if the damage results from his own negligence."

It is believed that this provision will largely nullify the value of limitation since, in many cases, there may be found palpable negligence charges. Professor Antonio Ambrosini, Reporter for the draft convention, takes the position that this section would only remove the limitation in the event it could be shown that the operator personally was guilty of "evil intent" or "gross negligence". However, the draft convention as translated by this Department is susceptible of a broader interpretation.

The draft does not differentiate between aircraft operated for commercial work and for private pleasure flying. Private flyers will undoubtedly have a great deal of difficulty in meeting the requirements of the convention. In addition, the draft convention does not discuss the status of Government aircraft or aircraft used in Government services. It is felt that the Government of the United States would probably be unwilling that aircraft used and operated by the Army and Navy, or other Government services, should be covered by a convention of this character and it is believed that the Government of the United States would probably not desire to obligate itself to carry liability or other similar insurance as required by this draft convention. In the circumstances, you should make every possible effort to have the convention in its final form so worded as to exempt Government aircraft from these provisions.

#### COMMENT BY PARAGRAPH

##### *Article 1, Paragraph 1.*

As heretofore pointed out, this article states the basis of the entire draft convention. The following comments are submitted:

(a) The clause "any damage caused by an aircraft in maneuvers or in flight to persons or property on the surface" might be used as the basis for claims of liability for damage to passengers before leaving

the ground or damages to persons who have already legally become passengers and are on a recognized airport waiting to embark. The liability of aircraft to passengers has already been fixed by the Convention for the Unification of Certain Rules Relative to International Transportation by Air signed at Warsaw, Poland, on October 12, 1929,<sup>11</sup> during the Second International Conference on Private Aerial Law and should not be varied or changed by the proposed convention relative to liability for damages caused to third parties on the surface to be considered at Rome.

(b) It is felt that the proposed convention should be so modified as to show that employees of the carrier, voluntarily assuming the risk of injury from aircraft in flight, are not to be included among those persons entitled to the benefit of the convention.

*Article 1, Paragraph 2.*

This paragraph provides that the absolute right of compensation to the person on the ground who has been injured or whose property has been damaged "may be reduced or avoided only in case of negligence on the part of the injured person and in accordance with the provisions of the law of the Court before which the case is brought". Attention is directed to the fact that subsequent articles of the draft convention contemplate the possibility of suits being brought in different courts by different persons injured in a single accident or giving to a single person injured the choice of different jurisdictions. It is submitted that the carrier ought not to be subjected to different rules of liability arising out of a single accident, and that some provision should be made to cover this situation. It is, of course, realized that if suit is brought against the carrier at the home office of the company because of an accident which has occurred in a foreign country, serious difficulty might arise in applying the law of the country of the accident in the court in which suit is being brought. The problem is a difficult one, but the present language of the draft convention ought not to be agreed to without most careful consideration as to its results.

*Article 2.*

It is felt that this article should be so amended as to make it clear that it refers solely to liability to third parties on the surface.

*Article 2, Paragraph (a).*

As at present drafted, paragraph (a) is objectionable in that strictly construed it might be held to make the carrier liable for damage resulting from a falling object even in cases where the object is dropped by a passenger over whom the operator has no practical control. This objection would seemingly apply also to the language of paragraph 2.

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<sup>11</sup> Effective February 13, 1933; as to the United States, October 29, 1934; adherence of the United States declared June 27, 1934; declaration of adherence deposited at Warsaw, July 31, 1934; proclaimed by the President, October 29, 1934; 49 Stat. 3000.

*Article 2, Paragraph (b).*

Strictly construed, paragraph (b) of article 2 might be held to include liability of the operator of the aircraft for some injury inflicted by one passenger on a fellow passenger, but it is not believed that such is the intention of the present draft of the convention. With reference, however, to third persons on the surface, the operator is apparently held to be liable if a passenger over whom the operator has no practical control intentionally drops something from the aircraft and causes injury on the surface. Suppose, for example, that a passenger, without the knowledge of the operator of the aircraft, should carry a bomb on board the aircraft, and should drop the bomb from the aircraft while in flight and cause tremendous damage on the surface. It is submitted that the present language of paragraph (b) would leave the operator of the aircraft responsible for that damage unless such operator could prove that he could not have prevented the passenger from causing the damage. This leaves too heavy a practical burden of proof on the operator. It is believed that the words "and without the operator or his agents being able to prevent it" should either be omitted or followed by some such language as "by the exercise of reasonable care or precautions".

*Article 3.*

Under this article the liability attaches to "the operator of the aircraft". Paragraph 2 has been translated by this Department as follows:

"Any person who makes use of the aircraft on his own account shall be considered operator of the aircraft."

It is suggested that this definition is very broad and might be construed to cover (a) the commercial transport operators, (b) any person who travels by air, particularly if the aircraft is not on a regular scheduled trip, and (c) persons shipping freight or goods by air who have directed the carrier as to the route to be used in reaching his destination or have otherwise indirectly controlled the flight. In recent years shippers of goods in the United States by automobile truck have been held responsible in certain cases for damages caused by the truck in transit when the owners of the freight exercised some degree of control over the route traversed by the truck from the time of the departure, et cetera. It is believed that the definition of the word "operator" in the draft convention needs further consideration.

*Article 3, Paragraph 3.*

At the present time the Department of Commerce regulations in the United States do not provide for the registration of the name of

any person other than the owner of the aircraft. It is believed, however, that if the proposed convention should be adopted and ratified by the Government of the United States proper provision could be made by Departmental regulation for the registration of the name of the operator as distinguished from the owner. On the other hand, no protection seems to be included in the convention against the registration of a dummy operator, without responsibility, thereby possibly affecting the rights of injured persons.

*Article 4, Paragraph 1.*

In providing liability to the extent of the value of the aircraft at the place and time it was first put into service, it is not entirely clear whether this refers to the value of the aircraft (*a*) when new, (*b*) when first put into service by the operator, (*c*) or to the value at the commencement of the flight during which the accident occurred. In this connection the question arises as to whether the owner of a second-hand airplane should be held liable up to the value of the original cost or the value at the time he purchased it and placed it in the service.

*Article 4, Paragraphs 2, 3 and 4.*

The maximum liability figure of approximately \$200,000 exclusive of liability for damage to passengers and cargo appears to be out of all proportion to experience thus far with aircraft operation. The provisions referred to differ fundamentally from the method of insuring in this country in that there is no individual loss limitation. Thus, if only one person on the surface were killed, it would seem from the wording of the present draft convention that he might recover \$200,000. In this connection it should be borne in mind that experience in this country has conclusively proved that where insurance is compulsory and limits are set by regulation, juries will bring in verdicts corresponding to those limits. It may also be observed that in the United States statutory limits have been set for wrongful death in a large number of states and that these limits range from \$5,000 to a maximum of \$15,000. The so-called limitations in the present draft convention are not at all consistent with those fixed for passengers and cargo by the terms of the Convention for the Unification of Rules Relative to International Transportation by Air signed at Warsaw on October 12, 1929. That Convention provides for a 125,000 franc limitation per person which seems to be a much fairer treatment of the operators than is provided for in the proposed convention relative to liability for damages caused to third parties on the surface to be considered at Rome.

While persons under no contractual relation with the operator may be entitled to more than persons in that relation, nevertheless, the

\$200,000 figure seems hardly justifiable. It is believed from a thorough consideration of the matter that, in order to be of practical value, the proposed convention should provide for a maximum limitation for each person killed or injured. The American delegates at the forthcoming conference in Rome should, therefore, advocate such a maximum limitation. As of interest in this connection your attention is invited to the comments of the United States Aviation Underwriters in a communication dated January 13, 1933, to Colonel Clarence M. Young, one of the American members of the International Technical Committee of Aerial Legal Experts, a copy<sup>12</sup> of which is included in the enclosures to the present communication.

*Article 5.*

As a practical consideration, it is believed that this provision may cause serious difficulty in settling and adjusting claims. If the carrier makes any settlement or adjustment of claims after an accident and before the time has elapsed for the filing of claims, the carrier may find it has paid more than the proportional amount which the party settled with would have been entitled to. In addition, difficulty may be found in determining what proportion a death claim shall have as against a claim for minor injury unless, as above suggested, the proposed convention is modified to show the maximum amount of liability caused to the several persons injured in a single accident.

*Article 7.*

In connection with article 7, it is again pointed out that in fixing maximum liability, such liability for injuries to persons should, in any event, be stated in terms of the maximum liability to each person injured.

*Article 8, Paragraph 1.*

It is not clear as to how this paragraph could be complied with by the United States if it should become a party to the proposed convention, unless it should require by statute that aircraft take out an insurance policy good in every country which ratified the convention. If, for example, an American aircraft leaves the United States on a voyage to Cuba and is insured for flights over Cuba, that aircraft would apparently violate the convention if it flew over some Central or South American country also a party to the convention but which country is not named in the insurance carried by the aircraft. It would seem that the only way in which the authorities of this Government could prevent this occurring would be to require every American aircraft before leaving the United States to be in-

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<sup>12</sup> Not printed.

sured for flights over every contracting state. This might create an insurance burden on the operators which would be difficult for the insurance companies to calculate. As a practical matter, it is suggested that insurance practice in this country restricts the liability of the insurer to flights which are in strict accordance with the rules and regulations of the Department of Commerce and restricts the use of aircraft to the agreed purposes as covered in the policy and with approved personnel.

Apparently, under the suggested draft of the convention, the insurer would be liable for damages occasioned by the aircraft even though operated in violation of laws and agreements. It is extremely doubtful whether such insurance could be obtained or would be written by responsible insurance companies in this country or perhaps elsewhere and the general purpose of the convention might therefore be defeated. Furthermore, it is not clear as to whether each aircraft must have a separate policy in the amount specified in article 4 or whether the policy can be a fleet policy in behalf of an owner of several aircraft, nor is it clear as to whether the policy must be taken out by the owner or operator if they are different persons. The American delegates to the Rome Conference should endeavor to have the provisions on these subjects clarified. It may be remarked in this connection that ordinarily insurance companies object to the issuance of policies insuring anyone other than the owner.

Paragraph 1 of article 8 should be so amended as to provide that each contracting state shall agree to recommend to its legislative body that the necessary legislation be adopted.

*Article 8, Paragraph 2.*

The very high limitation proposed in article 4 makes the suggested deposit of no practical value. With reference to the use of a bank guarantee in place of a policy of insurance, attention is called to the fact that under the laws of this country national banks are not authorized to act as a surety (U. S. C., Title 12, Section 92, p. 265<sup>13</sup>) and it is doubtful whether the Congress of the United States would ever be willing to enact legislation authorizing the national banks in this country to become sureties. However, in view of the fact that the provision of paragraph 2 concerning a bank guaranty instead of insurance would be optional with each contracting state, it is not believed that the adoption of a provision such as is called for by paragraph 2 would be a serious matter so far as this Government is concerned.

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<sup>13</sup> 1926 edition.



*Article 8, Paragraph 3.*

There is doubt as to what is meant by the term "public insurance institution". The Department is informed that in prior drafts of the proposed convention provision was made that the insurer might be approved for the risk by any state which is a party to the convention. It is believed that it would be preferable to substitute this provision for the present proposal that the insurer must be approved by the state of the registry of the aircraft. If the aircraft operator should be limited to obtaining insurance in companies approved solely by the state in which his aircraft is registered, situations might develop where the cost of such insurance would be much greater than if the operator could obtain his insurance in the open market and in a company or companies approved by one or more states parties to the convention, even though not specifically approved by the state of the registry of the aircraft. On the other hand, it is realized that there may be some difficulty in bringing about the adoption of the rule suggested in view of the fact that some states may insist on the rule as now drafted because otherwise they would have no control over the validity of the insurance on aircraft registered in their own territory and flying over that territory while engaged in international flight.

*Article 9, Paragraph 4.*

This paragraph should, it is believed, be clarified since it leaves very broad powers in the authorities of a foreign country to hold irregular the documents of insurance issued in the state of the registry of the aircraft and the paragraph does not make plain who has a right to determine whether the insurance documents are regular or irregular.

*Article 11.*

This is in some respects the most important provision of the proposed convention. It has been suggested that paragraph 1 of article 11 does not apply unless it happens that the negligence is the negligence of the operator of the aircraft and not that of his employees. The convention is ambiguous if this is its intention. If, for example, the operator of the aircraft is a corporation, then the negligence of the pilot of the aircraft would certainly be the negligence of the operator, and the operator would not have the benefit of the so-called limitation of liability. Moreover, it appears that a presumption is raised against limitation of liability instead of in favor of limitation of liability and that the operator might not be able to limit his liability unless he can prove positively that the damage did not result from his negligence. The Department desires to have the American delegates to the forthcoming conference at Rome submit for consideration the following two propo-

sitions. First, that the convention ought to provide for a definite limitation of liability irrespective of negligence; otherwise the convention will hinder seriously the development of transport by air. Second, if any other rule is to be adopted, then the limitation of liability ought to be available to the owner or operator of the aircraft if the aircraft sets out on its voyage in an airworthy condition and properly manned. This would create a rule somewhat analogous to limitation of liability applicable in maritime law. If paragraph 1 of article 11 is included in the draft of the convention, it is believed that much litigation will necessarily follow. In every case of serious damage contention would probably be made on behalf of the person injured that negligence existed and that the limitation of liability could not apply. One of the great advantages of any law authorizing limitation of liability is the lessening of litigation and this should be borne in mind in the formulation of the final draft of the convention.

*Article 11, Paragraph 2.*

This paragraph is objectionable, especially in view of the fact that article 8, paragraph 1, gives full authority for the state of registry of the aircraft to provide proper penalties for failure to carry insurance. As being of interest in connection with this paragraph, the attention of the American delegates is invited to the discussion in regard to article 11 by Major K. M. Beaumont in a report submitted by him to the International Chamber of Commerce's Committee on Transportation by Air in which Major Beaumont discussed the draft convention relative to the liability for damages caused to third parties on the surface as adopted in Stockholm in July, 1932. Major Beaumont's report<sup>14</sup> is referred to in the description of enclosures to this communication.

*Article 13.*

The meaning of this article is not clear. If it means that the courts in the domicile of the defendant and the courts of the state where the damage was caused have sole jurisdiction to hear actions for compensation, then the provision is not objectionable. It is believed, however, that the article should be amended so that it would be clear that the right of action, as, for example, against the insurer as authorized under article 12, could not be brought wherever that insurer may happen to be found. For example, the insurer might be doing business in Germany. That insurer may be an American company which has written a policy of insurance on American aircraft involved in an accident in South America. It should be clear that the insuring company could be sued only in the United States (domicile of the

<sup>14</sup> *IIIeme Conférence Internationale de Droit Privé Aérien*, vol. II, p. 53.

insured owner or operator of the aircraft) or in the country where the accident occurred.

*Article 14, Paragraph 1.*

The phrase "if the injured party proves that he has been unable to have knowledge . . .<sup>15</sup> of the damage" might leave an easy path to fraudulent claims. Lawyers familiar with personal injury litigation have had much experience with claimants contending that internal or other injuries developed after the accident. As this article is now drafted, an alleged injured person could contend that he did not have knowledge until almost four years after the accident of the fact that the accident had resulted in a later developed injury when, under the provisions of articles 1 and 2, he could then bring suit. With reference to suspension of limitation from delay by the injured person in learning the identity of the person liable, it is suggested that this is also of doubtful advisability. The convention contemplates that the name of the owner will be shown on the registry and that the registered owner will be liable if the operator is other than the owner, and if the name of the operator is not shown on the registry. The present draft of the article seems to give an unnecessary advantage to the injured person. Certainly within the space of two years any person injured should be able to ascertain the name of the registered owner of the aircraft. Experience in the United States has indicated that any provision giving elasticity to statutes of limitation has been the cause of filing fraudulent claims. It is realized that this situation is attempted to be cured in paragraph 2 of article 14, making a final limitation of four years, but this seems to be perhaps excessive.

*Article 14, Paragraph 3.*

It seems that this paragraph is in conflict with paragraph 1 of Article 14. Paragraph 1 provides for suspension of limitations in the cases enumerated. Paragraph 2 may provide for other causes of suspension, or may mean that the causes of suspension set up in paragraph 1 are not applicable to those countries where lack of knowledge is not a recognized cause for suspension of the statute of limitations. The delegates to the forthcoming conference at Rome should advocate that article 14 provide a definite, fixed and final limitation on all actions arising under the convention without qualifications. Otherwise, grave difficulties may be encountered in obtaining the insurance required by the convention. Insurance companies necessarily must and will insist on knowing when and under what circumstances their liability has terminated and the longer the period of limitation, the greater will be the premium necessarily charged.

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<sup>15</sup> Omission indicated in the original instruction.

*Article 15.*

There is some uncertainty as to the meaning of the French text of this article. If any provision such as is contemplated by the article is to be included in the convention, the American delegates should suggest that language be used which clearly means that the executors, administrators or other personal representatives may be made defendants in actions for damages after the death of persons liable. If such a provision is adopted, it should be definitely provided that an action such as is contemplated by the article may not be brought against the executors, administrators or other personal representatives after the estate has been settled and distributed in accordance with the provisions of the local law.

*Article 16.*

The delegates of the United States to the forthcoming conference in Rome should endeavor to have this article clarified. It is believed that provision should be made to limit the application of the article so as not to include collisions between hydroplanes. In view of the reference to vessels in this article, it may be stated for your information that an international convention for the unification of certain rules relating to collisions at sea was signed at Brussels on September 23, 1910, during the Third International Conference on Maritime Law. This convention was signed on behalf of the United States with certain reservations but has never been ratified by this Government which is, therefore, not a party to this convention. However, in view of the fact that some references to the convention may be made by delegates to the Rome Conference representing countries which are parties to the convention and the American delegates may therefore desire to be acquainted with its terms, there is listed in the enclosures to this communication Treaty Information Bulletin No. 21 of June, 1931, issued by the Department of State, which contains, on page 22, an English translation of the convention as signed at Brussels. For your further information it may be stated that the instructions to the American delegates who signed the Brussels Convention of September 23, 1910, referred to above, are printed in *Foreign Relations of the United States, 1910*, pages 105 *et seq.* The report of the delegates who signed the Convention is printed in *Foreign Relations of the United States, 1911*, pages 18 and 19. This publication may be consulted at the American Consulate General or the American Embassy in Rome. As of possible further interest, it may be added that international rules for navigation at sea as in force under the statute law of the United States are contained in the United States Code, Title 33, Chapter 2, pages 1050 *et seq.*<sup>16</sup> This publication may also be consulted

<sup>16</sup> 1926 edition.

at the American Consulate General or the American Embassy in Rome.

On May 31, 1929, the delegates to the International Conference on Safety of Life at Sea signed at London an international convention for the safety of life at sea, article 40<sup>17</sup> of which contains provisions recommending the adoption of certain alterations in the international regulations for preventing collisions at sea. This convention was signed on behalf of the United States but has not yet been ratified by this Government, nor has this Government adopted the proposed alterations in the international rules for the prevention of collisions at sea embodied in Annex 2 to the Convention. A copy of a pamphlet entitled "International Conference on Safety of Life at Sea, 1929. Convention and Final Act", is among the enclosures to this communication.

Article 40 of the Convention for the Unification of Certain Rules Relative to International Transportation by Air signed at Warsaw, Poland, on October 12, 1929, reads as follows:

"(1) The High Contracting Parties may, at the time of signing, of depositing their ratifications or adhering, declare that their acceptance of the present Convention does not apply to all or part of their colonies, protectorates, territories under mandate, or any other territory subject to their sovereignty or authority, or to any other territory under suzerainty.

"(2) They may, accordingly, subsequently adhere separately in the name of all or part of their colonies, protectorates, territories under mandate, or any other territory subject to their sovereignty or authority, or any other territory under suzerainty."

The American delegates to the Third International Conference on Private Aerial Law should advocate the incorporation of a similar article in the proposed conventions relating to (1) precautionary attachment of aircraft and (2) liability for damages caused to third parties on the surface in order that it may be discretionary with each contracting state to have the conventions made applicable to territories under its jurisdiction. In view of the fact that these conventions deal with new and untried principles, this Government considers that, in the event that it should become a party to the conventions their application should be limited to continental United States of America, excluding Alaska. If, therefore, such an article is agreed to, you should, at the time of signing the conventions, make a declaration such as is referred to in paragraph 1 of article 40 of the Warsaw Convention.

The comments herein made are considered necessary in order that the American delegates to the Third International Conference on Private Aerial Law may fully understand the aviation conditions in the

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<sup>17</sup> 50 Stat. 1121, 1166.

United States which would be affected by the proposed conventions. Compulsory insurance is almost unknown in the United States. It exists in one or two states in connection with the issuance of automobile licenses. In some states there is no uniformity of opinion as to whether it has worked well. The application of compulsory insurance to aircraft is a far-reaching experiment. Its cost may seriously deter private operation of aircraft except for the wealthy. On the other hand, it is realized that proper protection should be given innocent third persons on the ground who, for instance, may be injured by falling aircraft and whose property may be seriously damaged thereby. It is felt that the convention relating to the liability for damages caused to third parties on the surface should be carefully redrafted to provide as herein indicated (a) that the limitation of liability shall be applicable to every accident, whether or not caused by negligence and (b) that the limitation of liability shall apply as a maximum to each person injured as well as a total maximum liability to all injuries resulting from a single accident.

The Department is in receipt of despatch No. 3478 of April 8, 1933, from the American Embassy at Paris transmitting a copy of a communication dated March 27, 1933,<sup>18</sup> from the Secretary General of C.I.T.E.J.A. (International Technical Committee of Aerial Legal Experts) in which the Secretary General asks the experts on this Committee to have their Governments consider whether they would be in favor of instructing their delegates to the Third International Technical Conference on Private Aerial Law to favor the adoption by the Conference of a resolution reading as follows:

“The Conference,

“Considering the advantage to all users of air navigation of being able, in a proper case, to be informed on the text elaborated by the international conferences on private air law,

“Considering that the C.I.T.E.J.A. constitutes its permanent expression,

“Entrusts to the C.I.T.E.J.A. the duty of giving its opinion or interpretation on the texts of international conventions on private air law when it is requested to do so through a public administration or an international organization, without prejudice to the right of interpretation belonging to the judicial power whenever a difference shall have been laid before the latter.”

It is the understanding of this Government that the International Technical Committee of Aerial Legal Experts is an international organization charged with the duty of preparing and adopting draft conventions on private air law for consideration at international conferences called for the purpose of considering the drafts. It is the view of this Government that an international organization acting

<sup>18</sup> Neither printed.

as a drafting committee in the preparation of draft conventions on air law should not be clothed with the authority of interpreting the conventions after they have been adopted by that committee and finally acted upon at an international conference such as the one to be held in Rome in May, 1933. Notwithstanding the reservation of the right of the judicial power to pass upon the conventions as set forth in the resolution proposed by the International Technical Committee of Aerial Legal Experts for adoption at the forthcoming conference in Rome, it is believed that the proposed resolution would greatly increase the powers of this international committee. It is suggested in this connection that the adoption of a resolution such as the one proposed might place an obstacle in the way of a possible decision on the part of this Government to become a party to the Convention for the Unification of Certain Rules Relating to the Liability of Aerial Carriers signed at Warsaw on October 12, 1929. It is not understood how such a resolution as the one proposed could, if adopted at the Rome Conference, be made binding on countries which are parties to the Warsaw Convention. Nevertheless, the mere adoption of the resolution would seem to have potentialities which it is believed might well be avoided. In this connection, you are informed that the American Embassy in Paris has been instructed by telegram to inform the Secretary General of the International Technical Committee of Aerial Legal Experts that this Government does not concur in the proposed resolution and is therefore not in a position to instruct its delegates to the Third International Conference on Private Aerial Law to support the resolution.

For your information and guidance in the event that it should be proposed at the Rome Conference that the conventions include an article containing a general arbitration clause with respect to any differences that may arise between countries parties to the conventions, you are advised that this Government is not represented on the Permanent Court of International Justice. However, the American delegates at the Rome Conference are authorized to support a general arbitral clause which would provide in the alternative for the submission of disputes to the Permanent Court of International Justice or, if any party so demands, to arbitration as provided for by the Convention for the Pacific Settlement of International Disputes, signed at The Hague on October 18, 1907.<sup>19</sup>

There are enclosed herewith copies of a number of documents which the Department feels may be of interest for reference purposes to the American delegates to the Third International Conference on Private Aerial Law. These documents are described in detail in the

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<sup>19</sup> *Foreign Relations*, 1907, pt. 2, p. 1181.

list of enclosures to this communication. The observations and instructions in the present communication have also been communicated to the other American delegates to the Rome Conference, who have likewise been furnished with copies of the enclosures to this communication.

Very truly yours,

For the Secretary of State:  
WILBUR J. CARR

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579.6L3/60 : Telegram

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

ROME, May 20, 1933—1 p. m.

[Received 2:45 p. m.]

38. For Latchford<sup>20</sup> from Cooper. Reference Department's instructions May 1st Conference aerial law, Conference has completed final draft convention relative precautionary attachment and drafting committee will present it for Conference adoption next week. Text much improved will include paragraph similar article 40 Warsaw convention. Reference article 1 Conference refused change outlined our instructions contending recent treaties use form objected to by Department. We will accept this correction. Reference articles 2 and 7 Conference definitely determined convention applicable to aircraft of one contracting state while in other contracting state whether engaged in international commerce or not, but is not applicable aircraft of any state in own territories. Due obvious advantage to America aircraft abroad to be free from seizure we recommend authority to sign with declaration that convention applies only continental limits United States. Please answer not later than Monday 22nd. [Cooper.]

GARRETT

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579.6L3/61 : Telegram

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

WASHINGTON, May 22, 1933—7 p. m.

27. Your 38, May 20, 1 p. m. For Cooper. American delegates are authorized to sign convention with declaration that it applies only to continental United States.

HULL

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<sup>20</sup> Stephen Latchford, legal assistant, Treaty Division.



579.6L3/64 : Telegram

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

ROME, May 27, 1933—noon.

[Received May 27—9:50 a. m.]

48. For Latchford from Cooper. Final draft liability convention agreed Friday night. Will sign Monday morning for continental United States excluding Alaska. Results excellent. Liability fixed weight basis instead value with maximum per ship not less than 600,000 francs nor more than 2,000,000. Maximum per person 200,000. Maximum deposit for one company 3,000,000 covering all ships irrespective number if deposit used instead insurance. If insurance, guaranty or deposit given then limitation liability applies every accident arising from fault, pilotage, operation, navigation and applies other accidents except when caused by wilful misconduct. Other changes from original draft less important. Arrive *Vulcania* 10th bringing report and copy conventions. [Cooper.]

**KIRK**


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*Convention for the Unification of Certain Rules Relating to the Precautionary Attachment of Aircraft Signed at Rome, May 29, 1933*<sup>21</sup>

[Translation]<sup>22</sup>

His Majesty the King of Albania, the President of the German Reich, the President of the United States of America, the Federal President of the Republic of Austria, His Majesty the King of the Belgians, the President of the United States of Brazil, the President of the Republic of Chile, the President of the Nationalist Government of the Republic of China, the President of the Republic of Colombia, the President of the Republic of Cuba, His Majesty the King of Denmark and Iceland, the President of the Republic of Ecuador, the President of the Republic of El Salvador, the President of the Spanish Republic, the President of the Republic of Finland, the President of the French Republic, His Majesty the King of Great Britain, Ireland and the British Territories beyond the Seas, Emperor of India, the President of the Republic of Guatemala, the President of the Hellenic Republic, the President of the Republic

<sup>21</sup> Reprinted from Department of State, *Treaty Information*, Bulletin No. 47, August 31, 1933, p. 22. This convention, which came into force January 12, 1937, was not ratified by the United States (League of Nations Treaty Series, vol. CXCVI, p. 291).

<sup>22</sup> Original in French only; translation made in Department of State. For French text, see *IIIeme Conférence Internationale de Droit Privé Aérien*, vol. II, p. 181.

of Honduras, His Most Serene Highness the Regent of the Kingdom of Hungary, His Majesty the King of Italy, His Majesty the Emperor of Japan, the President of the Republic of Lithuania, the President of the United States of Mexico, the President of the Republic of Nicaragua, His Majesty the King of Norway, Her Majesty the Queen of the Netherlands, the President of the Republic of Poland, the President of the Republic of Portugal, His Majesty the King of Rumania, the President of the Dominican Republic, the Captains Regent of the Most Serene Republic of San Marino, His Holiness the Sovereign Pontiff, His Majesty the King of Sweden, the Swiss Federal Council, the President of the Czechoslovak Republic, the President of the Republic of Turkey, the Central Executive Committee of the Union of Soviet Socialist Republics, the President of the United States of Venezuela, His Majesty the King of Yugoslavia,

having recognized the advantage of adopting certain uniform rules concerning the precautionary attachment of aircraft,  
have to this end named their respective plenipotentiaries,  
who, being thereto duly authorized, have concluded and signed the following Convention :

#### ARTICLE 1

The High Contracting Parties agree to take the necessary measures to put into force the rules established by the present Convention.

#### ARTICLE 2

(1) By precautionary attachment within the meaning of the present Convention shall be understood any act, whatever it may be called, whereby an aircraft is seized, in a private interest, through the medium of agents of justice or of the public administration, for the benefit either of a creditor, or of the owner, or of the holder of a lien on the aircraft, where the attaching claimant cannot invoke a judgment and execution, obtained beforehand in the ordinary course of procedure, or an equivalent right of execution.

(2) In case the applicable law gives the creditor who holds the aircraft without the consent of the operator the right of detention, the exercise of this right shall, for the purposes of the present Convention, be the same as precautionary attachment and be governed by the régime contemplated in the present Convention.

#### ARTICLE 3

(1) The following aircraft shall be exempt from precautionary attachment :

(a) Aircraft assigned exclusively to a Government service, the postal service included, commerce excepted;

(b) Aircraft actually put in service on a regular line of public transportation and indispensable reserve aircraft;

(c) Any other aircraft assigned to transportation of persons or property for hire, when it is ready to depart for such transportation, except in a case involving a debt contracted for the trip which it is about to make or a claim arising in the course of the trip.

(2) The provisions of the present article shall not apply to a precautionary attachment made by the owner of an aircraft who has been dispossessed of the same by an unlawful act.

#### ARTICLE 4

(1) In case attachment is not prohibited or in case the aircraft is exempt from attachment and the operator does not invoke such exemption, an adequate bond shall prevent the precautionary attachment or give a right to immediate release.

(2) The bond shall be adequate if it covers the amount of the debt and the costs and is assigned exclusively to payment of the creditor, or if it covers the value of the aircraft in case this is less than the amount of the debt and costs.

#### ARTICLE 5

In every case a judgment shall be rendered on a suit for release of the precautionary attachment in a summary and rapid procedure.

#### ARTICLE 6

(1) If an aircraft has been attached which is exempt from attachment according to the provisions of the present Convention, or if the debtor has had to furnish bond to prevent the attachment or to obtain the release thereof, the attaching claimant shall be liable in accordance with the law of the forum for the resulting damage to the operator or the owner.

(2) The same rule shall apply in case a precautionary attachment has been made without just cause.

#### ARTICLE 7

The present Convention shall not apply to precautionary measures prescribed in bankruptcy proceedings, nor to precautionary measures taken in case of violation of customhouse, penal or police regulations.

#### ARTICLE 8

The present Convention shall not prevent the application of international conventions between the High Contracting Parties which provide for more liberal exemptions from attachment.

## ARTICLE 9

(1) The present Convention shall apply on the territory of any one of the High Contracting Parties to any aircraft registered in the territory of another High Contracting Party.

(2) The expression "territory of a High Contracting Party" includes any territory under the sovereign power, suzerainty, protection, mandate or authority of the said High Contracting Party, for which the latter is a party to the Convention.

## ARTICLE 10

The present Convention shall be drawn up in French in one original copy which shall remain deposited in the archives of the Ministry for Foreign Affairs of the Kingdom of Italy, and of which a duly certified copy shall be sent by the Government of the Kingdom of Italy to each of the Governments concerned.

## ARTICLE 11

(1) The present Convention shall be ratified. The instruments of ratification shall be deposited in the archives of the Ministry for Foreign Affairs of the Kingdom of Italy, which shall notify each of the governments concerned of the deposit thereof.

(2) As soon as five ratifications shall have been deposited, the Convention shall come into force between the High Contracting Parties which shall have ratified it, ninety days after the deposit of the fifth ratification. Each ratification which shall be deposited subsequently shall take effect ninety days after such deposit.

(3) -It shall be the duty of the Government of the Kingdom of Italy to notify each of the Governments concerned of the date on which the present Convention comes into force.

## ARTICLE 12

(1) The present Convention, after its coming into force, shall be open for accession.

(2) The accession shall be effected through a notification addressed to the Government of the Kingdom of Italy, which shall inform each of the Governments concerned.

(3) The accession shall take effect ninety days after the notification made to the Government of the Kingdom of Italy.

## ARTICLE 13

(1) Any one of the High Contracting Parties may denounce the present Convention through a notification made to the Government

of the Kingdom of Italy, which shall at once notify each of the Governments concerned.

(2) The denunciation shall take effect six months after notification thereof and shall operate only with respect to the party making the denunciation.

#### ARTICLE 14

(1) The High Contracting Parties may, at the time of signature, deposit of the ratifications, or accession, declare that the acceptance which they give to the present Convention shall not apply to all or to any part of their colonies, protectorates, overseas territories, mandated territories or any other territory under their sovereignty, authority or suzerainty.

(2) The High Contracting Parties may subsequently notify the Government of the Kingdom of Italy that they intend to render the present Convention applicable to all or any part of their colonies, protectorates, overseas territories, mandated territories or any other territory under their sovereignty, authority or suzerainty so excluded from their original declaration.

(3) They may, at any time, notify the Government of the Kingdom of Italy that they intend to have the present Convention cease to apply to all or to any part of their colonies, protectorates, overseas territories, mandated territories, or any other territory under their sovereignty, authority or suzerainty.

(4) The Government of the Kingdom of Italy shall inform each of the Governments concerned of the notifications made in accordance with the last two paragraphs.

#### ARTICLE 15

Any of the High Contracting Parties shall be entitled, not earlier than two years after the coming into force of the present Convention, to call for a meeting of another international conference in order to consider any improvements which might be made in the present Convention. To this end it shall communicate with the Government of the French Republic, which will take the necessary measures in preparation for such conference.

The present Convention, done at Rome, May 29, 1933, shall remain open for signature until January 1, 1934.

IN TESTIMONY WHEREOF, the plenipotentiaries have signed the present Convention.

For Germany:

REINHOLD RICHTER

DR. WEGERT

DR. ALBRECHT

DR. JUR. OTTO RIESE

**For the United States of America :**

The Delegation of the United States of America declares that the Convention shall apply only within the continental limits of the United States of America exclusive of the territory of Alaska.

**JOHN C. COOPER, Jr.**

**JAECKEL**

**JOHN JAY IDE**

**For Austria :**

**GRUENEBAUM**

**STROBBLE**

**For Belgium :**

**H. DE VOS**

**For Brazil :**

**ALCIBIADES PEÇANHA**

**TRAJANO MADEIROS DO PAÇO**

**For Denmark :**

**L. INGERSLEV**

**KNUD GREGERSEN**

**For El Salvador :**

**A. SANDOVAL**

**For Spain :**

**JUAN F. DE RANERO**

**ALEJANDRO ARIAS SALGADO**

**For France :**

**A. DE LAPRADELLE**

**GEORGE RIPERT**

**For Great Britain and North Ireland :**

**A. H. DENNIS**

**A. W. BROWN**

**For India :**

**A. H. DENNIS**

**A. W. BROWN**

**For Guatemala :**

**J. HERRERA**

**FEDERICO G. MURGA**

**For Italy :**

**A. GIANNINI**

**For Lithuania :**

**V. CARNECKIS**

**For Norway :**

**M. MJOELLNER**

For Poland:

LEÓN BABINSKI

For Rumania:

D. I. GHIKA

AL. CANTACUZINO PASCANU

ET. VERON

For San Marino:

GOZI

For Switzerland:

F. HESS

CLERC

For Czechoslovakia:

SZALATNAY

DR. JUR. NETÍK

For Turkey:

H. VASSIF 8/6/33

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*Convention for the Unification of Certain Rules Relating to Damages Caused by Aircraft to Third Parties on the Surface, Signed at Rome, May 29, 1933*<sup>23</sup>

[Translation]<sup>24</sup>

His Majesty the King of Albania, the President of the German Reich, the President of the United States of America, the Federal President of the Republic of Austria, His Majesty the King of the Belgians, the President of the United States of Brazil, the President of the Republic of Chile, the President of the Nationalist Government of the Republic of China, the President of the Republic of Colombia, the President of the Republic of Cuba, His Majesty the King of Denmark and Iceland, the President of the Republic of Ecuador, the President of the Republic of El Salvador, the President of the Spanish Republic, the President of the Republic of Finland, the President of the French Republic, His Majesty the King of Great Britain, Ireland and the British Territories beyond the Seas, Emperor of India, the President of the Republic of Guatemala, the President of the Hellenic Republic, the President of the Republic of Honduras, His Most Serene Highness the Regent of the Kingdom of Hungary, His Majesty the King of Italy, His Majesty the Emperor

<sup>23</sup> Reprinted from Department of State, *Treaty Information*, Bulletin No. 47, August 31, 1933, p. 27. This convention has not come into force.

<sup>24</sup> Original in French only; translation made in Department of State. For French text see *IIIeme Conférence Internationale de Droit Privé Aérien*, vol. II, p. 173.

of Japan, the President of the Republic of Lithuania, the President of the United States of Mexico, the President of the Republic of Nicaragua, His Majesty the King of Norway, Her Majesty the Queen of the Netherlands, the President of the Republic of Poland, the President of the Republic of Portugal, His Majesty the King of Rumania, the President of the Dominican Republic, the Captains Regent of the Most Serene Republic of San Marino, His Holiness the Sovereign Pontiff, His Majesty the King of Sweden, the Swiss Federal Council, the President of the Czechoslovak Republic, the President of the Republic of Turkey, the Central Executive Committee of the Union of Soviet Socialist Republics, the President of the United States of Venezuela, His Majesty the King of Yugoslavia,

having recognized the advantage of regulating in a uniform manner the liability for damages caused by aircraft to third parties on the surface,

have to this end named their respective plenipotentiaries,

who, being thereto duly authorized, have concluded and signed the following Convention :

#### ARTICLE 1

The High Contracting Parties agree to take the necessary measures in order to put into force the rules established by the present Convention.

#### ARTICLE 2

(1) The damage caused by an aircraft in flight to persons or property on the surface shall give a right to compensation by the mere fact that it is established that the damage exists and that it was caused by the aircraft.

(2) This provision shall be applicable to the following :

(a) Damage caused by any body whatever falling from the aircraft, even in the case of regulation jettison of ballast or jettison made in a case of necessity ;

(b) Damage caused by any person on board the aircraft, except in the case of an act intentionally committed by a person who is not a member of the crew, not connected with the operations, without the operator or his agents having been able to prevent it.

(3) The aircraft is considered as in flight from the beginning of the operations of departure until the end of the operations of arrival.

#### ARTICLE 3

The liability contemplated in the preceding article cannot be reduced or avoided except in the case where the negligence of the injured party caused the damage or contributed thereto.



## ARTICLE 4

(1) The liability contemplated in Article 2 shall attach to the operator of the aircraft.

(2) Any person who has the right of disposal of, and uses the aircraft on his own account shall be termed operator of the aircraft.

(3) In case the operator's name is not inscribed on the aeronautic register or any other official document, the owner shall be presumed to be the operator subject to proof to the contrary.

## ARTICLE 5

Any person who, without having the right to dispose of the aircraft, makes use of it without the consent of the operator shall be liable for the damage caused, and the operator who has not taken the proper measures to avoid the unlawful use of his aircraft shall be jointly liable with him, each of them being bound on the conditions and within the limits of the present Convention.

## ARTICLE 6

In case of damage caused on the surface by two or more colliding aircraft, the operators of such aircraft shall be jointly and severally liable to the injured third parties, each one of them being bound on the conditions and within the limits of the present Convention.

## ARTICLE 7

The preceding provisions shall not prejudice the question as to whether the operator of the aircraft shall or shall not have recourse against the author of the damage.

## ARTICLE 8

(1) The operator shall be liable for each accident for an amount not to exceed a sum determined at the rate of 250 francs per kilogram of weight of the aircraft. By the weight of the aircraft shall be understood the weight of the aircraft with the full maximum load, as shown on the certificate of airworthiness or any other official document.

(2) However, the limit of the operator's liability cannot be less than 600,000 francs nor more than 2,000,000 francs.

(3) One-third of this value shall be assigned to compensation for damages caused to property and the other two-thirds to compensation for damages caused to persons, provided that in this last case the compensation contemplated cannot exceed 200,000 francs per person injured.

**ARTICLE 9**

If several persons have suffered damages in the same accident and if the total amount to be paid as compensation exceeds the limits contemplated in Article 8, a proportional reduction in each one's rights must be made in such manner that the total shall not exceed the above-mentioned limits.

**ARTICLE 10**

(1) The persons who have suffered damages in the same accident must assert their rights or give notice of their claims to the operator within the maximum period of six months from the day of the accident.

(2) This period having expired, settlement of the compensation may properly be made; the interested parties having permitted the above period to elapse without asserting their rights or giving notice of their claims shall not be able to exercise their rights except on such amount as shall not have been distributed.

**ARTICLE 11**

If different injured third parties act in accordance with the provisions of the preceding articles and Article 16 before courts situated in different countries, the defendant may submit a statement, before each of them, of the total amount of the claims and moneys due, with a view to preventing the limits of his liability from being exceeded.

**ARTICLE 12**

(1) Any aircraft entered on the register of a territory of one High Contracting Party, in order to navigate above the territory of another High Contracting Party, must be insured against the damages considered in the present Convention, within the limits determined in Article 8 above, with a public insurance institution or an insurer authorized for this risk in the territory of registry of the aircraft.

(2) The domestic legislation of any High Contracting Party may substitute for the insurance, wholly or in part, another guarantee for the risks considered in the present Convention :

(a) in the form of a cash deposit made in a public fund or a bank authorized for this purpose in the territory of registry of the aircraft;

(b) in the form of a guarantee given by a bank authorized for this purpose in the territory of registry of the aircraft.

Said cash deposit and said guarantee must be brought up to their full amount as soon as the sums which they represent become subject to reduction by the amount of a payment for compensation.

(3) The insurance, the cash deposit and the bank guarantee must be especially and preferentially assigned to payment of the compensations due on account of the damages contemplated in the present Convention.

#### ARTICLE 13

(1) The kind, extent and duration of the sureties contemplated in Article 12 above shall be evidenced either in an official certificate or by an official notation on one of the ship's papers. Said certificate or document must be produced whenever required by the public authorities or upon the request of any party concerned.

(2) Said certificate or said document shall serve to attest the situation of the aircraft with respect to the obligations of the present Convention.

#### ARTICLE 14

The operator shall not be entitled to avail himself of the provisions of the present Convention which limit his liability:

(a) if it is proved that the damage was caused by gross negligence or wilful misconduct on the part of the operator and his agents, unless the operator proves that the damage was due to an error in piloting, operation or navigation, or, in a matter affecting his agents, that he has taken all the proper measures to prevent the damage;

(b) if he has not furnished one of the sureties prescribed in the present Convention, or if the sureties furnished are not in force or do not cover the operator's liability for the damage caused within the terms and limits of the present Convention.

#### ARTICLE 15

In case the operator of more than one aircraft furnishes the surety prescribed in the present Convention in the form of a cash deposit or a bank guarantee, the surety shall be deemed to cover the full limit of his liability for all the aircraft operated, if the deposit or the guarantee amounts to a sum arrived at by reducing the amount of the surety which he should furnish for the total number of his aircraft by one-third in case he operates two aircraft, and by one-half in case he operates three or more. Furthermore it shall be deemed to cover the full limit of liability for all the aircraft if it amounts to the sum of 2,500,000 francs for two aircraft or 3,000,000 francs for three or more.

#### ARTICLE 16

The following have competent jurisdiction over suits for damages in the territory of any one of the High Contracting Parties, as the claimant may elect: the judicial authorities of the defendant's domicile and those of the place where the damage was caused, without

prejudice to the injured third party's right of direct action against the insurer in a case in which it can be exercised.

#### ARTICLE 17

(1) Such suits shall be barred after one year from the day of the damage. If the injured party proves that he could not have known either of the damage or the identity of the person liable, the period of limitation shall begin from the day when he could have had knowledge thereof.

(2) In every case, the suit shall be barred after three years from the day when the damage was caused.

(3) The manner of calculating the period of limitation as well as the causes of suspension and interruption of the period shall be determined by the law of the court before which the suit is brought.

#### ARTICLE 18

In the case of the death of the person liable, an action for damages lies in accordance with the terms of this Convention against those legally representing his estate.

#### ARTICLE 19

The sums stated in francs in the present Convention are considered to refer to the French franc containing  $65\frac{1}{2}$  milligrams of gold of a fineness of 900/1000. They may be converted into any national currency in round numbers.

#### ARTICLE 20

(1) The present Convention shall be applicable whenever any damage has been caused on the surface in the territory of one High Contracting Party by an aircraft registered in the territory of another High Contracting Party.

(2) The expression "territory of one High Contracting Party" shall include, for the purposes of the present Convention, any territory under the sovereign power, suzerainty, protection, mandate or authority of the said High Contracting Party for which the latter is a party to the Convention.

#### ARTICLE 21

The present Convention shall not apply to military, customhouse or police aircraft.

#### ARTICLE 22

The present Convention shall not apply to damages caused on the surface compensation for which is governed by a transportation contract or a labor contract entered into between the injured party

and the one upon whom liability falls under the terms of the present Convention.

#### ARTICLE 23

The present Convention shall be drawn up in French in a single copy which shall remain deposited in the archives of the Ministry for Foreign Affairs of the Kingdom of Italy, and of which a duly certified copy shall be sent by the Government of the Kingdom of Italy to each of the Governments concerned.

#### ARTICLE 24

(1) The present Convention shall be ratified. The instruments of ratification shall be deposited in the archives of the Ministry for Foreign Affairs of the Kingdom of Italy, which shall notify each of the Governments concerned of the deposit thereof.

(2) As soon as five ratifications shall have been deposited, the Convention shall come into force as between the High Contracting Parties which shall have ratified it ninety days after the deposit of the fifth ratification. Any ratification which is deposited subsequently shall take effect ninety days after such deposit.

(3) It shall be the duty of the Government of the Kingdom of Italy to notify each of the Governments concerned of the date on which the present Convention comes into force.

#### ARTICLE 25

(1) The present Convention, after coming into force, shall be open for accession.

(2) Accession shall be made through a notification addressed to the Government of the Kingdom of Italy, which shall inform each of the Governments concerned thereof.

(3) The accession shall take effect ninety days after the notification to the Government of the Kingdom of Italy.

#### ARTICLE 26

(1) Any one of the High Contracting Parties may denounce the present Convention by a notification addressed to the Government of the Kingdom of Italy which shall at once inform each of the Governments concerned thereof.

(2) The denunciation shall take effect six months after the notification of the denunciation and shall operate only with respect to the party making the denunciation.

#### ARTICLE 27

(1) The High Contracting Parties may, at the time of signature, deposit of the ratifications or accession, declare that the acceptance

which they give to the present Convention shall not apply to all or to any part of their colonies, protectorates, overseas territories, mandated territories or any other territory under their sovereignty, authority or suzerainty.

(2) The High Contracting Parties may subsequently notify the Government of the Kingdom of Italy that they intend to render the present Convention applicable to all or to any part of their colonies, protectorates, overseas territories, mandated territories or any other territory under their sovereignty, authority or suzerainty, so excluded from their original declaration.

(3) They may, at any time, notify the Government of the Kingdom of Italy that they intend to have the present Convention cease to apply to all or any part of their colonies, protectorates, overseas territories, mandated territories or any other territory under their sovereignty, authority or suzerainty.

(4) The Government of the Kingdom of Italy shall notify each of the Governments concerned of notifications made in accordance with the last two paragraphs.

#### ARTICLE 28

Any High Contracting Party shall be entitled not earlier than two years after the coming into force of the present Convention to call for the meeting of another international Conference in order to consider any improvements which might be made in the present Convention. To this end it shall communicate with the Government of the French Republic which shall take the necessary measures in preparation for such Conference.

The present Convention, done at Rome, May 29, 1933, shall remain open for signature until January 1, 1934.

IN TESTIMONY WHEREOF the Plenipotentiaries have signed the present Convention.

For Germany :

REINHOLD RICHTER

DR. WEGERDT

DR. ALBRECHT

DR. JUR. OTTO RIESE

For the United States of America :

The Delegation of the United States of America declares that the Convention shall apply only within the continental limits of the United States of America exclusive of the territory of Alaska.

JOHN C. COOPER, JR.

JAECKEL

JOHN JAY IDE

For Austria:

GRUENEBAUM

STROBELE

For Belgium:

H. DE VOS

For Brazil:

ALCIBIADES PEÇANHA

TRAJANO MADEIROS DO PAÇO

For Denmark:

L. INGERSLEV

KNUD GREGERSEN

For El Salvador:

A. SANDOVAL

For Spain:

JUAN F. DE RANERO

ALEJANDRO ARIAS SALGADO

For France:

A. DE LAPRADELLE

GEORGE RIPERT

For Great Britain and North Ireland:

A. H. DENNIS

A. W. BROWN

For India:

A. H. DENNIS

A. W. BROWN

For Guatemala:

J. HERRERA

FEDERICO G. MURGA

For Italy:

A. GIANNINI

For Lithuania:

V. CARNECKIS

For Norway:

M. MJOELLNER

For Poland:

LEÓN BABINSKI

For Rumania :

D. I. GHIKA

AL. CANTACUZINO PASCANU

ET. VERON

For San Marino :

GOZI

For Switzerland :

F. HESS

CLERC

For Czechoslovakia :

SZALATNAY

DR. JUR. NETÍK

For Turkey :

H. VASSIF 8/6/33



ACCEPTANCE OF RESERVATIONS BY THE UNITED STATES TO THE CONVENTION SIGNED AT ST. GERMAIN-EN-LAYE, SEPTEMBER 10, 1919, REVISING THE GENERAL ACTS OF BERLIN AND BRUSSELS

511.4C1/52 : Telegram

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

PARIS, December 2, 1932—3 p. m.  
[Received December 2—3 p. m.]

689. Reference Embassy's telegram 616, October 22, 11 a. m., 1932.<sup>1</sup> In answer to the Embassy's continuous representations for the past 18 months the Ministry for Foreign Affairs in a note dated November 30 states that the Japanese and Belgian Governments have signified that they have no objection to the American reservation. However, since the reservation modifies article 12 of the convention in so far as the United States is concerned, the Japanese Government will have to comply with certain legal formalities before it can give its formal consent. Also the Belgian Government considers that in making the reservation the American Government does not intend to reserve to its sole decision the choice of the arbitral tribunal in case of litigation to which it might be a party. The note adds that the Ministry hopes soon to be able to inform the Embassy whether the Governments of Canada and India have as yet reached a decision.

MARRINER

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511.4C1/53

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

No. 1495

WASHINGTON, January 9, 1933.

SIR: The receipt is acknowledged of your cabled No. 689, December 2, 3 p. m., in further regard to the matter of the acceptance by signatory Governments of the reservation made by the United States<sup>2</sup> in its ratification of the convention of September 10, 1919,<sup>3</sup> revising the

<sup>1</sup> Not printed.

<sup>2</sup> See *infra*.

<sup>3</sup> *Treaties, Conventions, etc. Between the United States of America and Other Powers, 1910-1923* (Washington, Government Printing Office, 1923), vol. III, p. 3739.

General Act of Berlin of February 26, 1885,<sup>4</sup> and the General Act and Declaration of Brussels of July 2, 1890.<sup>5</sup>

With reference to that part of your cablegram which relates to Belgium, it is desired that you state to the Minister for Foreign Affairs that the understanding of Belgium that the United States does not by its reservation intend to reserve to its sole decision the choice of the arbitral tribunal in case of litigation to which it might be a party, is in agreement with the attitude of the United States. The United States fully understands that it could not alone determine the arbitral tribunal to which a dispute in which it might be involved, arising under the convention, should be referred, and concedes that the selection of such tribunal under the reservation would be a matter for joint agreement. It is, therefore, hoped that the Government of France will deem Belgium's statement to be an acceptance of the reservation.

Very truly yours,

For the Secretary of State:  
JAMES GRAFTON ROGERS

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511.4C1/53

*The Secretary of State to the Ambassador in Japan (Grew)* <sup>6</sup>

No. 167

WASHINGTON, January 9, 1933.

SIR: Ratification of the convention signed at St. Germain-en-Laye on September 10, 1919, revising the General Act of Berlin of February 26, 1885, and the General Act and Declaration of Brussels, of July 2, 1890, was advised and consented to by the Senate of the United States on April 3, 1930, and the convention was ratified by the President on April 11, 1930, both the advice and consent to ratification and the ratification being "subject to the understanding that, in the event of a dispute in which the United States may be involved arising under the convention, such dispute shall, if the United States so requests, be submitted to a court of arbitration constituted in accordance with the convention for the pacific settlement of international disputes, signed at The Hague on October 18, 1907,<sup>7</sup> or to some other court of arbitration."

The convention provides in Article 15 that the ratifications thereof shall be deposited with the French Government. When the instrument of ratification of the convention by the United States was offered for deposit to the French Government by the American Ambassador at

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<sup>4</sup> Act regarding Africa; *British and Foreign State Papers*, vol. LXXVI, p. 4.

<sup>5</sup> Act and declaration relative to African slave trade; *British and Foreign State Papers*, vol. LXXXII, pp. 55 and 80.

<sup>6</sup> Similar instructions were sent on January 9 and 10, respectively, to the Chargé in Canada (No. 805) and to the Chargé in Great Britain (No. 349).

<sup>7</sup> *Foreign Relations*, 1907, pt. 2, p. 1181.

Paris that Government refused to receive the deposit on the ground that as the understanding to which the ratification was made subject involved a modification of an article of the convention, it was necessary first to obtain the acquiescence of the other signatory powers to that understanding, which, it was stated, the French Government would request.

This Government has been informed by the French Government through the American Embassy at Paris that in addition to the French Government the British, Belgian, Italian, Japanese and Portuguese Governments and the Governments of the Union of South Africa, Australia and New Zealand have signified their acceptance of the understanding, leaving only Canada and India to be heard from. It is stated, however, that the acceptance of the understanding by Japan is under the reserve that certain legal formalities will have to be complied with before its final consent can be given.

The convention provides that it will come into force for each signatory power from the date of the deposit of its ratification, so that, as the ratification of the United States has not yet been deposited, the convention has not come into force in respect of the United States.

For your own information it may be stated that there are several reasons why it is deemed desirable that the United States should be a party to this convention. These reasons are set forth in the report made by Secretary of State Kellogg to the President on May 22, 1928, which is printed in Senate Confidential Document N, 70th Congress, 1st Session, as is a translation of the text of the convention. A copy of this document is enclosed for your own information merely.

What the legal formalities which stand in the way of Japan giving its final consent at this time may be was not stated but whatever they are it is hoped that they may be met with as little delay as possible, and the Department will be pleased if you may be able, in an informal and unofficial way, to induce expedition of action by Japan.

Very truly yours,

For the Secretary of State:

JAMES GRAFTON ROGERS

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511.4C1/55

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

No. 280

WASHINGTON, May 22, 1933.

SIR: The receipt is acknowledged of your despatch No. 299 of February 23, 1933,<sup>o</sup> in reply to the Department's instruction No. 167 January 9, 1933, in which you were requested to endeavor, in an informal and unofficial way, to induce expedition of action by Japan

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<sup>o</sup> Not printed.

in respect of the legal formalities which this Government was informed by the French Government would have to be complied with before the Japanese Government could give its acceptance of the understanding stated in the ratification of the United States of the convention of September 10, 1919, revising the General Act of Berlin of February 28, 1885, and the General Act and Declaration of Brussels of July 2, 1890.

The formal memorandum of the Japanese Foreign Office which you enclosed is merely confirmatory of the information furnished by the French Government and, like the French information imparts no knowledge of the nature of the legal formalities and indicates no information regarding intended action by the Japanese Government.

It appears, however, from your report of the informal discussion of the matter with the chief of the Treaty Bureau of the Department of Foreign Affairs that the American reservation would probably have to be referred to the Privy Council; that the Minister for Foreign Affairs has no objection to doing this, but desires "for the record" a specific request that Japan accept the reservations; and that the Japanese Government would prefer to have this request come through the French Government as depositary of the instruments of ratification. It is necessary therefore, you state, that the French Government be asked to approach the Japanese Government formally and to request it on behalf of the United States to ask that Japan accept the reservation or understanding subject to which the Senate advised and consented to ratification by the President.

In respect of this it is to be stated that it is the view of this Government that the French Government, having brought the American understanding to the knowledge of the Japanese Government, as it did to the knowledge of all the other signatory Governments, and having later inquired, as the Department understands, as to the intention of Japan in regard to it, has done all that it is called upon to do as the depositary of the original convention, and that it is no part of the duty of the French Government as depositary to request the Japanese Government to accept the understanding; and the Government of the United States would hesitate to make such a request of it.

The French Government has made no such request of the other signatory governments and no reason is seen why it should make the request of the Japanese Government.

The understanding which was made a part of the ratification by the United States, of course, does not in any way detract from the fulfillment of the object of the convention. This fact has been recognized by all the signatory governments, in that all except Japan have accepted the understanding and the Japanese Government has no ob-

jection in principle to its acceptance. It appears that only a matter of procedure in Japan is keeping the convention from becoming fully effective for the accomplishment of the purposes sought by all the signatory governments.

It is, therefore, desired that, availing yourself of the facts reported to you in the Department's instruction No. 167 of January 9, 1933, you take the matter up with the Japanese Government officially and inquire of the Minister for Foreign Affairs, as by instruction of your Government, whether the Japanese Government might not be in a position to submit the matter to the Privy Council and to take any other legal action that may be required by Japanese procedure to accept the understanding, especially in view of the statement made both by the French Government and by the Japanese Foreign Office that the Japanese Government has no objection to the understanding in principle.

It is possible that the note from you officially taking the question up with the Foreign Office may meet the Japanese desire for a specific request that the American reservation be accepted.

Very truly yours,

For the Secretary of State:  
WILBUR J. CARR

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511.4C1/55

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

No. 358

WASHINGTON, September 11, 1933.

SIR: The receipt is acknowledged of your despatch No. 475 of July 19, 1933,<sup>10</sup> in reply to the Department's instruction No. 280 of May 22, 1933, in which you were requested to inquire of the Minister for Foreign Affairs whether the Japanese Government might not be in a position to submit to the Privy Council the matter of Japanese acceptance of the understanding on which the United States ratified the Convention of September 10, 1919, revising the General Act of Berlin of February 28 [26], 1885, and the General Act and Declaration of Brussels of July 2, 1890, and to take any other legal action that might be required by Japanese procedure.

It appears from the correspondence enclosed with your despatch that the inquiry which you made was whether the Japanese Government could see its way to accept the understanding upon which the United States ratified the Convention, and that the Japanese Minister for Foreign Affairs stated in reply that the Japanese Government perceived "no particular objection to the above-mentioned understanding of the United States".

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<sup>10</sup> Not printed.

This seems to leave the matter where it was before, since the Japanese Government had notified the French Government that it had no objection to the understanding in principle but that it was necessary that certain legal requirements be observed in Japan before definitive acceptance could be given. The object of the Department's instructions above mentioned was to ascertain whether these requirements might not be met. Perhaps you perceived some impropriety in making that inquiry. At any rate, you will please bear the matter in mind and avail yourself of a favorable opportunity to endeavor to ascertain by informal oral inquiry what, if any, obstacle lies in the way of completing the procedure that will enable the Japanese Government to notify the French Government that it has no objection to the acceptance of the deposit of the ratification of the United States with the understanding therein recited.

Very truly yours,

For the Secretary of State:  
HARRY F. PAYER

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511.4C1/58 : Telegram

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

TOKYO, October 5, 1933—noon.

[Received October 5—12:33 a. m.]

151. Department's instruction No. 358, September 11, 1933, Convention of Saint Germain-en-Laye. Foreign Office states Japanese Government willing to inform French Government that Japanese Government has no objection to the understanding upon which the United States ratified the convention provided we ask in an official note that this be done. Is there any objection to my doing so?<sup>11</sup>

GREW

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511.4C1/59

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

No. 157

WASHINGTON, November 10, 1933.

SIR: With the Department's instruction No. 132 of April 17, 1930,<sup>12</sup> there was sent to the Embassy for deposit with the French Government the President's instrument of ratification of the convention signed at St. Germain-en-Laye on September 10, 1919, by plenipotentiaries of the United States of America, Belgium, the British Em-

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<sup>11</sup> Telegram No. 91, October 9, to the Ambassador in Japan reads: "Please do so."

<sup>12</sup> Not printed.

pire, France, Italy, Japan and Portugal, revising the General Act of Berlin of February 26, 1885, and the General Act and Declaration of Brussels of July 2, 1890. The convention was ratified on the part of the United States subject to an understanding recited in the instruction.

The Embassy's telegram No. 157, May 31, 1930, noon,<sup>13</sup> advised the Department that as the above understanding involved the modification of an article of the convention it would be necessary to obtain the acquiescence of the other signatory powers before deposit of the ratification could be accepted.

The Department has from time to time been informed by the Embassy of the acceptance of the understanding by all the signatory governments except the Government of Japan.

The Department is now informed by a despatch from the American Embassy at Tokyo (No. 561, October 21, 1933)<sup>13</sup> that by a note addressed to the French Embassy at Tokyo on October 12, 1933, the Japanese Minister for Foreign Affairs notified the French Government that Japan had no particular objection to the acceptance of the understanding.

In view of this you will please inquire of the Foreign Office whether it is now willing to accept the deposit of the instrument of ratification of the convention by the United States. If reply be made in the affirmative,<sup>14</sup> you will please make the deposit in accordance with the Department's instructions No. 132 of April 17, 1930, above mentioned.

Very truly yours,

For the Secretary of State:

WILLIAM PHILLIPS

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<sup>13</sup> Not printed.

<sup>14</sup> An affirmative reply was received from the Ambassador in France in telegram No. 686, September 18, 1934 (511.4C1/63). The ratification of the United States was deposited with the French Government, October 29, 1934, and the convention was proclaimed by the President, November 3, 1934.

REPRESENTATIONS BY FOREIGN GOVERNMENTS REGARDING CONGRESSIONAL BILLS FOR THE DEPORTATION OF CERTAIN ALIEN SEAMEN<sup>1</sup>

150.071 Control/151

*The Norwegian Legation to the Department of State*

The Minister of Norway presents his compliments to the Secretary of State and has the honor, with reference to his note of December 28, 1931,<sup>2</sup> to call the Secretary's kind attention to the bill H. R. 3842, introduced in the United States House of Representatives by Mr. Dies and providing for the deportation of alien seamen.

This bill contains similar provisions to those contained in the bills introduced by Senator King and Representative Schneider during the Congress session of 1931 and is actually subject to hearings in the House Committee on Immigration.

The Minister of Norway would be grateful if the attention of the appropriate United States Authorities might be called to the serious consequences which, in the opinion of the Norwegian Government, would result for Norwegian shipping if the bill is enacted.

WASHINGTON, May 9, 1933.

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150.071 Control/159

*Memorandum by the Assistant Secretary of State (Carr)*

[WASHINGTON,] May 9, 1933.

The Minister of Sweden called upon me today and stated that he noticed that the so-called "King Seamen's Bill" (H. R. 3842) had been revived and was under consideration in Congress. He stated that his government had the same objections to the bill which it has expressed to the Department during the last two or three years and inquired whether I thought it necessary to address another note to the Department on the subject. He understood that the British Ambassador was addressing a new note to the Department embodying

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<sup>1</sup> Continued from *Foreign Relations*, 1932, vol. I, pp. 944-958. Copies of all communications from foreign governments printed in this section were transmitted by the Department to the Chairmen of the Senate Committee on Immigration and the House Committee on Immigration and Naturalization.

<sup>2</sup> *Foreign Relations*, 1932, vol. I, p. 946.



the protest of the British Government in respect to that proposed legislation.

I told the Minister that this Department was still opposed to the measure in its present form and that the Chief of the Visa Division was appearing before the Immigration Committee of the House this afternoon with instructions from me to present again the views of the several foreign governments as presented to the Immigration Committee of the Senate last winter, and to point out the objections from the standpoint of our foreign relations to certain provisions of the bill. I told him that it did not seem to me to be necessary, therefore, for him to address a new note to this Department on that subject. He seemed to be satisfied with the reply.

W[ILBUR] J. C[ARR]

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150.071 Control/152

*The Italian Embassy to the Department of State*

MEMORANDUM

The attention of the Italian Embassy has been called upon a Bill (H. R. 3842) recently introduced in the House of Representatives "to provide for deportation of certain alien seamen and for other purposes."

Since the Italian Embassy has already had the opportunity of making some remarks on a similar Bill which had been discussed by the Committee on Immigration of both branches of Congress on a previous session, the Embassy begs to refer to the memorandum handed to the Department of State on the subject on December 28, 1931.<sup>3</sup>

The Italian Embassy would respectfully point out again on this occasion that the provision of the Bill (H. R. 3842) dealing with the so-called "full crew" question is bound to create, if adopted, an unnecessary hardship for the Italian shipping with the United States.

Section 6 of the Bill provides "that all vessels entering ports of the United States manned with crews the majority of which, exclusive of licensed officers, have been engaged and taken on foreign ports, shall, when departing from United States ports, carry a crew of at least equal number, and any such vessel which fails to comply with this requirement shall be refused clearance."

With regard to this provision, it is pointed out that Italian ships are manned with crews the number of which is usually somewhat larger than that which is required by the regulations concerning the safety

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<sup>3</sup> *Foreign Relations*, 1932, vol. 1, p. 948.

of human life at sea. This is particularly true of the newly built Italian passenger boats, the servant-personnel of which is large enough to ensure to the passengers the amplest measure of comfort.

It is evident therefore that any vacancy in the personnel arising from death, hospitalization or other causes, can easily be balanced by the surplus of personnel which is kept available by the Italian Companies precisely to face such cases of emergency.

This being the situation, the provision contemplated by the "full crew" clause appears to be superfluous in the case of Italy, while it would be bound to cause considerable difficulties to the Italian Lines, owing to the fact that, in cases of desertions occurring at the last minute, the prescribed replacement of deserters might result in a serious loss of time.

As a matter of fact it might happen that, if men possessing necessary requirements were not found on the spot, the ship would be forced to remain in port much longer than scheduled, which would upset the regularity of the service.

There are other features of the Bill—namely those concerning the inspection of seamen on the part of Immigration and medical authorities at the Quarantine—which appear to the Italian Embassy as adding to the present practice an unnecessary rigor. With regard to these provisions it is pointed out that the existing Italian regulations are such as to provide the means for establishing, in the strictest and surest manner, the identity of each single member of the crews of national ships. In fact no one is allowed to embark for service on Italian ships unless he has first been entered in the Register of one of the Branches of the Maritime Service and unless he has been furnished with a regular Seaman-Service-Book (*Libretto di Navigazione*) containing all data relative to the personal identity (including photograph) of the holder and to the duties specifically performed by him in the merchant Marine or in the Royal Navy.

Moreover, the final permission for which every seaman must apply before embarking in an Italian port is granted by the Italian authorities only when they have ascertained that the record of the applicant is fully satisfactory both on criminal and moral grounds. Such a procedure confers to the *Libretto di Navigazione* the character and value of a passport and as such is always accepted where seamen are concerned.

It seems to the Italian Embassy that the Bill in question, aside from the inconveniences it would cause to the maritime traffic with the United States, would also be inconsistent with the well established custom and international practice in relation to shipping, which place the crew of a vessel in a foreign port—as long as this does not interfere

with conditions existing in the country to which it has temporarily come—in charge of the Master and under the supervision of the proper consular authorities.

WASHINGTON, May 10, 1933.

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150.071 Control/153

*The Netherlands Legation to the Department of State*

No. 1469

MEMORANDUM

With reference to the Department of State's memorandum of January 16, 1932, No. 150.071 Control/116,<sup>4</sup> the Netherland Legation has the honor to inform the Department that it has come to its knowledge that on the 9th of May, hearings were held by the House Committee on Immigration on the subject of the Bill marked B. H. [H. R.] 3842, introduced by Mr. Dies, providing for the deportation of certain alien seamen and for other purposes.

As the Bill in question is to all intents and purposes identical to the Bill S-202, referred to in this Legation's memorandum of January 2, 1932, No. 8,<sup>5</sup> the Netherland Legation has the honor to draw the attention of the Department of State to the fact that all the observations made in that memorandum apply to the proposal under consideration.

In view of the above, the Royal Netherland Government would highly appreciate it if full consideration could be given by the United States Government and Congress to the very important Netherland interests which would be endangered by the enactment of the Bill in question (H. R. 3842).

A copy of this Legation's memorandum of January 2, 1932, No. 8, is added hereto.

WASHINGTON, 10 May, 1933.

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150.071 Control/154

*The French Ambassador (De Laboulaye) to the Secretary of State*

[Translation]

WASHINGTON, May 10, 1933.

MR. SECRETARY OF STATE: My predecessor frequently pointed out to the Department of State the disadvantages which might be caused

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<sup>4</sup> Not printed.

<sup>5</sup> *Foreign Relations*, 1932, vol. I, p. 949.

to the French Merchant Marine by the adoption of the "Alien Seaman Act" known as the "King Bill".

These disadvantages were particularly dealt with in a note from the Ambassador dated October 6, 1931<sup>6</sup> and in a communication from Mr. Claudel to His Excellency, Mr. Stimson, dated February 15, 1932.<sup>7</sup>

Now the House of Representatives is about to debate a bill, No. 3842, presented by Mr. Dies, which reproduces almost exactly the text previously submitted to the Congress of the United States.

Referring to the previous communications of this Embassy, I can only invite Your Excellency's attention to the serious prejudice which the adoption of the bill in question may cause to French interests, and I would be very grateful to you, if you would be good enough to advise the Committee of the House of Representatives of the French Government's point of view in this matter.

Please accept [etc.]

ANDRÉ DE LABOULAYE

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150.071 Control/156

*The German Embassy to the Department of State*

[Translation]

The German Embassy has the honor to call the attention of the Department of State of the United States to the following matter:

In a *note verbale* of December 24, 1931—St. D. A. 48<sup>8</sup>—the receipt of which was acknowledged on January 11, 1932 with 150.071 Control/114,<sup>9</sup> the Embassy pointed out the serious objections raised on the part of Germany, for economic and other reasons, against proposed legislation then under consideration by the law making bodies of the United States.

This legislation, as is known to the Department of State, did not become a law before the adjournment of the 72nd Congress. The German Embassy, however, is informed that bills very similar to those referred to were recently introduced again in both Houses of Congress, and hearings are said to have been held already on these bills, S. 863 and H.R. 3842.

Under the circumstances the German Embassy deems it its duty, with reference to its former written arguments against bills of that kind, to express anew the serious objections existing now as heretofore, against such bills. While the legal objections existing at the time can now be repeated unchanged, the views advanced against the legisla-

<sup>6</sup> *Foreign Relations*, 1931, vol. I, p. 819.

<sup>7</sup> *Ibid.*, 1932, vol. I, p. 957.

<sup>8</sup> *Ibid.*, p. 945.

<sup>9</sup> Not printed.

tive measures planned exist today with much greater force, because of the desperate economic condition of the world. These views, in the opinion of the Embassy necessitate special care in the inauguration of legislative plans which, like those here in question, entail further heavy burdens and obligations on ocean trade between nations and thereby on the whole trade of the world.

WASHINGTON, May 10, 1933.

150.071 Control/158

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

WASHINGTON, 10 May, 1933.

MY DEAR MR. SECRETARY OF STATE: I am enclosing with this letter a copy of a memorandum<sup>10</sup> which on January 5th, 1932, I left with Mr. Stimson regarding a Bill which, under the Numbers S 7 and H. R. 4648 was at that time before the Senate and the House. As you will see from the memorandum it was a Bill which my Government felt would injure British shipping very seriously. The Bill never actually came to a vote in the House and died with the last Congress. Now it has been brought forward again by Senator King in the Senate and by Mr. Dies in the House, under the Numbers S 868 and H. R. 3842, and I understand that there is a possibility of its being brought to a vote in the House under a suspension of the rules.

The ostensible purpose of the Bill is merely to enforce added safeguards against the illicit immigration of racially excluded aliens into the United States—Chinese, Lascars and the like. At the same time, in so far as the prevention of such illicit immigration is concerned, my information is that at United States ports Oriental seamen are in any case already, under the existing regulations and practice, allowed to land only under restrictions, and are very generally prevented from landing at all. Meanwhile the effects of the bill would go far beyond its ostensible purpose and the considerations advanced in the memorandum, of which I enclose a copy, should, I think, be convincing that its enactment would be out of harmony with the spirit in which the Economic Conference should enter on its labours.

Believe me [etc.]

R. C. LINDSAY

150.071 Control/157

*The Danish Legation to the Department of State*

#### MEMORANDUM

The bill S. 868 introduced in the Senate and the bill H. R. 3842 introduced in the House of Representatives to provide for the deporta-

<sup>10</sup> *Foreign Relations, 1932, vol. I, p. 951.*

tion of certain Alien Seamen and for other purposes, which bills are similar to bills introduced in former Congresses, would seem, as emphasized before in the Danish Minister's Memorandum of January 9, 1932,<sup>11</sup> if passed to entail serious hardships—among others to Danish ships trading to ports of the United States.

For the same reasons as set forth in his above mentioned Memorandum, of which a copy is attached, the Danish Minister would greatly appreciate if through the good offices of the State Department the considerations contained in his Memorandum, equally applying to the above mentioned bills, may again be brought to the notice of the proper Committees of Congress and that the said Committees may again be informed of the concern felt by the Danish shipping circles with regard to this proposed legislation.

WASHINGTON, May 17, 1933.

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<sup>11</sup> *Foreign Relations*, 1932, vol. I, p. 954.



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